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Trump Entertainment Resorts: Three Bankruptcies and the Failure to Make Atlantic City Great Again

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Trump Entertainment Resorts:  
Three Bankruptcies and the Failure to Make Atlantic City Great Again

Workouts and Reorganizations – Professor George Kuney

Spring 2017

Ryan Gallagher and Andrew Hale
Table of Contents
1 Introduction and Overview: The Gamble on Atlantic City and a History of Trump Entertainment Resorts ................................................................................................................. 5
  1.1 Background ............................................................................................................................................................................. 5
2 Trump Hotels & Casino Resorts, Inc. 2004 Bankruptcy: Uncovering the Sweetheart Deal .. 8
  2.1 THCR 2004 Organizational, Operational, and Capital Structures ................................................................. 8
  2.2 Triggering Events of the 2004 Bankruptcy ................................................................................................................................. 10
  2.3 Failed Investment Negotiations with DLJ Merchant Bank ................................................................................................. 11
  2.4 First Plan Filing: Uncovering the “Sweetheart Deal;” Confirming a Plan ................................................................. 12
3 Trump Entertainment Resorts, Inc. 2009 Bankruptcy: Here We Go Again. ................................................. 15
  3.1 Changes in THCR Capital Structure ................................................................................................................................. 15
  3.2 Triggering Events of the 2009 Bankruptcy ................................................................................................................................. 16
  3.3 Bankruptcy Petition and Commencement of the Case ................................................................................................. 17
    3.3.1 First Day Motions .................................................................................................................................................................. 17
  3.4 The Plan Carousel ................................................................................................................................................................. 18
    3.4.1 “The Insider Plan”: The Debtor’s First Joint Plan .................................................................................................................. 18
    3.4.2 Ad Hoc Committee Objection; Appointment of Examiner .............................................................................................. 19
  3.5 Ad Hoc Committee Proposed Plan ................................................................................................................................. 20
    3.5.1 Debtors’ Objection ............................................................................................................................................................... 21
  3.6 Ad Hoc Committee Motion for Compliance with Bankruptcy Procedure ......................................................................................... 21
  3.7 Approval of Both Proposed Disclosure Statements ........................................................................................................... 22
  3.8 Donald Trump Switches Teams .................................................................................................................................................. 23
    3.8.1 Beal Bank’s Motion to File a Competing Plan .................................................................................................................. 24
  3.9 Enter Carl Icahn, Savior .......................................................................................................................................................... 26
  3.10 Trump vs. Icahn: Competing Personalities and Plans ................................................................................................. 27
    3.10.1 Ad Hoc Committee’s Proposals ......................................................................................................................................... 27
    3.10.2 Beal and Icahn Key Proposals ........................................................................................................................................... 28
  3.11 Ad Hoc Plan wins ..................................................................................................................................................................... 29
4 Trump Entertainment Resorts, Inc. 2014 Bankruptcy: Taj and Plaza Left Behind ................. 29
  4.1 More on Atlantic City’s Market Decline ................................................................................................................................. 29
  4.2 Triggering Events of the 2014 Bankruptcy ................................................................................................................................. 30
  4.3 2014 Organizational, Operational, and Capital Structures of Trump Entertainment ........................................................................................................... 32
    4.3.1 Detailed Prepetition Overview ........................................................................................................................................... 32
4.3.2 Revisiting the First Lien Agreement and Terms .................................................. 35
4.3.3 Critical Prepetition Third-Party and Creditor Litigation ........................................ 35
4.4 Bankruptcy Petitions and Commencement of the Case .................................................. 39
  4.4.1 TER Petitions for Chapter 11 Bankruptcy ............................................................. 39
  4.4.2 First Day Motions ................................................................................................. 39
  4.4.3 The Cash Collateral Motion .................................................................................. 41
  4.4.4 Appointment of the Official Committee of Unsecured Creditors ............................ 43
  4.4.5 Objections to First Day Motions and Proposed Orders ........................................... 44
  4.4.6 Atlantic City Exempted from the Automatic Stay ..................................................... 47
  4.4.7 First Day Final Orders .......................................................................................... 50
  4.4.8 The Cash Collateral Order ................................................................................... 52
  4.4.9 UNITEHERE Local 54 and the Taj Mahal Collective Bargaining Agreement ....... 53
  4.4.10 Debtors’ Schedules and Statements of Financial Affairs ..................................... 56
4.5 The First Plan Proposal: Icahn’s Big Opportunity ......................................................... 61
  4.5.1 The Plan and Disclosure Statement ...................................................................... 61
  4.5.2 Plan and Disclosure Statement Objections ............................................................ 65
  4.5.3 Unsecured Creditors’ Committee Objection .......................................................... 66
  4.5.4 Judge Gross’s CBA Order Reaches the Third Circuit Court of Appeals .......... 69
4.6 The Second Plan Proposal: Crumbs for Unsecured Creditors ......................................... 71
  4.6.1 The Amended Plan and Disclosure Statement ....................................................... 71
  4.6.2 The Reorganized Debtors’ Financial Forecast ....................................................... 72
  4.6.3 Unsecured Creditors’ Objection to the Second Proposal ......................................... 74
  4.6.4 Trump Entertainment’s Motion for Authorization of Post-Petition Financing ....... 76
  4.6.5 Trump Entertainment’s Settlement with the Online Gaming Companies ............. 79
4.7 The Final Plan Proposal: Little Hope for the Taj Mahal ................................................... 80
  4.7.1 The Plan and Disclosure Statement ...................................................................... 80
  4.7.2 Treatment of Claims under the Final Plan ............................................................. 81
  4.7.3 Objections to the Third Statement and Plan Proposal ............................................. 82
  4.7.4 Committee Moves for Standing to Prosecute Claims against Debtors’ Assets ....... 86
  4.7.5 OCC Member Thermal Energy’s Settlement Compromise .................................... 89
  4.7.6 Settlement of Levine Staller and Trump Marks Disputes ....................................... 91
  4.7.7 Approval of the Plan and Disclosure Statement ..................................................... 93
<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.8</td>
<td>Plan Confirmation Order; Findings of Fact and Conclusions of Law</td>
<td>94</td>
</tr>
<tr>
<td>4.8.1</td>
<td>General Entitlements and Obligations</td>
<td>94</td>
</tr>
<tr>
<td>4.8.2</td>
<td>The Distribution Trust and Professional Fee Escrow Account</td>
<td>95</td>
</tr>
<tr>
<td>4.8.3</td>
<td>Executory Contracts and Unexpired Leases</td>
<td>97</td>
</tr>
<tr>
<td>5</td>
<td>The Aftermath: Casino Employees Lose, Industry Moves Forward</td>
<td>98</td>
</tr>
</tbody>
</table>
Introduction and Overview: The Gamble on Atlantic City and a History of Trump Entertainment Resorts

“Legalized gambling was supposed to rescue the city from its obsolescence...”

New Jersey voters approved casino gambling in 1976, and locals celebrated the promise of economic revitalization. Atlantic City, then only one of two destinations for legal gaming in the United States, rapidly evolved into the go-to location for east coast tables and slots. Nine Casinos opened within four years, and Atlantic City enjoyed a surge in tourism, employment, and tax revenue. Fifteen casinos operated on the New Jersey coast beginning in 1980—over half have since closed their doors.

The story of Trump Entertainment Resorts spans over three decades and has recently concluded with the 2017 closure of its last, and greatest, casino. The foundation of Trump Entertainment was laid in the earliest days of what was once a promising opportunity for investors, but the casinos of Trump Entertainment Resorts would fall victim to poor marketing and management, failed attempts to diversify, overwhelming third-party litigation, an economic downturn, and a natural disaster in the years that followed. This article condenses three near-consecutive bankruptcies filed by Trump Entertainment Resorts and analyzes the failures in management and reorganization that led to its demise.

1.1 Background

Donald Trump received his first gaming license from the New Jersey Casino Control Commission on March 15, 1982. Soon after, Mr. Trump opened Atlantic City’s tenth gaming location, Harrah’s Boardwalk Hotel Casino at Trump Plaza (“Trump Plaza”), in a 1984, $210

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2 Atlantic City Free Public Library, History of Casino Gambling in Atlantic City, http://perma.cc/YC8C-F2MU.

3 Id.

4 Id.


million joint-venture with Harrah’s.\textsuperscript{7} Approximately one year later, Mr. Trump purchased an unfinished casino project from Hilton Hotels at the Atlantic City Marina, which became Trump’s Castle Hotel and Casino (“Trump’s Castle”).\textsuperscript{8} Mr. Trump purchased the remaining interest in Trump Plaza in 1986 following a legal dispute with his original partner, Harrah’s, over the similarities between the hotels’ names.\textsuperscript{9} Donald Trump was the first to own more than one casino property in Atlantic City.\textsuperscript{10}

In 1987 Mr. Trump seized a second opportunity to take over a mid-construction casino project by purchasing a controlling interest in “Resorts International,” the parent company of Atlantic City’s first casino.\textsuperscript{11} Resorts International’s project, threatened by skyrocketing costs and need for additional capital, was headed for failure. Mr. Trump sought to purchase the remaining stock in Resorts International,\textsuperscript{12} intending to personally finance the project. A competing offer from Merv Griffin led to highly publicized litigation between the two,\textsuperscript{13} the settlement of which resulted in Mr. Trump’s sale of his entire interest in Resorts International and his retaining ownership of what was to become the Trump Taj Mahal casino (“Taj Mahal”).\textsuperscript{14} The Taj Mahal opened in April of 1990,\textsuperscript{15} and Mr. Trump became the sole owner of his third Atlantic City casino, each of which would file bankruptcy in the next three years.

In 1995 Mr. Trump established a public holding corporation, Trump Hotels and Casino Resorts (“THCR”), which assumed ownership of the newly reorganized Trump Plaza.\textsuperscript{16} THCR

\textsuperscript{7} Donald Janson, \textit{10th and Largest Casino Opens in Atlantic City}, The New York Times (May 15, 1984), \url{http://perma.cc/SYL8-5V3H}.

\textsuperscript{8} Russ Buettner \& Charles V. Bagli, \textit{How Donald Trump Bankrupted His Atlantic City Casinos, but Still Earned Millions}, The New York Times (June 11, 2016), \url{http://perma.cc/5GN7-AKV9}.


\textsuperscript{10} Id.


\textsuperscript{12} \textit{Trump Offers to Buy Rest of Resorts’ Common Stock}, Los Angeles Times (Dec. 22, 1987), \url{http://perma.cc/AX3M-VCYB}.


\textsuperscript{14} \textit{Takeover battle ends for Trump, Griffin}, Chicago Tribune, Apr. 15, 1988, at § 3, at 3, \url{http://perma.cc/X77S-P5FZ}.


filed Chapter 11 in 2004, and emerged from bankruptcy with a reduction of Mr. Trump’s stock ownership from 56% to 27%, stepping down as CEO to become chairman of the board, as well as a rebranding of THCR to Trump Entertainment Resorts (“TER,” “Debtor(s),” or the “Company”).

In response to the 2008 economic recession and the spread of legalized gambling to neighboring states, selloffs, unsuccessful buyout attempts, and heavy cutbacks failed to save TER from yet another Chapter 11 filing in 2009. Mr. Trump resigned as chairman of TER’s board four days prior to the second filing in 5 years. Andrew Beal, owner of approximately $500 million of TER’s $1.25 billion debt, partnered with Carl Icahn, a seasoned billionaire investor who bought Beal’s debt in TER, in an attempt take over control of the casinos. However, the takeover attempt ultimately failed after the court favored the Trump backed Debtor plan over the plan proposed by Beal and Icahn. Mr. Icahn would later take control of TER and become a proponent of Mr. Trump in the 2016 presidential campaign. The 2009 TER reorganization diluted Mr. Trump’s equity to 5% of new company stock for the “Trump” license in perpetuity along with warrants to purchase an additional 5%. Mr. Trump would later file suit to have his name removed from the properties.

Lawsuits from various creditors forced an already struggling Trump Entertainment Resorts into its third Chapter 11 bankruptcy in September 2014. TER became a subsidiary of Icahn Enterprises upon emergence from the bankruptcy and went on to close and sell both the Plaza and

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18 Declaration of John P. Burke, *In Support of First Day Motions*, Docket no. 19, Case no. 09-13654-JHW, filed February 17, 2009 (hereinafter Burke Declaration).


20 *Verified Statement of Beal Bank Pursuant to Bankruptcy Rule 2019(a)*, Docket no. 901, Case No. 09-13654-JHW, filed November 13, 2009.


22 *Infra*, note 530.

23 Jeff Cox, *Carl Icahn: Here’s why I’m Supporting Trump for president*, CNBC.com (Sept. 13, 2016, 5:45 PM), http://perma.cc/6EK4-ZKPI.


Taj Mahal. The properties of Trump Entertainment Resorts are now vacant and ready for the next group of investors to rebrand and continue Atlantic City’s legacy as the gambling capital of the United States’ east coast.

2 Trump Hotels & Casino Resorts, Inc. 2004 Bankruptcy: Uncovering the Sweetheart Deal

2.1 THCR 2004 Organizational, Operational, and Capital Structures

The corporate and capital structures of Trump Hotels & Casino Resorts, Inc. (“THCR” or “Debtor”) were far more complex prior to the 2004 bankruptcy filing. Donald Trump was the majority stockholder of THCR. THCR’s principal assets were comprised of 59.9% in general and limited partnership interests in THCR Holdings L.P. (“THCR Holdings”), its wholly owned subsidiary. A second subsidiary, THCR/LP, was a 3.5% limited partner of THCR Holdings. Further, Mr. Trump and two of his wholly owned companies, Trump Casinos, Inc. and Trump Casinos II, Inc. (“TCI” and “TCI II”, respectively), were roughly 36% limited partners of THCR Holdings. These interests afforded Mr. Trump a 56.4% direct and indirect voting power in the governance of THCR. THCR Holdings owned substantially all the Debtor’s assets through its subsidiaries, which are illustrated in the diagrams below. Thus, as the sole general partner, THCR’s only operation was the ownership and management of THCR Holdings and its subsidiaries, Trump Taj Mahal, Trump Plaza, and Trump Marina.

THCR was funded primarily by equity, consisting of 29,904,764 publicly traded shares of common stock and 1,000 shares of Class B common stock with a voting equivalency of 13,918,723 shares of common stock, owned exclusively by Mr. Trump, and long term secured mortgage

26 Armenthal, supra note 5.


28 See McCarthy Declaration, supra note 27.

29 Id.

30 Id.

31 Id.

32 Id.
notes. These secured mortgage notes totaled around $1.8 billion and were made up of two groups of notes named after the THCR subsidiaries who issued them, the Trump Atlantic City (“TAC”) Notes and the Trump Casino Holdings (“TCH”) Notes.

The TAC Notes amounted to approximately $1.3 billion of the $1.8 billion, the amount of which was the principal amount of 11.25% First Mortgage Notes Due 2006 issued by THCR subsidiary, Trump Atlantic City Associates. The TAC Notes were guaranteed by Trump Atlantic City Associates, which owned and operated Trump Taj Mahal and Trump Plaza, on a first priority secured basis by all of the assets of Trump Atlantic City Associates.

The TCH Notes constituted approximately $490 million of principal indebtedness issued by Trump Casino Holdings, LLC. The $490 million was made up of $425 million of 11.625% First Priority Mortgage Notes and $68.8 million of 17.625% Second Priority Mortgage Notes, both due in 2010. These were guaranteed by the TCH subsidiaries, Trump Marina, Trump Indiana, and Trump 29, and were secured by the assets of the TCH subsidiaries on a first priority basis.

Trump Hotels & Casino’s 2004 Corporate Structure

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33 *McCarthy Declaration, supra* note 27.

34 *Id.*

35 *Id.*

36 *Id.*

37 *Id.*

38 *Id.*

39 *Id.*
2.2 Triggering Events of the 2004 Bankruptcy

The Debtors noted a significant increase in competition since taking the company public in 1995 despite the constant number of casinos operating in Atlantic City at the time. Specifically, one competitor cited by the Debtors as having a significant impact on THCR was the July 2003 opening of the Borgota, a major casino and hotel venture between MGM Mirage, Inc. and Boyd Gaming Corporation.

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40 Notice of Filing Exhibits to Disclosure Statement Accompanying Joint Plan of Reorganization Dated as of December 15, 2004, Exhibit E, Docket no. 371-2, Case no. 04-46898-JHW, filed January 14, 2005; McCarthy Declaration, supra note 27, Exhibit C.

41 McCarthy Declaration, supra note 27.

42 From 1995 to 2004, a constant 12 casinos were open and operating in Atlantic City. In fact, this number remained constant from 1987 to 2006. See Center for Gaming Research, Atlantic City Casino Statistics, University of Nevada Las Vegas, https://perma.cc/2NTJ-NHT9.

THCR’s market share diminished, and its projected cash flows failed to meet stakeholders’ expectations due to the alleged increase in the Atlantic City gaming competition. The diminished cash flows had two principle effects. First, although the Debtors had sufficient cash to fund casino operations and honor interest payments for several years, THCR’s liquidity began to dry up in 2004. The Debtors used a 30-day grace period to make interest payments on both the TAC Notes and TCH Notes, but ultimately were not able to fund a $73 million interest payment due on November 1, 2004. Instead, the Debtors filed for relief under Chapter 11 of the United States Bankruptcy Code on November 21, 2004. The second effect of the underwhelming cash flows was the prevention of further investment into THCR’s casinos to expand and update their facilities to remain attractive and competitive. As newer casinos opened in Atlantic City, Mr. Trump’s casinos operated in an increasingly dated and shopworn condition.

2.3 Failed Investment Negotiations with DLJ Merchant Bank

After exploring new initiatives to improve the casino’s efficiencies and capital structure, including reducing overhead, selling properties, and raising funds through new equity investments by third parties, the Debtors began to restructure their debt out of court by hiring restructuring counsel and forming the “Informal Noteholder Committees” to represent the TAC and TCH Noteholder interests. THCR organized a “Special Committee” of directors of which Mr. Trump was not a member.

THCR received only one legitimate investment offer from DLJ Merchant Bank. The initial discussions provided that DLJ Merchant Bank would inject $400 million in equity into the failing casinos. Further, the TAC and TCH noteholders would receive cash and new notes at a discounted value. However, after months of negotiating and a public announcement that an

44 McCarthy Declaration, supra note 27, at 7.
45 Id.
46 Id. at 8.
47 Voluntary Petition, Docket no. 1, Case no. 04-46898-JHW, filed November 21, 2004 [hereinafter 2004 Voluntary Petition].
48 McCarthy Declaration, supra note 27, at 8.
49 Id.
50 Id.
51 Id.
53 McCarthy Declaration, supra note 27, at 11.
agreement-in-principal had been reached to restructure THCR’s debt obligations in a pre-negotiated Chapter 11 case, the negotiations fell through after the Debtors and DLJ Merchant Bank could not reach a final agreement. According to one source citing a person close to DLJ, “a particular group of bondholders,” presumably the TAC and TCH Noteholders, did not like the offer they had been extended under the deal, which resulted in DLJ growing impatient with the amount of time the deal was taking. As a result, having failed to secure necessary operational funding, THCR initiated Chapter 11 proceedings to insulate itself from the impending interest payment default.

2.4 First Plan Filing; Uncovering the “Sweetheart Deal;” Confirming a Plan

Trump Hotel & Casino Resorts filed its voluntary petition for Chapter 11 Bankruptcy in the United States Bankruptcy Court for the District of New Jersey on November 21, 2004. Although Mr. Trump’s casinos were plenty familiar with reorganization, this was the first filed by THCR itself. Francis McCarthy, Jr. was THCR’s Executive Vice President of Corporate Finance and Chief Financial Officer, a position he held since 1998, and served as an officer of each debtor at the petition date. Mr. McCarthy associated with Mr. Trump’s casino empire in various capacities beginning in 1992.

The first Plan of reorganization and disclosure statement were filed on December 15, 2004. The Plan was pre-negotiated and agreed to by almost all key parties in interest prior to the filing. Per the disclosure statement, the first proposed plan contemplated the following:


55 McCarthy Declaration, supra note 27, at 12.


57 2004 Voluntary Petition, supra note 47.

58 McCarthy Declaration, supra note 27, at 2.

59 See Francis X. McCarthy, Jr., Executive Profile, Bloomberg.com, https://perma.cc/X8S2-KLBT.


• An exchange of the TAC and TCH Notes for New Common Stock, Cash and/or New Notes;\textsuperscript{62}
• A distribution of New Class A Warrants to existing beneficial owners of old THCR Common Stock (excluding DJT), with an aggregate purchase price of $50 million ($14.60 per share), and a distribution of New Class A Warrants Proceeds to TAC Noteholders on or as soon as reasonably practicable after the first anniversary of the Effective Date;
• A $55 million cash equity investment by DJT (or a controlled affiliate of DJT) and the contribution of the TCH Second priority Notes beneficially owned by him to the Reorganized Debtors, and material modifications to existing arrangements between the Debtors and DJT;
• A Reverse Stock Split whereby 1000 shares of Old THCR Common Stock will be consolidated into one share of New Common Stock on the Effective Date;
• A reorganized board of directors of Reorganized THCR initially consisting of nine members, five of whom will initially be Class A Directors acceptable to the TAC Noteholder Committee and three of whom will initially be appointed by DJT (including DJT himself, as Chairman), with DJT’s power to appoint future directors dependent on DJT’s percentage of ownership of New Common Stock, and the continued election of Class A Directors for the Nomination Period;
• Repayment of a DIP Facility of up to $100 million secured by a first priority priming Lien on Substantially all the assets of the Debtors during the pendency of the Chapter 11 Cases;\textsuperscript{63} and
• An Exit Facility of up to $500 million secured by a first priority security interest in substantially all the assets of the Reorganized Debtors upon the Effective Date, with a portion of such Exit Facility to be used to repay the DIP Facility in full.\textsuperscript{64}

Despite the Plan’s pre-negotiation and near-unanimous approval, Mr. Trump, the secured creditors, and the “Special Committee” were met with resistance from the U.S. Trustee.\textsuperscript{65} Although there was no official committee of unsecured creditors—since they were to be paid in full—the U.S. Trustee formed an Official Committee of Equity Security Holders (“The Equity Committee”), made of up THCR “non-insider” shareholders\textsuperscript{66} in order to combat what it viewed as a “sweetheart

\textsuperscript{62} See First Disclosure Statement, supra note 43, at 2-3 (The TAC Noteholders would receive “$777.3 million in aggregate principal face amount of New Notes, 26,325,562 shares of New Common Stock”, and a Cash Distribution that would equal the simple interest accruing on the New Notes at a 8.5% per annum rate. The TCH First Priority Noteholders would receive “$425 million aggregate principal face amount of New Notes, $21.25 million in cash, 582,283 shares of New Common Stock,” and a cash distribution that would equal the simple interest accrued on the New Notes at a 8.5% per annum rate as well as $54.6 million at a rate of 18.625% per annum).

\textsuperscript{63} See Interim Stipulation and Order Providing For Use of Cash Collateral and Providing Adequate Protection, Docket No 44, Case No. 04-46898-JHW, filed November 22, 2004.

\textsuperscript{64} First Disclosure Statement, supra note 43, at 1-2.

\textsuperscript{65} Gill & Swann, supra note 21.

\textsuperscript{66} Shareholder’s other than Trump and the directors that were a part of the Special Committee.
deal” benefiting Mr. Trump. The Equity Committee filed an objection primarily because non-insider shareholders were to receive only $300,000 in estimated value as a result of the 1000-1 Reverse Stock Split, and reduced equity to 0.01% ownership interest in the reorganized company.

An amended Plan was filed in response to the objection, on March 30, 2005 (and was ultimately confirmed by the court 6 days later on April 5, 2005). Under the amended Plan, the non-insider shareholders retained new shares and warrants and would share distributions totaling $40 million—substantially better treatment than under the original plan. A portion of the distributions included a $17.5 million slice of $25.15 million from the sale of Mr. Trump’s World’s Fair site property offered up by Mr. Trump in the Amended Plan.

Mr. Trump, on the other hand, traded $55 million in cash along with 25% of his stake in Miss Universe LP, reduced ownership interest from 56% to approximately 27%, and forfeited the CEO title and $1.5 million salary. However, Mr. Trump entered into an agreement to serve as chairman of the board for a $2 million yearly fee. TER issued $1.25 billion of 8.25% Senior Secured Notes due 2015.

The Plan reorganized and simplified the Company’s corporate structure upon emergence from the 2004 filing. Trump Hotels & Casino Resorts’ moniker changed to Trump Entertainment


68 Objection of Official Committee of Equity Security Holders to (A) Emergency Motion of Debtors For Entry of Interim and Final Orders (I) Authorizing Post-Petition Secured Superpriority Financing Pursuant To Bankruptcy Code Sections 105(a), 362, 364(c)(1), 364(c)(2), 363(c)(3) and 364(d) and (II) Setting Final Hearing Pursuant to Bankruptcy Rule 4001(c) and (B) Emergency Motion of Debtors for Entry of Interim and Final Stipulation and Order Providing For Use of Cash Collateral and Providing Adequate Protection, Case No. 04-46898, Docket No. 297, filed December 31, 2004.


70 (1) Order Confirming Second Amended Joint Plan of Reorganization of THCR/LP Corporation Et. Al. Dated as of March 30, 2005, and (2) Findings of Fact and Conclusions of Law, Docket no. 976, Case no. 04-46898-JHW, entered April 5, 2005.

71 Gill & Swann, supra note 21.

72 Id.

73 Phillips, supra note 17.

74 Id.

75 Burke Declaration, supra note 18.
Resorts, Inc. The diagram below illustrates the new structure of the entities after confirmation of the amended plan.

Debtors’ Post-Reorganization Corporate Structure

3 Trump Entertainment Resorts, Inc. 2009 Bankruptcy: Here We Go Again.

3.1 Changes in THCR Capital Structure

Following the 2004 Chapter 11 cases, the reorganized TER entered into a $500 million secured credit facility in 2005. The line of credit was obtained in order to repay the $100 million DIP financing assumed in the prior reorganization. Then, to repay the outstanding amounts and the $6.6 million in transactional fees from the 2005 credit facility, the Debtors consolidated their long term debt as a senior secured credit facility with Beal Bank and Beal Bank Nevada, with an outstanding principal balance of $493,250,000. This facility began as an initial $393.3 million loan, which grew by $100 million, representing the amounts borrowed to finish construction of the Chairman Tower, a new hotel tower at the Trump Taj Mahal.

76 Gill & Swann, supra note 21.

77 Burke Declaration, supra note 18, at 6.

78 Id.

79 Id. at 10; Infra, note 97.

80 Burke Declaration, supra note 18, at 10.
3.2 Triggering Events of the 2009 Bankruptcy

As TER emerged from the 2004 Chapter 11 Bankruptcy cases, the legalized gambling economy in the Northeast—and the country’s economy, generally—were changing for the worse. Since Atlantic City legalized gambling in 1978, the city was the gambling mecca on the eastern seaboard. As the second largest gaming market in the United States, Atlantic City served the 30 million adults in the New York-Philadelphia-Baltimore-Washington D.C. corridor that were within, at most, 3-hours from the city center.\(^{81}\) In 2007, however, a new wave of competitive forces presented itself. The largest of these was the opening of multiple new casino properties in southeast Pennsylvania.\(^{82}\) Importantly, the economic recession hit the United States in late 2008, and impacted virtually every industry.\(^{83}\) Specific to the Atlantic City gaming economy, New Jersey commercial casino revenues dropped from $4.921 billion in 2007 to 4.503 billion in 2008.\(^{84}\)

In addition to market decline and recession, the City Council of Atlantic City passed an ordinance banning smoking on casino floors in early 2008.\(^{85}\) Although, due to the economic downturn, the City Council delayed its effective date and ultimately withdrew the ordinance, instituting instead a requirement that 75% of the casino floors be non-smoking.\(^{86}\) Although they could not quantify the monetary effect the smoking ban had on their revenues, the Debtors asserted significant negative impact on casino revenues and guest traffic.\(^{87}\)

As a result of these external circumstances, TER defaulted on the interest payments due on the $1.25 billion Senior Secured Notes extended in the 2004 reorganization and voluntarily entered their second companywide reorganization.\(^{88}\)

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\(^{81}\) Id. at 12.

\(^{82}\) Id. at 13.

\(^{83}\) See Burke Declaration, supra note 18, at 11.


\(^{87}\) See Burke Declaration, supra note 18, at 14.

\(^{88}\) Id.
3.3 Bankruptcy Petition and Commencement of the Case

On February 13, 2009, four days before TER filed its voluntary petition for Chapter 11, Mr. Trump and daughter Ivanka Trump stepped down from TER’s board. The Debtors were still overleveraged at the time of the filing and burdened with roughly $1.7 billion of consolidated debt. The prepetition debt was owned primarily by two groups of creditors at odds throughout the entirety of the 2009 chapter 11 proceedings.

The first group was Beal Bank and Beal Bank Nevada, (“Beal,” “Beal Bank,” “First Lien Lender Claims”) whose claims amounted to approximately $486 million as a result of the 2007 Credit Facility. The debt was secured by a first priority lien on substantially all of TER’s assets. The second group were holders of TER’s 8.5% Senior Secured Notes Due 2015, (“Second Lien Note Claims,” or the “Ad Hoc Committee”), which were issued as a result of the 2004 Chapter 11 cases, and had an outstanding principal amount of $1.25 billion. These notes were granted a second priority lien on TER’s hotels and casinos.

3.3.1 First Day Motions

Among the Debtor’s numerous first day motions were a motion for joint administration, use of cash collateral, utility continuation, cash management order, employee continuation, taxes and fees motion, customer claims motion, critical vendor motion, PACA motion, reclamation claims motion, Ordinary Course Professionals motion, Keystone professionals motion, and applications to hire counsel. These motions were largely unopposed, and the court generally granted the relief sought by the debtors.
3.4 The Plan Carousel

The 2009 TER Chapter 11 Cases involved numerous competing plans and shifting interests between the players involved: The Joint Debtors, Donald Trump, the Ad Hoc Committee of Holders of 8.5% Senior Secured Notes, Beal Bank, and Carl Icahn. Over a 9-month span, battle lines shifted, players switched teams, and new lenders entered the game.

3.4.1 “The Insider Plan”: The Debtor’s First Joint Plan

On August 3, 2009, the Debtor’s filed a Disclosure Statement (“Debtors’ First Disclosure Statement”), as well as a Joint Plan of Reorganization (“Debtors’ First Joint Plan”). At the time of filing, the Debtors, Mr. Trump, and Beal Bank had mutual goals. Based on their own estimates, the value of TER’s casino and hotel operations were less than the amount of the First Lien Lender Claims held by Beal Bank. Thus, the holders of the Ad Hoc Committee’s Second Lien Note

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99 Debtors’ First Disclosure Statement, supra note 97.

100 Id.
Claims had no value underpinning their security interests and would be treated as wholly unsecured creditors.\textsuperscript{101} The Debtors First Joint Plan estimated an approximate recovery of 94\% for Beal, but would extend repayment to December of 2020, rather than 2012, with a below market interest rate and allowed flexibility of cash interest payments.\textsuperscript{102} Beal and Mr. Trump would also invest $100 million into the Company in exchange for 100\% of the equity interests in a reorganized TER.\textsuperscript{103} Mr. Trump would regain control of his casino empire, and the Ad Hoc Committee Noteholders would receive nothing under the proposed Plan; neither would unsecured claim and equity interest holders.\textsuperscript{104}

3.4.2 Ad Hoc Committee Objection; Appointment of Examiner

As one would imagine, the Ad Hoc Committee strongly opposed the Plan proposal. In response, they filed a motion to terminate the exclusive period to file proposed Plans pursuant to 1121(d) of the Bankruptcy Code and to adjourn the hearing considering TER’s proposed plan.\textsuperscript{105} The Ad Hoc Committee argued that the exclusivity period should end because the “Insider Plan” breached the Debtors’ fiduciary duty to maximize creditor recovery and violated the priority ladder rule by only favoring Beal Bank and Mr. Trump, while wiping every other creditor out.\textsuperscript{106} Further, the Ad Hoc Committee stated they had a Plan proposal in-wait in the event exclusivity was lifted.\textsuperscript{107} The Ad Hoc Committee asserted that its alternative plan was “fully documented and financed” and was “ready to go” if the motion was granted.\textsuperscript{108} The Ad Hoc Committee also moved for a court appointed examiner from the U.S. Trustee’s Office to review the Debtors’ proposed plan, citing the Debtors’ “charade and stall tactic[s]” in their plan process.\textsuperscript{109}

\textsuperscript{101} Id.

\textsuperscript{102} Id. at 4, 5.

\textsuperscript{103} Id. at 3

\textsuperscript{104} Id. at 4.

\textsuperscript{105} Emergency Motion of the Ad Hoc Committee of Holders of 8.5\% Senior Secured Notes Due 2015 For an Order (A) Terminating the Debtors’ Exclusive Periods in Which to File a Plan of Reorganization and Solicit Acceptances Thereto, and (B) Adjourning the Hearing to Approve the Debtors’ Disclosure Statement for Debtors’ Joint Plan of Reorganization, Docket no. 530, Case no. 09-13654-JHW, filed August 11, 2009.

\textsuperscript{106} Id. at 3.

\textsuperscript{107} Id.

\textsuperscript{108} Id. at 3.

\textsuperscript{109} Motion of the Ad Hoc Committee of Holders of the 8.5\% Senior Secured Notes Due 2015 for Appointment of Examiner Pursuant to Section 1104(c) of the Bankruptcy Code, Docket no. 531, p. 8, Case no. 09-13654-JHW, filed August 11, 2009.
Over the Debtors’ objection to lift exclusivity and appointment of an examiner, the Court granted both motions.\textsuperscript{110} In a hearing on August 27, 2009, Judge Wizmur stated that an examiner was necessary to determine if the Debtors’ proposed their plan in good faith, as well as whether Mr. Trump’s timely resignation was to protect his own interests or with the intent to regain control of the Company after the Chapter 11 proceedings wiped out the Debtors’ monstrous debt and old equity holders.\textsuperscript{111} If Mr. Trump acted under the latter, the Plan would not have been proposed in good faith, a requirement for confirmation under 11 U.S.C. § 1129(a)(3), and would be unconfirmable.\textsuperscript{112} It appears the court determined the debtor and its insiders had too much leverage in the case with exclusivity intact and appointment of an examiner was needed in order to put the parties on notice that no one was going to give anyone else the “bum’s rush” in these cases.\textsuperscript{113} Judge Wizmur leveled the playing field.

3.5 Ad Hoc Committee Proposed Plan

As promised, on the same day Judge Wizmur lifted the exclusivity period and appointed the examiner, the Ad Hoc Committee filed its Disclosure Statement and Joint Plan for Reorganization (the “First Ad Hoc Plan”).\textsuperscript{114} The Ad Hoc Noteholders contended the Plan provided more recoveries to creditors, which would in turn lead to a more successful reorganization.\textsuperscript{115} The First Ad Hoc Plan called for the Debtors’ to receive a contribution of $175 million in new equity capital in the form of a Rights Offering, backstopped by the Ad Hoc Committee, issued to all the holders of General Unsecured Claims who were Accredited Investors.\textsuperscript{116}

\textsuperscript{110} Order Granting Motion of the Ad Hoc Committee of Holders of the 8.5% Senior Secured Notes Due 2015 For an Order (A) Terminating the Debtors’ Exclusive Periods in Which to File a Plan of Reorganization and Solicit Acceptances Thereto, and (B) Adjourning the Hearing to Approve the Debtors’ Disclosure Statement for Debtors’ Joint Plan of Reorganization, Docket no. 613, Case no. 09-13654-JHW, Filed August 31, 2009; Order Granting Motion of the Ad Hoc Committee of Holders of the 8.5% Senior Secured Notes Due 2015 for Appointment of Examiner Pursuant to Section 1104 of the Bankruptcy Code, Docket no. 679, Case no. 09-13654-JHW, filed September 15, 2009.


\textsuperscript{112} See Id.

\textsuperscript{113} Get/be given the bum’s rush: to be forced to leave a place where people do not want you, \url{https://perma.cc/Y7EX-VCKV} (last visited May 5, 2017).

\textsuperscript{114} Disclosure Statement for Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code Proposed by the Ad Hoc Committee of Holders of 8.5% Senior Secured Notes Due 2015, Docket no. 617, Case no. 09-13654-JHW, filed August 31, 2009.

\textsuperscript{115} Id.

\textsuperscript{116} Id. at 7 (Under a rights offering vehicle, the General Unsecured Claim holders who were accredited investors will be eligible to buy additional shares of New Common Stock in the reorganized company in proportion to their
Additionally, the Plan contemplated the sale of Trump Marina Hotel Casino to Costal Marina, LLP, for $75 million, “resulting in the infusion of immediate value to the estate in exchange for the elimination of the large cash drain caused by the Trump Marina’s losses and the costs associated with prosecuting the litigation pending with the Costal Parties[.].” Further, the First Lien Lenders would get new debt at a court determined interest rate, along with the $75 million in proceeds from the potential Trump Marina sale and Rights Offering. Finally, the General Unsecured Claim holders would receive a pro rata share of 5% of the common stock after reorganization, while the holders of General Unsecured Claims not eligible to participate in the Rights Offering would “receive a cash distribution on account of their claims of up to $0.01 per $1.00 of such Claims.”

3.5.1 Debtors’ Objection

In their objection, the Debtors argued that the Ad Hoc Committee’s Plan was flawed because it failed to disclose that the Senior Noteholders and Unsecured Creditors recovery was “minimal and highly speculative,” that the $175 million cash infusion had not been committed, and there was no explanation as to how Beal Bank’s $488 million of first lien debt was being treated. The Debtors’ also claimed, without any objective support, that the Trump Marina sale for $75 million was “highly unlikely to take place.”

3.6 Ad Hoc Committee Motion for Compliance with Bankruptcy Procedure

During a telephone conference on October 21, 2009, counsel for the Ad Hoc Committee moved the court to require Beal Bank and Mr. Trump to comply with Federal Rule of Bankruptcy Procedure 2019. Under this rule, in a Chapter 11 reorganization case, “every entity or committee

existing stake in the company. See Offering, Black’s Law Dictionary (10th ed. 2014). Since it is uncertain how many General Unsecured Claim holders will take advantage of the offer, which in turn leads to uncertainty in how much capital would be raised, the Ad Hoc Committee pledged to buy the New Common Stock that went unpurchased, or to “backstop” the rights offering).

117 Id.

118 Id.

119 Id. at 3.

120 Debtors’ Objection to the Amended Disclosure Statement for Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code Proposed by the Ad Hoc Committee of Holders of 8.5% Senior Secured Noted Notes Due 2015, Docket no. 744, Case no. 09-13654-JHW, filed September 29, 2009.

121 Id. at 2.

representing more than one creditor or equity security holder . . . shall file a verified statement” setting forth their “name and address . . . [and] the nature and amount of each disclosable interest held in relation to the debtor as of the date the entity was employed or the group or committee was formed.” Judge Wizmur ordered compliance with the rule, reasoning that because “both Beal Bank and Donald Trump qualify as ‘entities’ who represent more than one creditor or equity security holder in the case,” compliance with Rule 2019 was required. Beal and Mr. Trump were given until November 13, 2009 to file their verified statements given the short notice. Both Beal and Mr. Trump filed verified statements on the due date, which set out their interests in relation to the Debtor. Both were consistent with the representations they had made throughout the Chapter 11 cases.

3.7 Approval of Both Proposed Disclosure Statements

After repetitious Plan modification submissions back and forth between the parties, the Court entered a Joint Order approving the proposed Disclosure Statements by both parties on November 5, 2009. In the Debtors’ modified disclosure statement, Beal and Mr. Trump agreed to increase their contribution on account of receiving new equity to $113.9 million from the originally proposed $100 million. The extra $13.9 million was in the form of a cash payment to the Second Lien Noteholder Claim holders, which would represent a 1.11% distribution on their $1.25 billion claim. On the other front, the noteholders Amended Ad Hoc Plan increased equity’s capital contribution to $225 million and provided that Beal Bank would receive the $75

123 Id. at 2; Fed. R. Bankr. P. 2019(a) - (c)(2)(B).

124 Id.

125 Id.


129 Id.
million from the sale of Trump Marina.\textsuperscript{130} The deadline to vote on the Plans was set for December 28, 2009.\textsuperscript{131}

3.8 Donald Trump Switches Teams

On November 16, 2009, nine days after the competing Plans and Disclosure Statements were approved by Judge Wizmur, Mr. Trump sent a letter\textsuperscript{132} to Beal Bank withdrawing his support from the Debtors’ Plan, citing the “expensive and distracting litigation” surrounding the competition for getting a plan approved, and urged creditor support of the senior noteholder’s Ad Hoc Plan.\textsuperscript{133} Mr. Trump stated in his letter that the Examiner Order, The Scheduling Order, and “other bases” gave him a right to terminate the purchase agreement related to the Debtors’ Plan.\textsuperscript{134} Further, the letter claimed that a “Material Adverse Effect [had] occurred and that the Debtors estates [had] become burdened with heretofore unprojected and unanticipated massive administrative and other expenses resulting from, among other things, the inability of the parties to resolve the competing plan litigation.”\textsuperscript{135} Mr. Trump issued the following statement after withdrawing support of the Debtors’ Plan:

“Had circumstances not changed, I would have aggressively continued to pursue the [D]ebtors’ plan with the objective of acquiring control of and revitalizing a company that I have not run for many years. However, the [D]ebtor’s plan has become mired in highly expensive and distracting litigation that threatens the entire enterprise. It is in the company’s best interests for all parties to coalesce around the noteholders’ plan, and I urge them to do so.”\textsuperscript{136}

\textsuperscript{130} Third Amended Disclosure Statement For Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code Proposed by the Ad Hoc Committee of Holders of 8.5% Senior Secured Notes Due 2015, Docket no. 872, Case no. 09-13654-JHW, Filed November 5, 2009.

\textsuperscript{131} Statement Order, supra note 127.

\textsuperscript{132} Motion of Beal Bank, S.S.B. and Beal Nevada For an Order Pursuant to Fed. R. Bankr. P. 9006: (A) Fixing Reduced Time For Hearing on Disclosure Statement with Respect to Plan to be Proposed by Beal Bank; (B) Fixing Reduced Time for filing Objections Thereto; (C) Temporarily Suspending Solicitation of Competing Plan and (D) Granting Related Relief, Docket no. 936-1, p. 2-3, Case no. 09-13654-JHW, Filed November 25, 2009 [hereinafter Beal Bank Motion].

\textsuperscript{133} Abigail Rubenstein, Trump, Noteholders End Battle for Bankrupt Casino, Law360.com (Nov. 17, 2009, 5:16 PM), \url{https://perma.cc/35X3-YJQ8}.

\textsuperscript{134} Beal Bank Motion, supra note 132.

\textsuperscript{135} Id.

\textsuperscript{136} Rubenstein, supra note 133.
In exchange for his support, Mr. Trump was offered 5% equity in the reorganized company, as well as a warrant package and a release. Mr. Trump agreed to enter into amended trademark and service deals for the casinos’ continued use of the “Trump” license, and released all claims against the Debtors.

3.8.1 Beal Bank’s Motion to File a Competing Plan

As a result of Mr. Trump withdrawing support of the Debtors Joint Plan, Beal Bank contacted the Debtors on November 19, 2009 and proposed an agreement with material amendments to the Debtors’ Plan. TER rejected the agreement, which forced Beal Bank to move the court to enter an order modifying the Plan confirmation schedule so that they could introduce their own Plan (“Beal Bank Motion”), and for the court to temporarily suspend solicitation of the Ad Hoc Plan. Beal Bank proposed five amendments to the Debtors’ Plan:

- Beal Bank would adopt the mid-point valuation the Ad Hoc Plan presented, which “values the Debtors at approximately $13.9 million more than the outstanding principal of the First Lien Lender Claims.” This was a significant proposal because Beal Bank at the Debtors had disputed this valuation. Thus, by conceding to this valuation, they would “eliminate potentially complex and protracted disputes over competing valuations,” and therefore cutting out the costly litigation cited by Mr. Trump.

- Instead of the $114 million in equity Beal Bank and Mr. Trump originally offered, Beal Bank would provide a $225 million Rights Offering to the Second Lien Note Claim holders to purchase common stock in the reorganized Debtor. This Rights Offering would be backstopped by Beal Bank for a fee equal to a 10% equity stake after reorganization, as opposed to the 20% equity stake fee proposed in the Ad Hoc Plan.

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137 Id.
138 Id.
139 Beal Bank Motion, supra note 132.
140 Id.
141 Id. at 4, 5.
142 Id.
143 Id.
144 Id.
145 Id.
• Beal Bank would reduce their secured First Lien Lender Claim by $100 million.\textsuperscript{146} This was to be paid from the Rights Offering.\textsuperscript{147}

• The balance of Beal Bank’s secured First Lien Lender Claim would be converted into common stock.\textsuperscript{148}

• Unsecured creditors, including Second Lien Note Claim holders, would be distributed common stock with a 5% stake, an identical value and offer in the Ad Hoc Plan.\textsuperscript{149}

Further, Beal Bank asserted that the Examiner’s investigation into Mr. Trump’s involvement in the plan formulation with the Debtor would become moot because of Mr. Trump’s withdraw of support for the Debtors’ Plan, thus eliminating more timely and costly litigation.\textsuperscript{150} The reorganized Debtor would emerge from Chapter 11 with an even balance sheet at worst.\textsuperscript{151}

Although solicitation had not yet commenced, Beal Bank stated this was a minor, but necessary Order, so that their Plan would be on the same schedule as the Ad Hoc Plan. In their objection to Beal Bank’s motion, the Ad Hoc Committee claimed, among other things, that Beal Bank was now taking a completely opposite stance, and essentially adopting the same plan and solicitation process as themselves, a position which “Beal Bank asserted was illegal just over a month ago.”\textsuperscript{152}

On a December 3, 2009 teleconference hearing between Judge Wizmur and Debtor’s Counsel, Beal Bank, and the Ad Hoc Committee, the Court allowed Beal Bank to file their proposed Plan the next day.\textsuperscript{153} During the hearing, the Debtors announced they would no longer pursue their own but would resort to the Ad Hoc Plan since theirs was “dead in the water” after Mr. Trump switched teams.\textsuperscript{154} Also during the hearing, the court and the parties agreed on the need for discussions to continue and for the process to move along after the Debtors had been in a

\textsuperscript{146} Id.

\textsuperscript{147} Beal Bank Motion, supra note 132.

\textsuperscript{148} Id.

\textsuperscript{149} Id.

\textsuperscript{150} Id.

\textsuperscript{151} Id.

\textsuperscript{152} Objection of the Ad Hoc Committee of Holders of 8.5% Senior Secured Notes Due 2015 to Motion of Beal Bank, S.S.B. and Beal Bank Nevada for an Order Pursuant to Fed. R. Bankr. P. 9006: (A) Fixing Reduced Time for Hearing on Disclosure Statement with Respect to Plan to be Proposed by Beal Bank; (B) Fixing Reduced Time for Filing Objections Thereto; (C) Temporarily Suspending Solicitation of Competing Plans and (D) Granting Related Relief, Docket No. 944, p. 4, Case No. 09-13654-JHW, filed December 3, 2009.

\textsuperscript{153} Transcript of December 3, 2009 Hearing Before the Honorable Judith H. Wizmur United States Bankruptcy Court Judge, Docket No. 952, Case No. 09-13654-JHW, entered December 12, 2009.

\textsuperscript{154} Id. at 4.
“stalemate.” During the hearing, the parties seemed optimistic that a settlement could be reached if they continued forward. The next day, December 4, 2009, Beal Bank filed their proposed Plan and Disclosure Statement. On December 9, Mr. Trump, Debtors, and Ad Hoc all filed timely objections to the Beal Bank Plan.

3.9 Enter Carl Icahn, Savior

Beal Bank and the Ad Hoc Committee would never come to an agreement. As a result of the breakdown in negotiations, on December 11, 2009, Beal Bank filed its Notice with the Court that Icahn Partners, owned by Carl Icahn, purchased 51% of Beal Bank’s First Lien Lender claims for $229 million in cash. According to Beal Bank, the inability to reach an agreement hinged on the fact that they “could not get comfortable with the ability of the Ad Hoc Committee . . . to walk away from their plan obligations without any meaningful protection to the estate and its other creditors.” Thus, Beal Bank sought out Icahn for a joint sponsorship in their proposed deal and “made a proposal that was simply too attractive to pass up. . . . Icahn Group [was] willing to . . . put their money where their mouth [was]. . . .”

155 Id.
156 Id.
157 Id.
158 Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code Proposed by Beal Bank (F/K/A Beal Bank, S.S.B.), and Beal Bank Nevada, Docket No. 948, Case No. 09-13654-JHW, filed December 4, 2009.
159 Disclosure Statement for Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code Proposed by Beal Bank (F/K/A Beal Bank S.S.B) and Beal Bank Nevada, Docket No. 949, Case No. 09-13654-JHW, filed December 4, 2009.
160 Objection by Donald J. Trump to Approval of the Amended Disclosure Statement Filed by Beal Bank and Beal Bank Nevada, Docket No. 959, Case No. 09-13654-JHW, filed December 9, 2009; Objection of the Ad Hoc Committee of Holders of 8.5% Senior Secured Notes Due 2015 to Amended Disclosure Statement for Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code Proposed by Beal Bank (f/k/a Beal Bank S.S.B.) and Beal Bank Nevada, Docket No. 960, Case No. 09-13654-JHW, filed December 9, 2009; Debtors’ Objection to the Disclosure Statement for Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code Proposed by Beal Bank (F/K/A Beal Bank S.S.B) and Beal Bank Nevada, Docket No. 961, Case No. 09-13654-JHW, filed December 9, 2009.
161 Notice of Beal Bank (F/K/A Beal Bank, S.S.B.) and Beal Bank Nevada Regarding First Lien Debt, Docket No. 970, Case 09-13654-JHW, filed December 11, 2009.
162 Id. at 3.
163 Id. at 4.
3.10 Trump vs. Icahn: Competing Personalities and Plans

On January 5, 2010 both the Trump/Debtor backed Ad Hoc Committee and the newly formed Beal/Icahn partnership filed Amended Disclosure Statements.164

3.10.1 Ad Hoc Committee’s Proposals

The Ad Hoc Committee’s Fifth Amended Disclosure Statement largely advocated for the same terms proposed prior to gaining Mr. Trump and the Debtors’ support. In sum, the key terms laid out in the Disclosure statement were as follows:

- $225 million equity rights offering to Accredited Investors, which is 70% of the New Common Stock, backstopped by the Ad Hoc Committee, which in return will receive fee in the form of 20% of New Common Stock. Debtors must consent to material change or termination.
- Non-Accredited Investor Second Lien noteholders and General Unsecured Claim holders and Eligible Holders who do not exercise rights in the rights offering will both receive cash equal to the value of the Accredited Investors rights.
- Second Lien Noteholders and General Unsecured Claim holders would receive pro rata share of 5% of the New Common Stock, or a cash equivalent of such, as well as subscription rights to acquire up to 70% of the New Common Stock.
- Mr. Trump and his affiliated parties will receive 535,714 shares of New Common Stock, 5% of the new outstanding common stock, in exchange for waiving all claims against the Debtor and entering into the new Trademark deal.
- Possible sale of Trump Marina for $75 million to Costal Marina, the proceeds of which would go to Beal Bank as First Lien Lenders
- $125 million Rights Offering proceeds and new debt to First Lien Lenders.165

Further, if the Plan was confirmed, the Debtors’ would be provided DIP Financing with the Ad Hoc Committee, totaling $45 million at a 10% interest rate.166


165 See Ad Hoc Sixth Disclosure Statement, supra note 164, at 9-10.

166 Infra, note 179.
3.10.2 Beal and Icahn Key Proposals

Under the Beal/Icahn Plan, Mr. Icahn would provide a $45 million DIP loan on the date of confirmation to ensure “the Debtors maintain[ed] adequate liquidity.” The Plan contemplated a $225 million Rights Offering that would consummate only if two conditions were met. First, 50% or more of the stock issued in the Rights Offering had to be subscribed and paid for. Second, Beal and Mr. Icahn opposed a confirmation hearing on the Ad Hoc Plan. One of the reasons set forth to justify the condition was that the Ad Hoc plan allegedly failed requirements set forth in Section 1129(a)(10) of the Bankruptcy Code. As noted in the Disclosure Statement, Ad Hoc Committee members held approximately 61% of the Second Lien Notes. Thus, if they were not to elect to participate in the Rights offering, which was expected, the 50% involvement condition would not be met and a Rights Offering would not take place.

Whether or not the Rights Offering took place would determine the course of the Plan. If a Rights Offering were to take place, partial proceeds would be used to reduce First Lien Lender Claims by $100 million; the balance would be converted into an equity stake. If the Rights Offering were to fail to take place, however, the full balance of the First Lien Lender Claims would convert to equity. Further, the $45 million DIP Loan was to be repaid from the proceeds of the Rights Offering should it take place. If not, then the DIP Loan was to be converted into equity, and Mr. Icahn would invest an additional $80 million to offset lost Rights Offering funds. Importantly, Second Lien Note Claim holders and General Unsecured claim Holders would receive a pro rata cash distribution of approximately $13.9 million, but only if the Ad Hoc Plan was not heard in court due to the alleged §1129(a)(10) deficiencies.

167 Beal Icahn Fifth Amended Disclosure Statement, supra note 164.
168 Id. at 8
169 Id.
170 Id.
171 Id.
172 Id. (“(a) The court shall confirm a plan only if all of the following requirements are met: . . . . (10) If a class of claims is impaired under the plan, at least one class of claims that is impaired under the plan has accepted the plan, determined without including any acceptance of the plan by any insider.”).
173 Id. at 6
174 Beal Icahn Fifth Amended Disclosure Statement, supra note 164, at 6.
175 Id.
176 Id.
177 Id.
178 Id.
3.11 Ad Hoc Plan wins

On April 12, 2010 the court confirmed the Ad Hoc Plan although both plans were deemed confirmable.\(^{179}\) One of components of the Plan at issue were the Trademark agreements and releases between the Debtors and Mr. Trump. In analyzing the fairness of the agreement to other parties, the court stated that “we see no unfairness in the willingness of the AHC members to carve out a piece of the reorganized equity in exchange for the anticipated benefits of the modified agreements with the Trump Parties.”\(^{180}\) The court also recognized the value of the Trump brand, and how it’s worldwide recognition and Mr. Trump’s reality television celebrity would benefit the newly reorganized Debtors. “The debtors’ identification with the Trump Organization raises its profile in the gaming industry.”\(^{181}\) According to one source, the Debtors valued their trademarks following the Chapter 11 cases at $8.7 million.\(^{182}\) The order confirming the plan was entered on May 7, 2010.\(^{183}\)

4 Trump Entertainment Resorts, Inc. 2014 Bankruptcy: Taj and Plaza Left Behind

4.1 More on Atlantic City’s Market Decline

The Atlantic City gaming industry thrived between 1978 and 1985 with an average annual growth of approximately 55%.\(^{184}\) Growth rates slowed from 1986 to 2006, and the casinos collectively maintained a 4% to 5% rise year over year.\(^{185}\) Recently, the Atlantic City gaming industry suffers near-consistent annual losses of approximately 7.5% since 2007.\(^{186}\) New Jersey tax revenues correlate with these findings—New Jersey reported casino tax revenue at an all-time high of over $500,000 in 2006 and a low, not seen since 1986, of approximately $200,000 in

\(^{179}\) [Opinion on Confirmation](http://perma.cc/ZA7U-DJY9), Docket No. 1434, Case No. 09-13654-JHW, entered April 12, 2010.

\(^{180}\) [Id.](http://perma.cc/ZA7U-DJY9) at 23.

\(^{181}\) [Id.](http://perma.cc/ZA7U-DJY9).

\(^{182}\) However, TER apparently did not “specifically allocate the entire sum to the Trump licensing agreement.” [Supra](http://perma.cc/ZA7U-DJY9), note 21.

\(^{183}\) [Findings of Fact, Conclusions of Law and Order Confirming Supplemental Modified Sixth Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code Proposed by the Ad Hoc Committee of Holders of 8.5% Senior Secured Notes Due 2015 and the Debtors](http://perma.cc/ZA7U-DJY9), Docket no. 1500, Case no. 09-13654-JHW, filed May 7, 2010.

\(^{184}\) UNLV Center For Gaming Research, Atlantic City Gaming Revenue (Jan. 2017), [http://perma.cc/ZA7U-DJY9](http://perma.cc/ZA7U-DJY9).

\(^{185}\) [Id.](http://perma.cc/ZA7U-DJY9).

\(^{186}\) [Id.](http://perma.cc/ZA7U-DJY9).
The industry’s downturn is still generally thought to be the result of neighboring states’ legalization of gambling, an economic recession in the mid-2000s, the rising influence of internet gaming, sole reliance on the industry to support Atlantic City’s local economy, and a failure to sell the Atlantic City brand.

### Atlantic City Gaming Market Decline

![Atlantic City Gaming Market Decline](image)

#### 4.2 Triggering Events of the 2014 Bankruptcy

Robert Griffin, TER’s then and final Chief Executive Officer, noted the declining Atlantic City market as the leading circumstance of TER’s 2014 filing in an introductory motion supporting the bankruptcy. Mr. Griffin explained TER’s market share was diluted by the 2012 opening of the “Revel” casino in Atlantic City, significant improvements to existing competing casinos, and a failure to sell the Atlantic City brand.

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188 Interestingly, the Creditors’ Committee claimed a competing casino, the Tropicana, had “flourished” and increased 2013 revenues by 29.9%. *Infra* note 575, at 43.

189 *Debtors’ Motion for Entry of Order (I) Rejecting Collective Bargaining Agreement Between Trump Taj Mahal Associates, LLC and Unite Here Local 54 Pursuant to 11 U.S.C. § 1113(C) and (II) Implementing Terms of Debtors’ Proposal Under 11 U.S.C. § 1113(B)*, Docket no. 134, Case no. 14-12103, filed September 26, 2014 [hereinafter *CBA Motion*].

190 *Declaration of Robert Griffin in Support of Debtors’ Chapter 11 Petitions and First-day Motions and Applications at 15*, Docket no. 2, Case no. 14-12103, filed September 9, 2014 [hereinafter *Griffin Declaration*].
competition from neighboring states, and a general economic decline in southern New Jersey. Mr. Griffin went on to relate the negative effects of Superstorm Sandy and Hurricane Irene on the TER casinos, stating that the closure of surrounding businesses, repeated evacuation of Atlantic City, temporary suspension of Atlantic City gaming licenses, and physical property damage resulted in a dramatic reduction to TER’s customer base. Many of these factors were again related in TER’s Disclosure Statement filed in conjunction with its Plan of Reorganization.

In addition to Mr. Griffin’s reasoning, it appears TER’s failure to maintain its casinos’ appeal substantially encouraged its decline and eventual closure. Guest reviews frequently identify the casinos as outdated; in fact, “Outdated” is the main heading of Trump Taj Mahal’s “tripadvisor” webpage as of March 2017. TER invested in a number of property improvements beginning in 2011, but the modest upgrades were unable to restore the Taj Mahal’s appeal. The years of declining reputation likely made it impossible to revive TER short of reckless investment into large-scale remodeling and rebranding.

Trump Entertainment Resorts acknowledged the need to reduce its footprint, still facing approximately $346.5 million in First Lien Debt despite its debt reduction under the 2010 Bankruptcy Plan. TER sold the Trump Marina to Golden Nugget Atlantic City, LLC for $38 million in 2011, the “Steel Pier” for approximately $4.3 million, an off-site warehouse for $1.9 million, former corporate offices for $3.1 million, and an unused parcel of land near Trump Plaza for $1.3 million, in an effort to decrease costs. TER solicited offers for Trump Plaza subsequent to the above sell-off but was unable to consummate a deal due to its inability to obtain releases of the Plaza’s security interests. TER reduced its staff, improved its labor and other operational efficiencies, and negotiated significant concessions with its unions in addition to reducing property assets.

191 Id.
194 Griffin Declaration, supra note 190, at 13-14.
195 Griffin Declaration, supra note 190, at 11.
196 Id.
197 Id. at 12-13.
4.3 2014 Organizational, Operational, and Capital Structures of Trump Entertainment

4.3.1 Detailed Prepetition Overview

Trump Entertainment Resorts was incorporated in Delaware following the 2004 reorganization and served as the parent company of the collective debtors below (the “Debtors”). Following its emergence from the 2009 filing, TER held a 99% interest in Trump Entertainment Resorts Holdings, L.P. (“TER Holdings”) as a general partner. The remaining 1% of TER Holdings was held by TERH LP Inc. (“TERH”), a subsidiary of TER. TER Holdings owned 100% of the equity interest in each of the subsidiary Debtors. The Key Executives of Trump Entertainment Resorts included Mr. Robert Griffin: Chairman and Chief Executive Officer, Mr. Daniel McFadden: Chief Financial Officer, Ms. Kathleen McSweeney: Senior Vice President of Marketing Operations, Mr. Michael Mellon: Vice President of Hotel Operations, and Mr. Gary Ng: Executive Director of Far East Marketing.

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198 CBA Motion, supra note 189, at 19.
199 Id. at 44.
200 Id. at 4.
201 Id.
202 Id.
TER Subsidiary Debtors, 2014

<table>
<thead>
<tr>
<th>Debtor Name</th>
<th>Debtor Case Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trump Entertainment Resorts Holdings, L.P.</td>
<td>14-12104</td>
</tr>
<tr>
<td>Trump Plaza Associates, LLC</td>
<td>14-12105</td>
</tr>
<tr>
<td>Trump Marina Associates, LLC</td>
<td>14-12106</td>
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<tr>
<td>Trump Taj Mahal Associates, LLC</td>
<td>14-12107</td>
</tr>
<tr>
<td>Trump Entertainment Resorts Development Company, LLC</td>
<td>14-12108</td>
</tr>
<tr>
<td>TER Development CO., LLC</td>
<td>14-12109</td>
</tr>
<tr>
<td>TERH LP Inc.</td>
<td>14-12110</td>
</tr>
</tbody>
</table>

Trump Entertainment Resorts Organizational Structure, 2014

Trump Entertainment Resorts Shareholders; Board Members; Officers

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>David Hughes</td>
<td>Board Member/Former CFO</td>
<td></td>
</tr>
<tr>
<td>David Licht</td>
<td>Board Member</td>
<td></td>
</tr>
<tr>
<td>Eugene Davis</td>
<td>Board Member</td>
<td></td>
</tr>
<tr>
<td>Jeffrey Gilbert</td>
<td>Board Member</td>
<td></td>
</tr>
<tr>
<td>Michael Elkins</td>
<td>Board Member</td>
<td></td>
</tr>
<tr>
<td>Stephen McCall</td>
<td>Board Member</td>
<td></td>
</tr>
</tbody>
</table>
Robert Symington  
Board Member

Dan McFadden  
CFO

Robert Griffin  
Shareholder/Board Member/CEO  
1.0%

Avenue Capital Group  
Shareholder  
20.58%

Contrarian Capital Management LLC  
Shareholder  
12.81%

Goldentree Asset Management LP  
Shareholder  
7.03%

MFC Global Investment LLC  
Shareholder  
5.16%

Oaktree Capital Management  
Shareholder  
9.0%

Northeast Investors Trust  
Shareholder  
8.04%

Polygon Investment Partners  
Shareholder  
22.29%

Donald J. Trump  
Shareholder  
5.0%

Remaining Shareholders  
Shareholder  
9.09%

Trump Entertainment Resorts owned and operated Taj Mahal, a 35.9 acre property consisting of approximately 2,000 hotel rooms, 162,000 square feet of gaming space, 16 dining facilities, 5 cocktail lounges, “Scores” gentleman’s club, and various additional facilities used for entertainment, parking, and leisure.\textsuperscript{204} The Taj Mahal’s net revenues in 2013 were approximately $257.0 million and approximately $108.5 million in the first six months of 2014.\textsuperscript{205} TER also owned and operated Trump Plaza, a 10.9 acre property that included 906 hotel rooms, 87,000 square feet of gaming space, a large conference center, several restaurants and bars, and a large parking garage. Trump Plaza’s net revenue was approximately $76.3 million in 2013 and approximately $28.1 million in the first six months of 2014.\textsuperscript{206} However, despite its seemingly high revenues, TER was in the process of closing Trump Plaza during the 2014 filing due to losses of approximately $29 million between January 2012 and July 2014.\textsuperscript{207}

In addition to the Taj Mahal and Trump Plaza, TER partnered with two online gaming companies—Fertitta Acquisitins CO LLC (D/B/A “Ultimate Gaming”) and Betfair Interactive US LLC (“Bettair”) (collectively, the “Gaming Companies”).\textsuperscript{208} The Gaming Companies operated the internet gambling enterprise under TER’s internet gaming permits. In exchange, the Gaming Companies paid approximately $15.5 million to TER as well as a percentage of their revenue.\textsuperscript{209}

\textsuperscript{204} Griffin Declaration, supra note 190, at 4-5.

\textsuperscript{205} Id. at 5.

\textsuperscript{206} Id. at 5-6.

\textsuperscript{207} Id. at 22-23.

\textsuperscript{208} Id. at 6-7.

\textsuperscript{209} Griffin Declaration, supra note 190, at 7.
4.3.2 Revisiting the First Lien Agreement and Terms

In July 2010, pursuant to that year’s Chapter 11 filing, TER, TER Holdings, and certain subsidiaries of TER (“Guarantors”) entered into a credit agreement with Beal Bank as the initial collateral and administrative agent (the “First Lien Agent”), and several companies controlled by Mr. Icahn as initial lenders (collectively, the “Icahn Partners” or “First Lien Lenders”), loaning the companies approximately $346.5 million in principal secured by a first lien on all of the companies’ assets.\textsuperscript{210} Icahn Partners replaced Beal Bank as collateral and administrative agent in April 2012.\textsuperscript{211} The agreement between TER and the First Lien Lenders required quarterly principal amortization payments in the amount of $866,000 with an annual interest rate of 12%.\textsuperscript{212} The loan would mature and the final payment would be due in December 2015.\textsuperscript{213} TER paid approximately $60.9 million to the First Lien Lenders until the 2014 bankruptcy filing.\textsuperscript{214} The outstanding amount due to the First Lien Lenders, including interest, as of the petition date was approximately $292.2 million.\textsuperscript{215} TER owed approximately $13.5 million in accounts payable in addition to the credit agreement.\textsuperscript{216}

4.3.3 Critical Prepetition Third-Party and Creditor Litigation

1. Levine Staller

The Law Firm of Levine, Staller, Sklar, Chan & Brown, P.A. (“Levine Staller”) represented TER with the Company’s 2008 appeal of its Casinos’ real property tax assessments, the settlement of which resulted in tax savings to the Debtors’ of approximately $50.5 million.\textsuperscript{217} Levine Staller filed a motion with the Tax Court of New Jersey seeking to enforce an Attorney’s Charging Lien with respect to a $1.25 million Contingency Fee associated with the tax appeal litigation on August 5, 2014.\textsuperscript{218} Levine Staller’s motion went uncontested and was granted by the Court, which attached

\textsuperscript{210} Id. at 9.
\textsuperscript{211} Id. at 10.
\textsuperscript{212} Id.
\textsuperscript{213} Id.
\textsuperscript{214} Griffin Declaration, supra note 190, at 10.
\textsuperscript{215} Id.
\textsuperscript{216} Id.
\textsuperscript{217} Objection of Levine, Staller, Sklar, Chan, & Brown, P.A. to the Debtors’ Motion for Entry of an Order Approving the Proposed Disclosure Statement, Docket no. 144, Case no. 14-12103, filed September 29, 2014 [hereinafter Levine Cash Collateral Objection].
\textsuperscript{218} First Disclosure Statement, supra note 192, at 27.
the Charging Lien to the Tax Court judgment and “the proceeds thereof in whosoever hands they may come.”219 This language would become a point of contention between the parties as they litigated over TER’s liquid asset appropriation. Levine Staller agreed to allow TER to pay the Contingent Fee in installments as a result of its uncertain financial condition220 and later reduced or amended the contingent fee on several occasions. The final installment of the reduced Contingent Fee in the amount of $1.25 million became due on July 30, 2014, pursuant to their final agreement.221

On July 31, 2014, Mr. Griffin informed Levine Staller that the final installment would not be paid.222 Levine Staller filed a Motion to enforce its Charging Lien the following month.223 The Tax Court granted Levine Staller’s Motion and issued an Order of Judgement in the amount of $1.25 million in favor of the Law Firm. TER sought bankruptcy relief a few days after service of a Writ of Execution to collect Levine Staller’s fees.224 Trump Entertainment Resorts argued that, although the Tax Court of New Jersey granted the motion, the Court limited its enforcement to the proceeds of the tax settlement.225 TER stated its intention to appeal the judgment in its First Disclosure Statement, and, even if an appeal was not pursued or granted, argued the proceeds of the tax settlement were fully expended in the Company’s course of business and no longer available.226

II. Trump AC Casino Marks

Trump Entertainment Resorts entered into a third Trademark License Agreement with Donald and Ivanka Trump following the 2009 reorganization.227 The Agreement granted TER a perpetual royalty-free license to use certain marks associated with the name “Trump.”228 Mr. and Mrs. Trump were replaced as “Licensors” with Trump AC Casino Marks LLC (“Trump

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219 Levine Cash Collateral Objection, supra note 217, at 6.
220 Id.
221 Id.
222 Id.
223 Id. at 6-7.
224 Id. at 8.
225 First Disclosure Statement, supra note 192, at 27.
226 Id.
228 Id.
Trump Marks alleged various breaches of the Trademark License Agreement in a lawsuit against TER and the First Lien Agent on August 5, 2014.\footnote{Id. at 26-27.} Trump Marks assertions of breach included:\footnote{Limited Objection of Trump AC Casino Marks LLC, Donald J. Trump and Ivanka Trump to the Disclosure Statement for Debtors’ Third Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code, Docket no. 742, Case no. 14-12103, filed January 12, 2015 [hereinafter Trump Marks Third Statement Objection].}

- Failing a quality assurance review at the Plaza and failing to cure that default within the required timeframe.
- Failing to utilize the Trump Marks in a “dignified manner” consistent with “the highest quality” and “at a level consistent with or exceeding the high reputation and importance of” the Trump Marks at both the Plaza and the Taj.
- Engaging in online internet gaming activities with customers who reside outside the State of New Jersey.
- Utilizing the Trump Marks in association with the closed and ono-operational Plaza.

Trump Marks sought imposition of an injunction to compel TER’s cure of the alleged breaches from Judge Gross.\footnote{Objection of Trump AC Casino Marks, LLC and Donald J. Trump to the Disclosure Statement for Debtors’ Joint Plan of Reorganization under Chapter 11 of the Bankruptcy Code at 26-7, Docket no. 376, Case no. 14-12103, filed October 29, 2014 [hereinafter Trump Marks First Statement Objection].} Trump Entertainment Resorts disputed the assertions and argued that termination of the License Agreement or an injunction against the use of the Trump name would constitute an event of default under the First Lien Credit Agreement and would have a significant adverse effect on the Debtors’ business.\footnote{Id. at 27.}

Trump Marks also claimed the Debtors refused to honor their obligations as successors to a ground lease relating to real property that comprised the driveway leading to the Trump Plaza entrance.\footnote{Trump Marks Third Statement Objection, supra note 231, at 4-5.} Mr. Trump, as a former assignee, remained responsible to the landlord and received no benefit from the property under the ground lease.\footnote{Id. at 5.}
III. The Gaming Companies: Betfair and Ultimate Gaming


Betfair purported to deliver notices of default under the Online Gaming Agreement in July 2014, began diverting existing funds from TER’s Online Gaming Accounts, and redirected new deposits into a segregated bank account under Betfair’s exclusive control (“Betfair Suspense Account”). Betfair later sought to terminate the Online Gaming Agreement on September 4, 2014. Betfair filed a Motion for Order (the “Betfair Motion”) on November 21, 2014, during the course of TER’s 2014 bankruptcy, aiming to declare the Automatic Stay inapplicable to the funds in the Suspense Account and allow Betfair to remit those funds to itself. The Betfair Motion asserted approximately $9.6 million in claims against the Debtors for default under the Online Gaming Agreement, which Betfair argued was secured by a right to setoff against the funds in the Suspense Account.

Ultimate Gaming delivered a written notice of default under the Online Gaming Agreement on August 22, 2014 and sought to terminate the Agreement in a letter dated September 3, 2014. Ultimate Gaming asserted that TER had agreed to segregate the Online Gaming Accounts from its general accounts and funds therein would not be permitted for TER’s general operational

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236 Debtors’ Motion for Entry of an Order, Pursuant to Section 105(a) of the Bankruptcy Code and Bankruptcy Rule 9019, Approving Settlement By and Among the Debtors and Betfair Interactive US LLC, Docket no. 591, Case no. 14-12103, filed December 4, 2014 [hereinafter Betfair Settlement].

237 Id.

238 Debtors’ Motion for Entry of an Order, Pursuant to Section 105(a) of the Bankruptcy Code and Bankruptcy Rule 9019, Approving Settlement By and Among the Debtors and Ferititta Acquisitions CO LLC, D/B/A Ultimate Gaming, Docket no. 595, Case no. 14-12103, filed December 4, 2014 [hereinafter Ultimate Gaming Settlement].

239 Betfair Settlement, supra note 236, at 3.

240 Ultimate Gaming Settlement, supra note 238, at 3.

241 Betfair Settlement, supra note 236, at 3-4.

242 Id. at 4.

243 Id. at 4-5.

244 Id. at 5.

245 Ultimate Gaming Settlement, supra note 238, at 4.
purposes. Ultimate Gaming argued the cash held in Online Gaming Accounts, and identified in the First Day Cash Collateral Order, was not property of the Debtors’ estates.

4.4 Bankruptcy Petitions and Commencement of the Case

4.4.1 TER Petitions for Chapter 11 Bankruptcy

The collective Debtors individually filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware on September 9, 2014. TER’s petition stated the Company had less than 50 creditors, held between $100 million and $500 million in assets, had liabilities between $100 million and $500 million, and TER would have funds available for distribution to unsecured creditors. The Debtors were represented by Stroock & Stroock & Lavan LLP of New York, NY and Young Conaway Stargatt & Taylor, LLP of Wilmington, DE. Houlihan Lokey, Inc. was retained as Debtors’ restructuring advisor. Jane M. Leamy, Trial Attorney for the Office of the United States Trustee in Wilmington, DE (hereinafter “Ms. Leamy” or the “U.S. Trustee”) was assigned to cover the case. United States Bankruptcy Judge Kevin Gross (“Judge Gross”) presided over the reorganization.

4.4.2 First Day Motions

The Debtors filed a series of 11 First Day Motions on September 9, 2014. Judge Gross held an interim hearing the following day. TER requested joint administration of the collective Debtors’ Chapter 11 cases and appointment of its Claims and Noticing Agent. Operationally, TER sought an order barring its utility and insurance companies from cessation of service and

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246 Id.

247 Id.


249 Chapter 11 Voluntary Petition, Docket no. 1, Case no. 14-12103, filed September 9, 2014 [hereinafter Voluntary Petition].

250 The United States Department of Justice, Region 3: Staff Directory, http://perma.cc/4YAS-PFHH.

251 Debtors’ Motion for an Order, Pursuant to Bankruptcy Rule 1015 and Local Rule 1015-1, Authorizing the Joint Administration of the Debtors’ Chapter 11 Cases, Docket no. 3, Case no. 14-12103, filed September 9, 2014.

252 Debtors’ Application for an Order, Pursuant to 28 U.S.C. § 156(c), Bankruptcy Rule 2002(f), and Local Rule 2002-1(f), Appointing Prime Clerk LLC as Claims and Noticing Agent, Nunc Pro Tunc to the Petition Date, Docket no. 4, Case no. 14-12103, filed September 9, 2014.
coverage, as well as permission to honor prepetition insurance obligations incurred in the ordinary course of business and continued funding of post-petition obligations to customer programs. Additionally, TER requested authorization to make payments to critical vendors and service providers, payments of prepetition employee wages and salaries, reimbursement of employee business expenses, and other employment related obligations.

**Schedule of First Day Motions**

<table>
<thead>
<tr>
<th>Dkt #</th>
<th>Motion Heading</th>
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<tbody>
<tr>
<td>3</td>
<td>Debtors’ Motion for an Order, Pursuant to Bankruptcy Rule 1015 and Local Rule 1015-1, Authorizing the Joint Administration of the Debtors’ Chapter 11 Cases</td>
</tr>
<tr>
<td>4</td>
<td>Debtors’ Application for an Order, Pursuant to 28 U.S.C. § 156(c), Bankruptcy Rule 2002(f), and Local Rule 2002-1(f), Appointing Prime Clerk LLC as Claims and Noticing Agent, Nunc Pro Tunc to the Petition Date</td>
</tr>
<tr>
<td>5</td>
<td>Debtors’ Motion for Interim and Final Orders, Pursuant to Sections 105(a) and 366 of the Bankruptcy Code, (I) Prohibiting Utility Companies from Altering, Refusing, or Discontinuing Utility Services, (II) Deeming Utility Companies Adequately Assured of Future Payment, (III) Establishing Procedures for Determining Additional Adequate Assurance of Payment, and (IV) Setting a Final Hearing Related Thereto.</td>
</tr>
<tr>
<td>6</td>
<td>Debtors’ Motion for an Order, Pursuant to Sections 105(a), 363(b), 507(a)(8), 541, 1107(a) and 1108 of the Bankruptcy Code, (I) Authorizing the Debtors to Pay Certain Prepetition Taxes and Fees and Related Obligations and (II) Authorizing Banks to Honor and Process Check and Electronic Transfer Requests Related Thereto.</td>
</tr>
<tr>
<td>7</td>
<td>Debtors’ Motion for an Order, Pursuant to Sections 105(a), 363, and 364 of the Bankruptcy Code, (I) Authorizing (A) Payment of Prepetition Obligations Incurred in the Ordinary Course of Business in Connection With Liability, Property, and Other Insurance Programs, Including Payment of Policy Premiums, and (B) Continuation of Insurance Premiums Financing Programs; and (II) Authorizing Banks to Honor and Process Check and Electronic Transfer Requests Related Thereto.</td>
</tr>
</tbody>
</table>

253 [Debtors’ Motion for Interim and Final Orders, Pursuant to Sections 105(a) and 366 of the Bankruptcy Code, (I) Prohibiting Utility Companies from Altering, Refusing, or Discontinuing Utility Services, (II) Deeming Utility Companies Adequately Assured of Future Payment...](Docket no. 5, Case no. 14-12103, filed September 9, 2014).

254 [Debtors’ Motion for an Order... (I) Authorizing (A) Payment of Prepetition Obligations Incurred in the Ordinary Course of Business in Connection With Liability, Property, and Other Insurance Programs, Including Payment of Policy Premiums, and (B) Continuation of Insurance Premiums Financing Programs...](Docket no. 7, Case no. 14-12103, filed September 9, 2014).

255 [Debtors Motion for an Order... Authorizing (I) The Debtors to Honor Prepetition Obligations Related to Customer Programs and Otherwise Continue Customer Programs In the Ordinary Course of Business...](Docket no. 9, Case no. 14-12103, filed September 9, 2014).

256 [Debtors’ Motion for Entry of Interim and Final Orders... (I) Authorizing the Debtors to Pay Certain Prepetition Claims (A) Arising Under the Perishable Agricultural Commodities Act, (B) of Lien Vendors, (C) Arising Under Section 503(b)(9) of the Bankruptcy Code and (D) of Critical Vendors and Service Providers...](Docket no. 8, Case no. 14-12103, filed September 9, 2014).

257 [Debtors’ Motion for an Order... (A) Authorizing (I) Payment of Prepetition Employee Wages, Salaries and Other Compensation; (II) Reimbursement of Prepetition Employee Business Expenses; (III) Contributions to Prepetition Employee Benefit Programs and Continuation of Such Programs in the Ordinary Course; (IV) Payment of Workers’ Compensation Obligations...](Docket no. 11, Case no. 14-12103, filed September 9, 2014).
8. Debtors’ Motion for Entry of Interim and Final Orders, Pursuant to Sections 105(a), 363(b), 503(b), 1107(a) and 1108 of the Bankruptcy Code, (I) Authorizing the Debtors to Pay Certain Prepetition Claims (A) Arising Under the Perishable Agricultural Commodities Act, (B) of Lien Vendors, (C) Arising Under Section 503(b)(9) of the Bankruptcy Code and (D) of Critical Vendors and Service Providers, (II) Authorizing Banks to Honor and Process Check and Electronic Transfer Requests Related Thereto and (III) Granting Certain Related Relief

9. Debtors Motion for an Order, Pursuant to Sections 105(a), 363(c), 503(b)(1), 1107(a), and 1108 of the Bankruptcy Code, Authorizing (I) The Debtors to Honor Prepetition Obligations Related to Customer Programs and Otherwise Continue Customer Programs In the Ordinary Course of Business and (II) Banks to Honor and Process Check and Electronic Transfer Requests Related Thereto.

10. Debtors’ Motion for an Order, Pursuant to Sections 105(a), 345, 1107(a) and 1108 of the Bankruptcy Code, Bankruptcy Rule 2015, and Local Rule 2015-2, (I) Authorizing and Approving Continued Use of Cash Management Systems, (II) Authorizing Use of Prepetition Bank Accounts and Business Forms, (III) Authorizing Payments of Prepetition Costs and Fees Associated With Customer Credit and Debit Card Transactions, (IV) Waiving the Requirements of Section 345(b) on an Interim Basis, (V) Granting Administrative Expense Status to Post-Petition Intercompany Claims, and (VI) Granting Certain Related Relief

11. Debtors’ Motion for an Order, Pursuant to Sections 105(a), 363(b), 507(a)(4) and 507(a)(5) of the Bankruptcy Code (A) Authorizing (I) Payment of Prepetition Employee Wages, Salaries and Other Compensation; (II) Reimbursement of Prepetition Employee Business Expenses; (III) Contributions to Prepetition Employee Benefit Programs and Continuation of Such Programs in the Ordinary Course; (IV) Payment of Workers’ Compensation Obligations; (V) Payments for Which Prepetition Payroll Deductions Were Made; (VI) Payment of All Costs and Expenses Incident to the Forgoing Payments and Contributions; and (VII) Payment to Third Parties of All Amounts Incident to the Forgoing Payments and Contributions and (B) Authorizing Banks to Honor and Process Check and Electronic Transfer Requests Related Thereto.

12. Debtors’ Motion for Entry of Interim and Final Orders, Pursuant to Sections 105(a), 362 and 541 of the Bankruptcy Code, Establishing Notification Procedures for Transfers of or Claims of Worthless Stock Deductions with Respect to Common Stock

13. Debtors’ Motion for Interim and Final Orders (A) Authorizing Post-petition Use of Cash Collateral, (B) Granting Adequate Protection to the Secured Parties, (C) Scheduling a Final Hearing Pursuant to Bankruptcy Rule 4001(b), and (D) Granting Related Relief

4.4.3 The Cash Collateral Motion

Additionally, TER requested use of its cash holdings (‘Cash Collateral”) that constituted collateral of its First Lien Lenders (Icahn Partners), to approve a proposal of adequate protection to the First Lien Lenders and other potentially secured parties, and to schedule the Final Hearing within approximately 30 days of filing the Cash Collateral Motion.258 TER argued that it would have to close its doors without a grant of the requested relief, stating:

“[T]he Debtors have been unable to obtain commitments for post-petition financing, such that the Cash Collateral is the Debtors’ sole source of funding for

258 Debtors’ Motion for Interim and Final Orders (A) Authorizing Postpetition Use of Cash Collateral, (B) Granting Adequate Protection to the Secured Parties … at 20, Docket no. 13, Case no. 14-12103, filed September 9, 2014 [hereinafter Cash Collateral Motion].
their operations and the costs of administering the chapter 11 process. Absent authority to immediately use Cash Collateral, the Debtors, their creditors and the estates generally would suffer irreparable harm because the debtors would immediately cease operations..."259

If authorized to use the Cash Collateral, TER proposed to secure the First Lien Lenders through Adequate Protection Liens, Superpriority Claims,260 and payment of fees and expenses, incurred before or after the petition date, by the First Lien Lenders and Agent (“Adequate Protection Fees”).261 TER argued these guarantees would sufficiently safeguard the interests secured by the Cash Collateral and moved the court to approve them as adequate protection.

### Material Terms and Summary of the Cash Collateral Motion

<table>
<thead>
<tr>
<th>Terms</th>
<th>Summary of Material Terms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entities in Interest</td>
<td>Icahn Parties (First Lien Lenders)</td>
</tr>
<tr>
<td>Purpose for Use of Cash Collateral</td>
<td>The Debtors sought authority to use cash collateral for, among other things, (i) working capital requirements; (ii) general corporate purposes, and (iii) the costs and expenses of administering the chapter 11 cases (including making adequate protection payments, fees, and payments to case professionals), and payments under the carve-out.</td>
</tr>
<tr>
<td>Proposed Adequate Protection</td>
<td>Adequate Protection Liens. Subject to the carve-out, adequate protection for any postpetition diminution in value of the Secured Parties’ interests in the Debtors’ interests in the Prepetition Collateral. The First Lien Agent, for the benefit of itself and the First Lien Lenders, is hereby granted, to the extent of any diminution in value, valid, binding, enforceable, non-avoidable, and automatically perfected security interests in and liens, without the necessity of the execution by the Debtors of security agreements, upon all agreements, property (whether then owned or thereafter acquired) of each Debtor and each Debtor’s “estate,” as well as all of the issued and outstanding capital stock or other equity or ownership interests. Any proceeds from causes of action under the Bankruptcy Code and any other avoidance actions, proceeds thereof or property or cash recovered pursuant to Avoidance Actions, and all products proceeds and supporting obligations or the foregoing would be collectively known as the Collateral. Adequate Protection Superpriority Claims. Subject to the carve-out, as further adequate protection for the benefit of the First Lien Lenders, an allowed administrative expense claim in the Debtors’ cases ahead of and senior to any and all other administrative expense claims in such cases to the extent of any postpetition diminution in value.</td>
</tr>
</tbody>
</table>

259 Id.

260 See 11 U.S.C. § 507(b) (“If the trustee… provides adequate protection of the interest of a holder of a claim secured by a lien on property of the debtor and if, notwithstanding such protection, such creditor has a claim … arising from the stay of action against such property… from the use, sale, or lease of such property..., or from the granting of a lien… then such creditor’s claim under such subsection shall have priority over every other claim allowable under such subsection.”).

261 Cash Collateral Motion, supra note 258.
Other Adequate Protection. As further adequate protection, the Debtors shall pay the reasonable and documented costs and expenses, whether incurred before or after the Petition Date, of the First Lien Agent and the First Lien Lenders, including attorneys’ fees and expenses, to the extent provided under the First Lien Credit Documents. All amounts paid as adequate protection are deemed permitted uses of cash collateral.

| Carve-Out | The Carve-Out shall mean the sum of: (i) all fees required to be paid to the Clerk of the Bankruptcy Court and to the U.S. Trustee, plus interest; (ii) all allowed and unpaid professionals fees, expenses, and disbursements incurred prior to the Termination Date by professionals of the estates retained by order of the Court, in the aggregate not to exceed $450,000 for Estate Professionals and $50,000 for Creditors Committee Professionals. |
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**4.4.4 Appointment of the Official Committee of Unsecured Creditors**

The U.S. Trustee filed a Notice of Appointment and established the Creditors’ Committee (the “Committee” or “OCC”) to represent the unsecured claimants on September 23, 2014. The seven-chair Committee included: Thermal Energy Limited Partnership, Bally Gaming, Inc., Unite Here Local 54, National Retirement Fund, Atlantic City Linen Supply, LLC, Southern New Jersey Paper Products, and Conner Strong & Buckelew Companies, Inc. Campbell & Levine, LLC and Orrick Herrington & Sutcliffe LLP represented Thermal Energy in the bankruptcy proceedings. Thermal Energy entered into service agreements with the Taj Mahal and Trump Plaza (the “Thermal Service Agreement(s)”) on June 30, 1996 and September 26, 1996, respectively, and filed post-petition proofs of claim against the Debtors:

- A general unsecured claim against Taj Mahal Associates in the amount of $2,332,436.09
- A claim pursuant to section 503(b)(9) against Taj Mahal Associates in the amount of $476,634.78
- A general unsecured claim against Trump Plaza Associates in the amount of $339,053.04

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262 Notice of Appointment of Committee of Unsecured Creditors, Docket no. 109, Case no. 14-12103, filed on September 9, 2014.

263 Id.

264 Notice of Appearance and Request for Service of All Papers, Docket no. 66, Case no. 14-12103, filed September 12, 2014.


266 Id. at 9.
• An administrative expense claim against Taj Mahal Associates in a contingent and unliquidated amount based on the Debtors’ proposed rejection of the Taj Mahal Service Agreement

• A administrative expense claim against Trump Plaza Associates in a contingent and unliquidated amount based on the Debtors’ proposed rejection of the Trump Plaza Service Agreement

Joseph Rhodes and Stephen Morrow of Wilmington, Delaware represented the Taj Mahal and Trump Plaza employees’ union UNITE HERE Local 54 (“Local 54” or “Union”).267 The Union sought to prohibit TER from reconfiguring the terms of its Collective Bargaining Agreement (“CBA”). Judge Gross and, ultimately, the United States Court of Appeals for the Third District permitted the CBA’s modification. The National Retirement Fund (“NRF”) assumed an interest in the reorganization as a result. Landis Rath & Cobb LLP represented the NRF during the bankruptcy.268 Atlantic City Linen Supply Inc., Southern New Jersey Paper Products, and Conner Strong & Buckelew Companies, Inc asserted general unsecured claims against the Debtors in the amounts of $128,538, $286,896, and $245,000, respectively. Bally Gaming Inc. asserted an administrative priority claim of approximately $568,957.

4.4.5 Objections to First Day Motions and Proposed Orders

I. Levine Staller

Levine Staller filed a formal objection to TER’s Cash Collateral Motion on September 29, 2014.269 Levine Staller argued the Debtors’ use of Cash Collateral would heighten the risk of nonpayment of their remaining fees and requested the Court to condition the Debtors’ Cash Collateral use upon providing Levine Staller with first priority replacement liens on cash and proceeds270 and an Administrative Expense claim to the extent of any diminution in value.271 Levine Staller based its argument on the facts that (i) Levine Staller possessed a first-priority, prior-perfected Charging Lien, (ii) the Debtors’ commingling of the Tax Refund with other cash did not eliminate their debt, and (iii) under New Jersey law, the Charging Lien priority “relates back” to 2008 and must be honored before subsequent creditors’ claims.272

267 Entry of Appearance, Docket no. 71, Case no. 14-12103, filed September 15, 2014.

268 Affidavit of Service, Docket no. 971, Case no. 14-12103, filed February 24, 2015.

269 Levine Cash Collateral Objection, supra note 217.

270 Levine Staller asked the court to prioritize its claim senior to the First Lien Lenders.

271 Levine Cash Collateral Objection, supra note 217, at 19.

272 Id. at 8-9.
The Debtors and Levine Staller later announced an agreement regarding adequate protection, which included an expedited claims objection process that allowed prompt adjudication of the dispute concerning the Charging Lien’s validity and priority so it would be properly addressed as such in TER’s Plan and Disclosure Statement. Levine Staller subsequently filed a motion on October 15, 2014 for entry of an order fixing the value and priority of, and allowing its claim as secured in full.

II. The Unsecured Creditors’ Committee

The Unsecured Creditors’ Committee objected to the Cash Collateral Motion on October 2, 2014, and commented that a final hearing on the Motion was “not only a matter that can wait, but a matter that will benefit greatly from a deferral.” The OCC stated that an order allowing the use of Cash Collateral would be highly prejudicial to its constituents as TER’s proposed Plan at the time offered nothing to the Unsecured Parties. This was true particularly in light of the fact that the Debtors’ actions, in conjunction with those by the Icahn Parties, seemed to indicate a transition from preservation of the going concern value of the operating business to a liquidation of the casino properties. The OCC related its concern that the Debtors set forth several difficult conditions to be met if the Taj Mahal were to remain open—conditions including nine-figure government cash infusions or tax breaks, dissolution of the Taj Mahal Collective Bargaining Agreement (which was arguably illegal under the National Labor Relations Act at the time), and the confirmability of financing from the Icahn Parties.

The OCC requested the Court adjourn the Cash Collateral Hearing until November 5, 2015 and insisted on including clarifying language and procedural protections to ensure due process notice to the Committee in a second interim order. If the Court were to proceed with the final hearing, the Committee requested the Court condition final approval on modifications to the Final Cash Collateral Order based on:

273 Id. at 19.

274 Motion to Allow Levine Staller… for Entry of an Order Fixing the Value and Priority of, and Allowing its Claims as Secured in full…, Docket no. 295, Case no. 14-12103, filed October 15, 2014.

275 Objection of the Official Committee of Unsecured Creditors to Entry of Final Order…Authorizing Use of Cash Collateral…at 2, Docket no. 202, Case no. 14-12103, filed October 2, 2014 [hereinafter OCC Cash Collateral Objection].

276 Id.

277 Id. at 6.

278 Id. at 25.

279 Id. at 21.
- **An Adequate Protection Lien on Avoidance Actions.** The OCC argued that the Secured Creditor’s replacement liens must be granted only to the extent of its showing that the debtors’ use of the lender’s collateral resulted in a diminution thereof, and, because TER was increasingly facing the possibility of resorting to a liquidation rather than a successful reorganization, any replacement liens would significantly reduce the availability of TER’s unencumbered assets to the unsecured creditors.

- **A Waiver of Surcharge Rights combined with insufficient Carve-Out for the Committee.** The OCC argued that the Carve-Out in the Proposed Final Cash Collateral Motion did not reasonably approximate the costs of administering the Secured Parties’ collateral because the amount allocated to the Committee was “completely disproportionate” to both the responsibilities that the Committee had under the Bankruptcy Code and the amount allocated to the Debtors’ professionals and the Secured Parties’ professionals. Ultimately, the Carve-Out for the Committee would be less than 3.3% of the Carve-Out for the Debtors’ professionals, and only 14% of the Carve-Out for the Secured Parties’ counsel alone.

- **An unjustified waiver of § 552(b)(1) “Equities of the Case” Exception.** Section 552(a) provides a general rule that property acquired by the estate or by the debtor after the commencement of the case is not subject to any lien resulting from any security agreement entered into by the debtor before commencement of the case. However, § 552(b)(1) creates an exception to the general rule, which preserves a secured creditors’ lien on post-petition proceeds, products, or profits of pre-petition collateral as long as the security agreement so provides.

The OCC argued that the purpose of the Equities of the Case Exception is to balance the need to preserve valid security interests in proceeds with the need to protect the interests of unsecured creditors—often in cases where a debtor may provide value used in combination with a secured creditor’s collateral to generate (cash) assets that could be considered proceeds of the secured creditor’s collateral. The OCC stated that, under the circumstances, the Debtors’ casino operation generates revenues as a result of an “amalgamation” of personal and real property, goods, and services upheld by a necessary labor staff. Thus, “as much as the Secured Parties might like to ignore the Thirteenth Amendment, they do not have a lien on the Debtors’ employees [nor the value generated therefrom]… and value generated by the Debtors’ employees is not proceeds of the Secured Parties’ collateral.” Therefore, there remained a critical issue as to what portion of the

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280 Id. at 7-10.

281 Id. at 10-13.

282 OCC Cash Collateral Objection, supra note 275, at 13-17.

283 In that circumstance, the exception allows the court to allocate value to the estate in order to avoid a windfall to the secured creditor(s).
Debtors’ post-petition revenues could be considered proceeds of the Secured Parties’ prepetition collateral.

- **Improper Debtor and Third-Party releases.**\(^\text{284}\)

  The OCC argued the proposed Cash Collateral Order contained overbroad, improper, and unwarranted releases of the Secured Parties. Specifically, that upon expiration of the Challenge Period, “any and all claims or causes of action against either the First Lien Agent and/or any First Lien Lenders shall be released by the Debtors’ estates, all creditors, interest holders, and other parties in interest to the Cases and any successor Cases.” Thus, the release would not be limited to derivative claims on behalf of the Debtors’ estates or claims against the Secured Parties. According to the OCC, the proposal would effectively release the Secured Parties from claims that their parties might hold in matters completely unrelated to the Debtors’ cases.

### III. Atlantic City Electric Co.

Atlantic City Electric Co. (“ACE”) filed an Objection to the Debtors’ Motion to prohibit utility companies from refusing, altering, or discontinuing service and requested the Motion and Interim Order thereupon be denied.\(^\text{285}\) In addition, ACE requested that the Court order the Debtors to pay an amount equal to two months of service ($2,372,660) or face the potential loss of service after 30 days for failure to provide satisfactory assurance of future performance.\(^\text{286}\) ACE argued the Debtors’ proposed adequate assurance of a utility escrow account did not satisfy the express requirements of the Bankruptcy Code\(^\text{287}\) if not held by the individual affected utility companies, nor would it satisfy provisions of local regulatory requirements.\(^\text{288}\)

#### 4.4.6 Atlantic City Exempted from the Automatic Stay

Atlantic City (the “City”) filed for relief from the automatic stay in order to collect back-taxes on November 7, 2014.\(^\text{289}\) The City claimed the collective Debtors owed approximately $22

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\(^{284}\) *OCC Cash Collateral Objection, supra* note 275, at 17-18.

\(^{285}\) *Objection of Atlantic City Electric to Debtors’ Motion for Interim and Final Orders…Prohibiting Utility Companies from Altering, Refusing, or Discontinuing Utility Services…*, Docket no. 143, Case no. 14-12103, filed September 29, 2014.

\(^{286}\) *Id.* at 1.

\(^{287}\) *See* 11 U.S.C. § 366(a) (“[A] utility may not alter, refuse, or discontinue service to, or discriminate against, the trustee or the debtor solely on the basis of the commencement of a case under this title or that a debt owed by the debtor to such utility for service rendered before the order for relief was not paid when due.”).

\(^{288}\) *Id.* at 2-3.

\(^{289}\) *Motion of the City of Atlantic City for Relief From the Automatic Stay Pursuant to 11 U.S.C. § 362(d)*, Docket no. 449, Case no. 14-12103, filed November 7, 2014 [hereinafter *AC Relief Motion*].
million in unpaid real-property taxes which the City proposed to mitigate through sales of tax certificates for the outstanding debts in an upcoming auction. The City stated tax sale revenues were vital to the health and safety of the community and, because the amount owed by the Debtors constituted approximately 10% of the City’s entire 2014 budget, the sale of TER’s debt was particularly vital. Atlantic City argued the post-petition perfection or real estate tax liens would not violate the automatic stay under 11 U.S.C. § 362(b)(18) as the sale of a tax certificate would constitute an non-prejudicial step in the process to enforce the lien.

Trump Entertainment Resorts and the Icahn Parties each objected to the City’s Motion on November 20, 2014. TER argued granting the City relief from the automatic stay would be highly prejudicial for several reasons:

- The Debtors’ tax liability to the City was in dispute, and the Debtors had filed prepetition appeals challenging the City’s tax assessments on its property for 2014. The transfer of a tax certificate could result in the purchaser being able to foreclose at the face amount of the certificate and impair the Debtors’ rights with respect to its tax appeals.
- Under New Jersey law, if the taxes remain unpaid, a purchaser would be entitled to foreclose on its tax certificate after six months if the purchaser were a municipality or two years if the purchaser was a private buyer, at which point the Debtors would be required to satisfy the terms of the tax certificate in cash. However, under the Bankruptcy Code, some of the City’s tax claims may be viewed as priority claims and entitled to deferred payment over five years as opposed to immediate payment in cash under a foreclosure scenario.
- The City’s Motion failed to explain the Debtors would be required to pay a statutory redemption penalty equal to 6% of the face value of the tax certificate if the Debtors were to redeem the certificate more than ten days after the sale occurred.

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290 Id. at 1 (The Taj Mahal owed the City $17,488,907.14 in unpaid taxes and the Trump Plaza owed $4,446,891.86).
291 Id.
292 Id. (“The City relies heavily on the gaming industry as a source of revenue. [The casino] industry accounts for over 60% of the City’s total real estate tax levy”).
293 Id.
294 Id. at 4.
295 Debtors’ Objection to Motion of the City of Atlantic City for Relief from the Automatic Stay Pursuant to 11 U.S.C. § 362(D), Docket no. 517, Case no. 14-12103, filed November 20, 2014 [hereinafter TER Stay Objection].
296 Objection of First Lien Parties to Motion of the City of Atlantic City for Relief from the Automatic Stay Pursuant to 11 U.S.C. § 362(D), Docket no. 516, Case no. 14-12103, filed November 20, 2014 [hereinafter Icahn Stay Objection].
The Debtors argued they should not be placed in a position to have their rights impaired by a claim of such a substantial amount simply because the City was seeking to monetize its claim and avoid the Chapter 11 process. TER stated the balance of hardships clearly weighed in their favor and asked the Court to deny the Motion. The Icahn Parties’ Objection largely reflected TER’s but related an additional argument that the City had not adequately met its burden of proof to show it would be prejudiced by imposition of the automatic stay. The City relied on “conclusory and unsubstantiated statements” that the City would be hindered in the management of its budget, according to the First Lien Lenders.

The City challenged the objecting parties’ arguments in a Reply to the Court on November 21, 2014, stating:

“The objecting parties [sought] to distort the legal and factual realities underlying the Motion. Neither Debtors nor the Icahn Parties [could] legitimately dispute that (a) the City [was] owed many millions of dollars in unpaid real estate taxes, (b) the Debtors [had] not paid their post-petition property taxes, (c) Debtors [had] not paid 1.5 quarters of pre-petition property taxes, and (d) the much ‘ballyhooed’ tax appeals [had] sat dormant for at least the past six months, with not even the slightest hint of movement on the part of the Debtors.”

Further, the City argued the objecting parties misstated the relationship between the Bankruptcy Code and the New Jersey statutory tax lien regime—contrary to the objecting parties “bizarre” assertions, a tax certificate purchaser could not foreclose on the property without first obtaining relief from the automatic stay, nor could a purchaser foreclose if the Debtors remained current on their payments pursuant to a confirmed Plan of reorganization.

Judge Gross granted the City’s Motion for Relief nearly a year later on November 15, 2015. The Court stated the relief granted was to the extent necessary to permit the City to sell tax certificates for the Debtors’ properties relating to unpaid taxes in 2015 unless the Debtors were to pay the delinquent taxes in full prior to commencement of the certificate auction, in which case

298 Id. at 2-3.
299 Id. at 2-3.
300 Id. at 3.
301 Reply to Objections to Atlantic City’s Motion for Relief from the Automatic Stay Pursuant to 11 U.S.C. §362(d), Docket no. 539, Case no. 14-12103, filed November 21, 2014.
302 Id. at 1-2.
303 Order Granting the City of Atlantic City’s Motion for Relief from the Automatic Stay Pursuant to 11 U.S.C. §362, Docket no. 1741, Case no. 14-12103, filed November 19, 2015.
the relief order would no longer apply.\textsuperscript{304} The Court ordered purchasers of the tax certificates to be subject to the terms of the Court’s Order and issued notice of the Order and pending dispute between the Debtors and City.\textsuperscript{305} Judge Gross stated the Court’s retention of jurisdiction over the allowance and treatment of the tax claims and ordered the City to refrain from dismissing the tax appeals for non-payment.\textsuperscript{306}

4.4.7 First Day Final Orders

Many of TER’s First Day Motions were granted in full on September 10, 2014. The remaining Motions were granted on an interim basis the same day, and Final Orders followed on October 6, 2014. The Court restricted TER’s spending and payments to a limited number of prepetition obligations, and ordered TER to set aside $1.47 million as adequate assurance for its utility creditors.

<table>
<thead>
<tr>
<th>Schedule of Final Orders</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Topic</strong></td>
</tr>
<tr>
<td>Utility Companies</td>
</tr>
<tr>
<td>Payment of Taxes and Fees</td>
</tr>
<tr>
<td>Insurance and Policy Premiums</td>
</tr>
</tbody>
</table>

\textsuperscript{304} Id. at 2-3.

\textsuperscript{305} Id. at 3.

\textsuperscript{306} Id. at 2-3.

\textsuperscript{307} Final Order…Prohibiting Utility Companies from Altering, Refusing, or Discontinuing Utility Services, (II) Deeming Utility Companies Adequately Assured…, Docket no. 229, Case no. 14-12103, filed October 10, 2014 [hereinafter Utilities Order].

\textsuperscript{308} Order…Authorizing the Debtors to Pay Certain Prepetition Taxes and Fees and Related Obligations…, Docket no. 45, Case no. 14-12103, filed September 10, 2014.
| **Vendors** | Debtor s are authorized to satisfy PACA/PASA Claims in the ordinary course of business up to the aggregate amount of $100,000 (any vendor which accepts payment will be deemed to have waived all claims against the Debtors to the extent payment was received). The Debtors are further authorized to satisfy Lien Claims up to an aggregate amount of $100,000. The Debtors are authorized to satisfy 503(b)(9) claims up to an aggregate amount of $1,000,000. The Debtors are authorized to satisfy critical vendor claims up to an aggregate amount of $3,500,000. The Debtors shall not satisfy 503(b)(9) or Critical Vendor Claims in excess of $2,500,000 in the aggregate amount and shall confer with the OCC at least 2 days before satisfying either form of claim. The Debtors are authorized to condition payments of Vendor Claims on the agreement of the Vendor to continue supplying goods and services to the Debtors and to enter into trade agreements with the vendors (subject to good-faith terms). |
| **Customer Programs** | Debtor s are authorized to continue, implement new, or discontinue Customer Programs in the ordinary course of business and in a manner consistent with past practices. The Debtors are authorized to satisfy prepetition obligations relating to the Customer Programs up to an aggregate amount of $550,000. |
| **Cash Manage** | Granted in Full |
| **Employee Wages, Benefits, Programs, and Expenses** | Debtor s are authorized to satisfy amounts on account of employee wages and benefits in the ordinary course of their business, and to honor pre-petition checks on account of unpaid wages that were not cashed prior to the petition date (provided that no payment on account of individual unpaid wages shall exceed $12,475, no aggregate amount of unpaid wages shall exceed $2,690,000, and prepetition obligations on account of Union Contributions shall not exceed $2,200,000 in the aggregate). |

309. [*Order Authorizing Payment of Prepetition Obligations Incurred in the Ordinary Course of Business in Connection with Liability, Property, and other Insurance Programs…*, Docket no. 46, Case no. 14-12103, filed September 10, 2014.]

310. [*Final Order…Authorizing Debtors to Pay Certain Prepetition Claims (A) Arising Under the Perishable Agricultural Commodities Act, (B) of Lien Vendors, (C) Arising Under Section 503(b)(9) of the Bankruptcy Code and (D) of Critical Vendors and Service Providers*, Docket no. 218, Case no. 14-12103, filed October 6, 2014.]

311. [*Order…Authorizing (I) The Debtors to Honor Prepetition Obligations Related to Customer Programs and Otherwise Continue Customer Programs in the Ordinary Course of Business…*, Docket no. 48, Case no. 14-12103, filed September 10, 2014.]

312. [*Order Authorizing and Approving Continued Use of Cash Management System, Authorizing Use of Prepetition Bank Accounts and Business Forms…, Waiving the Requirements of Section 345(b) on an Interim Basis, Granting Administrative Expense Status to Post-Petition Intercompany Claims…*, Docket no. 49, Case no. 14-12103, filed September 10, 2014.]

313. [*Order…Authorizing (I) Payment of Prepetition Employee Wages, Salaries and Other Compensation…*, Docket no. 50, Case no. 14-12103, filed September 10, 2014.]

51
4.4.8 The Cash Collateral Order

Judge Gross permitted TER’s access to the Cash Collateral, stating that preservation and maintenance of the Debtor’s assets was necessary to maximize value of the chapter 11 estates. All of TER’s existing cash balances, future collection of accounts receivable, and any following proceeds, were or would become the secured parties’ Cash Collateral within the meaning of section 363(a) of the Bankruptcy Code. TER was now entitled to spend money that was partially securing Icahn’s loan, although the court imposed strict budgetary, reporting, and record access requirements. As a result of the Cash Collateral authorization, and the imposition of the automatic stay, the court found the secured parties entitled to adequate protection for any decrease in value of their interests resulting from the automatic stay or the Debtor’s use of Prepetition or Cash Collateral. By approving the Adequate Protection Liens, the court effectively gave the secured creditors priority to collect any or all of the Debtor’s assets in the event TER failed to right the ship.

The Debtor were to set aside Bankruptcy Court Clerk and U.S. Trustee fees under the “Carve-Out” provision of the Cash Collateral Order. In addition, the Carve-Out included the sum of all allowed and unpaid Debtors’ and Icahn Parties (“Estate Fees”) and the OCC’s, professionals’ fees and expenses. Judge Gross capped disbursements to $450,000 for the Estate Fees and $50,000 for the OCC’s professionals and stated that the Icahn Parties would not be responsible for payment or reimbursement of any professional fees incurred in connection with the cases under any chapter of the Bankruptcy Code. The Court designated the Icahn Parties’ claims as superpriority, or senior to all claims and administrative expenses, provided that, with respect

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314 Final Order (A) Authorizing Postpetition Use of Cash Collateral, (B) Granting Adequate Protection to the Secured Parties, and (C) Granting Related Relief at 7, Docket No. 342, Case No. 14-12103, filed October 23, 2014 [hereinafter Cash Collateral Order].

315 Id. at 3, 7.

316 Id. at 9-15.

317 An agreement by a party that is secured by all or some of the assets of the estate to allocate some portion of the proceeds of its lien to be paid to others, or in other words, an agreement by the secured creditor to “carve-out” funds from its lien position to be distributed to other parties.

318 Cash Collateral Order, supra note 314, at 18.

319 Id. at 18-19.

320 Id. at 19.

321 Id.

322 Id. at 20-21.
to tax judgment proceeds, the superpriority claims and the Levine Staller claims would have the same priority as that of the secured obligations and the prepetition Charging Lien.\textsuperscript{323}

\subsubsection{4.4.9 UNITEHERE Local 54 and the Taj Mahal Collective Bargaining Agreement}

Trump Entertainment Resorts filed a Motion on September 26, 2014 for entry of an order authorizing the Debtors to reject a collective bargaining agreement between Trump Taj Mahal Associates and UNITE HERE Local 54.\textsuperscript{324} Section 1113 of the Bankruptcy Code, “Rejection of Collective Bargaining Agreements,” applies were a debtor seeks to reject a collective bargaining agreement or reach a consensual agreement with the Union to put in place long-term or permanent modification to the contract.\textsuperscript{325} Section 1113 provides the following parameters for motions to reject bargaining agreements:

- Prior to filing for rejection, debtor must make a detailed proposal to the Union of all modifications necessary to restructure while assuring all creditors and affected parties are treated “fairly and equitably.”
- Debtor must provide Union with relevant information necessary to evaluate debtor’s proposal.
- Both parties are required to meet and confer in “good faith” in an attempt to reach mutual agreement on modifications to the contract.

Once the debtor officially files the Section 1113 motion with the court, a hearing is scheduled to occur within 14 days and the judge may approve the rejection if, absent a consensual agreement, the Union has refused to accept a proposal without “good cause,” and the court determines that the concessions of other constituencies in the bankruptcy are commensurate to those made by the Union.\textsuperscript{326}

TER claimed the Taj Mahal would be forced to close and liquidate if its labor costs associated with the UNITE HERE Local 54 Collective Bargaining Agreement (“CBA”) were not eliminated.\textsuperscript{327} TER operated without promise of post-petition funding at the time and, relying solely on cash collateral, was paying pension benefits of approximately $14 to $15 million

\begin{footnotesize}
\textsuperscript{323} Id. at 21.
\textsuperscript{324} Debtors’ Motion for Entry of Order (I) Rejecting Collective Bargaining Agreement Between Trump Taj Mahal Associates, LLC and Unite Here Local 54…, Docket no. 134, Case no. 14-12103, filed September 26, 2014 [hereinafter CBA Motion].
\textsuperscript{325} Summary of Section 1113 of the Bankruptcy Code, \url{http://perma.cc/M5LC-HCBU}.
\textsuperscript{326} Id.
\textsuperscript{327} CBA Motion, supra note 324, at 9.
\end{footnotesize}
annually\textsuperscript{328} including $3.5 million in contributions to the Local 54’s pension account, the National Retirement Fund (“NRF”).\textsuperscript{329} The Debtors claimed they would suffer losses of $35 to $49 million in fiscal years 2015 through 2019 if the CBA were to remain in place.\textsuperscript{330}

### Annual Payments to Local 54 Under the Collective Bargaining Agreement

<table>
<thead>
<tr>
<th>Payments Under Local 54 CBA (in millions)</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014 (to date)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension</td>
<td>$4.48</td>
<td>$4.72</td>
<td>$4.61</td>
<td>$2.63</td>
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<tr>
<td>Health &amp; Welfare</td>
<td>$15.22</td>
<td>$13.67</td>
<td>$12.18</td>
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<tr>
<td>Other Benefits</td>
<td>$0.22</td>
<td>$0.35</td>
<td>$0.23</td>
<td>$0.10</td>
</tr>
<tr>
<td><strong>Total Local 54 CBA Payments</strong></td>
<td>$19.92</td>
<td>$18.73</td>
<td>$17.02</td>
<td>$9.50</td>
</tr>
<tr>
<td><strong>Consolidated EBITDA</strong></td>
<td>$32.0</td>
<td>$6.4</td>
<td>$(6.1)</td>
<td>$(25.7)</td>
</tr>
</tbody>
</table>

The Debtors and Local 54 entered negotiations on August 28, 2014.\textsuperscript{331} TER proposed modifications to the CBA that entailed eliminating the Debtors’ obligation to continue contributions to the NRF and replace the obligation with an employee contribution matching 401(k) program.\textsuperscript{332} TER also proposed to substitute contributions to the Local 54 Health and Welfare Fund with additional compensation for full time employees to supplement costs under the Affordable Care Act.\textsuperscript{333} The Local 54 refused to make concessions regarding the health and welfare provision.\textsuperscript{334} TER sought, among other relatively superficial requests, to reduce employee paid vacation, holiday, and meal time and proposed that the term “sweep” be eliminated from the list of duties hospitality staff would not be asked to perform.\textsuperscript{335} TER stated it was forced to file the CBA Motion\textsuperscript{336} due to Local 54’s habitual avoidance of negotiations and routine failure to timely

\begin{itemize}
\item \textsuperscript{328} Id. at 22.
\item \textsuperscript{329} Id. at 9.
\item \textsuperscript{330} Id. at 10.
\item \textsuperscript{331} Id. at 26.
\item \textsuperscript{332} CBA Motion, supra note 324, at 26.
\item \textsuperscript{333} Id.
\item \textsuperscript{334} Id.
\item \textsuperscript{335} Id. at 31.
\item \textsuperscript{336} Id. at 37.
\end{itemize}
respond to proposals.\textsuperscript{337} Local 54 objected to TER’s Motion on October 7, 2014\textsuperscript{338} and stated the Motion should be denied for four key reasons:\textsuperscript{339}

- The Debtors’ non-negotiable demand and failure to bring “relevant decision-makers” to the bargaining table constituted a failure to satisfy the good faith bargaining requirement under 11 U.S.C. § 1113(b)(2).
- The proposal failed to treat stakeholders fairly and equitably because it required permanent, irreversible concessions from the Union Employees while seeking only contingent, reversible concessions from others.
- Local 54 had good cause to reject the proposed modifications and, further, made a counteroffer that could have provided a simpler path to the relief the Debtors’ sought.
- Debtors were legally unable to obtain the relief of which they sought because Section 1113(c) provides only for rejection of a collective bargaining agreement in its entirety, not court ordered modification of particular contract terms or implementation of a new CBA.\textsuperscript{340}

Local 54 stated Section 1113(c) did not authorize “rejection” of terms and conditions of employment that are imposed by statute.\textsuperscript{341} Local 54 argued that, “because the CBA that established the employment terms at issue expired before the Debtors made their Section 1113 proposal, there was no contract in effect to be assumed or rejected.” Local 54 stated that federal labor law “clearly” precluded courts from compelling a union and employer to reach a collective bargaining agreement.\textsuperscript{342} This argument would prove unresolved and led the dispute to the United States Court of Appeals for the Third Circuit as a matter of first impression.\textsuperscript{343}

\textsuperscript{337} CBA Motion, supra note 324.
\textsuperscript{338} Objection of Unite Here Local 54 to Debtors’ Motion for Entry of Order Rejecting Collective Bargaining Agreement…, Docket no. 242, Case no. 14-12103, filed October 7, 2014.
\textsuperscript{339} Id. at 9-10.
\textsuperscript{340} Id. at 10.
\textsuperscript{341} In this case the National Labor Relations Act (“NLRA”).
\textsuperscript{342} Id.
\textsuperscript{343} The issues on appeal: “Given that there was no collective bargaining agreement in effect between the Debtors and Local 54 at the time the Debtors made their Section 1113 proposal and filed their S1113(c) motion, because the CBA had expired by its terms on September 14, 2014 and was not thereafter renewed or extended by the parties, did the Bankruptcy Court lack authority under 11 U.S.C. § 1113(c) to grant the Debtors’ application to (i) reject Local 54’s expired collective bargaining agreement and (ii) implement changes in the post-expiration terms and conditions of employment imposed by the National Labor Relations Act?” See Certification to Court of Appeals by All Parties, Docket no. 403, Case no. 14-12103, filed November 3, 2014.
4.4.10 Debtors’ Schedules and Statements of Financial Affairs


I. Annual Earnings Disclosure

The bulk of TER’s income originated from hotel and casino revenues, returns on investment bonds, and recent real estate tax settlements. Trump Taj Mahal Associates, LLC reported revenues of $365.5 million in 2012, $304.6 million in 2013, and $183.3 million between January and August of 2014. Trump Plaza Associates, LLC reported $139 million in 2012, $90.7 million in 2013, and $47.3 million during the same months in 2014. Trump Marina Associates, LLC added to company revenue through interest earnings of $9.8 million in 2012, $432,916 in 2013, and $79,287 through August of 2014. Collectively, TER and its subsidiaries claimed approximately $1.14 billion in revenues during the period reported.

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344 All values in this section are rounded approximations obtained from the Debtors’ Schedules of Assets and Liabilities or Statements of Financial Affairs.

345 Schedules of Assets and Liabilities for Trump Entertainment Resorts, Docket no. 264, Case no. 14-12103, filed October 9, 2014 [hereinafter TER Schedule].


347 Each of the Debtors’ filings included a preface that incorporated relevant limitations, methodologies, and disclaimers mutual to the collective Debtors (“Global Notes”). TER included language to proactively mitigate errors in its disclosure and accounting, to reserve its right to contest the status of pending claims, and to avoid relinquishing rights it may have under the Bankruptcy Code by making the financial statements. The Global Notes stated the filings were not financial statements prepared in accordance with Generally Accepted Accounting Principles, therefore, the values stated in the schedules and statement of financial affairs could be substantially different than reports prepared under traditional accounting standards. The Global Notes stated that the Debtors were unable to set forth a fair market value “in many instances,” that the values given reflected their “net book value,” and that some personal property assets may have been unknown or unavailable for documentation. Importantly, the Global Notes state that all existing or future setoffs were excluded from the Debtors’ Schedules and Statements as were any credits or allowances from a Creditor to any Debtor.


Top Subsidiary Earnings, January 2012 – August 2014

<table>
<thead>
<tr>
<th></th>
<th>Taj Mahal</th>
<th>Trump Plaza</th>
<th>Trump Marina</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>$365.5 million</td>
<td>$139 million</td>
<td>$9.8 million</td>
</tr>
<tr>
<td>2013</td>
<td>$304.6 million</td>
<td>$90.7 million</td>
<td>$432,916</td>
</tr>
<tr>
<td>2014</td>
<td>$183.3 million</td>
<td>$47.3 million</td>
<td>$79,287</td>
</tr>
<tr>
<td>Total</td>
<td>$853.4 million</td>
<td>$277 million</td>
<td>$10.3 million</td>
</tr>
</tbody>
</table>

II. Personal and Property Assets

Trump Taj Mahal Associates, LLC reported approximately $296 million in real property and $70.4 million in personal property assets which included $24.5 million in cash and savings, $8.2 million in corporate and government bonds, $8.7 million in intellectual property, and $12.5 million in accounts receivable. Trump Plaza Associates, LLC reported approximately $16.1 million in real property and $19.3 million in personal property assets which included $6.5 million in cash and savings, $6 million in government and corporate bonds, $2.4 million in accounts receivable, and approximately $3.1 million in equipment and inventory.

TER Holdings claimed approximately $337 million in personal property assets, including $3.5 million in savings accounts, $13.5 million in receivable security deposits, $1.9 million in insurance policy interests, and $318 million in accounts receivable (all but $1,574 from Co-debtors Taj Mahal, Plaza, and Marina). Trump Marina Associates, LLC reported approximately $3.3 million in personal property assets, nearly all of which were bonds or interest receivable thereupon.

TERH LP Inc., Trump Entertainment Resorts Development Company, LLC, and TER Development Co., LLC all reported zero assets and income.

Subsidiary Asset Disclosures

<table>
<thead>
<tr>
<th></th>
<th>Taj Mahal</th>
<th>Trump Plaza</th>
<th>Trump Marina</th>
<th>TER Holdings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real Property</td>
<td>$296 million</td>
<td>$16.1 million</td>
<td>No Report</td>
<td>No Report</td>
</tr>
<tr>
<td>Personal Property</td>
<td>$70.4 million</td>
<td>$19.3 million</td>
<td>$3.3 million</td>
<td>$337 million</td>
</tr>
<tr>
<td>Total</td>
<td>$366.4 million</td>
<td>$35.4 million</td>
<td>$3.3 million</td>
<td>$337 million</td>
</tr>
</tbody>
</table>


352 Schedules of Assets and Liabilities for Trump Taj Mahal Associates, LLC at 12-17, Docket no. 268, Case no. 14-12103, filed October 9, 2014 [hereinafter Taj Schedule].

353 Schedules of Assets and Liabilities for Trump Plaza Associates, LLC, Docket no. 266, Case no. 14-12103, filed October 9, 2014 [hereinafter Plaza Schedule].


III. Trump Entertainment Resorts Creditor Claims

Excluding TER Development Co., LLC, each of the Debtors listed the outstanding $292 million First Lien Lender debt as the companies’ sole secured creditor liability. Unsecured priority claims were limited to $12.3 million owed to the City of Atlantic City and “Casino Reinvestment Dev Authority Special Improvement District Fees” by Taj Mahal and Trump Plaza.356357 Taj Mahal, Trump Plaza, Trump Marina, and TER Holdings reported unsecured nonpriority claims of $235.4 million,358 $92 million,359 $9.8 million,360 and $112,000,361 respectively. However, there was significant overlap in the reported claims against the Debtors. A reasonably accurate figure for TER subsidiaries’ comprehensive unsecured debt, documented in the Debtors’ final Disclosure Statement, was approximately $212 million to $232 million.362 TER filed a detailed 170 page list of its known creditors on September 9, 2014,363 but listed each of the values on its unsecured nonpriority schedule as “unknown.”364

<table>
<thead>
<tr>
<th>Subsidiaries’ Creditor Disclosures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secured</td>
</tr>
<tr>
<td>Taj Mahal</td>
</tr>
<tr>
<td>Trump Plaza</td>
</tr>
<tr>
<td>Trump Marina</td>
</tr>
<tr>
<td>TER Holdings</td>
</tr>
<tr>
<td>Unsecured Priority</td>
</tr>
<tr>
<td>Taj Mahal</td>
</tr>
<tr>
<td>Trump Plaza</td>
</tr>
<tr>
<td>Trump Marina</td>
</tr>
<tr>
<td>TER Holdings</td>
</tr>
<tr>
<td>Unsecured Nonpriority</td>
</tr>
<tr>
<td>Taj Mahal</td>
</tr>
<tr>
<td>Trump Plaza</td>
</tr>
<tr>
<td>Trump Marina</td>
</tr>
<tr>
<td>TER Holdings</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td>Taj Mahal</td>
</tr>
<tr>
<td>Trump Plaza</td>
</tr>
<tr>
<td>Trump Marina</td>
</tr>
<tr>
<td>TER Holdings</td>
</tr>
</tbody>
</table>

IV. Payments to Creditors and Insider Creditors

Bankruptcy Law prevents Debtors from making discretionary payments to particular creditors under 11 U.S.C. § 547. Each of TER’s creditors were entitled to its proportionate share

356 Taj Schedule, supra note 352.
357 Plaza Schedule, supra note 353.
358 Taj Schedule, supra note 352.
359 Plaza Schedule, supra note 353.
360 Marina Schedule, supra note 355.
361 TER Holdings Schedule, supra note 354.
364 TER Schedule, supra note 345.
of the estates, thus, the U.S. Trustee was entitled to undo certain prepetition transactions that may have had the effect of undercutting the principle of pro rata distribution. Specifically, the language of §547 states the Trustee may avoid a transfer to a creditor for an antecedent debt (one that existed before the transfer) made while the debtor was insolvent and within 90 days before bankruptcy (or one year if the recipient is an insider) if it permits the creditor’s attainment of more value than it would otherwise receive in a Chapter 7 liquidation.

Sections 548 and 544 provide the statutory basis to challenge fraudulent transfers under federal and state law, respectively. A transfer of the debtors’ property to another party in order to deter, hinder, or defraud a creditor, or to unfairly place such property out of the reach of a creditor is a fraudulent transfer—the U.S. Trustee is given power to set aside or avoid such transfers. In cases of fraudulent transfer, actual fraud requires proof of intent from the party challenging the transfer. Constructive fraud requires the exchange for the transfer is less than the reasonably equivalent value and the debtor is unable to pay its debts either at the time of transfer or as a result thereof.

Trump Entertainment Resorts payments to creditors within 90 days of filing were documented at $51.1 million by Taj Mahal, $16.4 million by Trump Plaza, $19.1 million by TER Holdings, and $39,000 by Trump Marina. The Debtors reported payments to current or


368 Id.

369 Id.

370 Notice of Amendment to Statements of Financial Affairs or Trump Taj Mahal Associates at 91, Docket no. 1384, Case no. 14-12103, filed June 18, 2015.


373 Notice of Amendment to Statements of Financial Affairs or Trump Marina Associates, LLC at 3, Docket no. 1383, Case no. 14-12103, filed June 18, 2015.
former insider\textsuperscript{374} creditors within one year of filing in amounts of $31.2 million by Taj Mahal,\textsuperscript{375} $4.6 million by Trump Plaza,\textsuperscript{376} $24.1 million by TER Holdings,\textsuperscript{377} and $70,000 in intercompany transfers by Trump Marina.\textsuperscript{378}

\begin{table}[h]
\centering
\begin{tabular}{|c|c|c|c|c|}
\hline
 & Taj Mahal & Trump Plaza & Trump Marina & TER Holdings \\
\hline
Creditors & $51.1$ million & $16.4$ million & $39,000$ & $19.1$ million \\
Insider Creditors & $31.2$ million & $4.6$ million & $70,000$ & $24.1$ million \\
Total & $82.3$ million & $22$ million & $99,000$ & $43.2$ million \\
\hline
\end{tabular}
\caption{Subsidiary Payments to Creditors and Insider Creditors}
\end{table}

Trump Taj Mahal Associates largest insider payments were to current or former TER officers and intercompany transfers to Trump Entertainment Resorts, Inc.\textsuperscript{379} The Taj Mahal paid approximately $75,600 to the company’s former CFO Dan McFadden in the year prior to the filing.\textsuperscript{380} Donald Karrer, Kathleen McSweeney, and Michael Mellon received approximately $182,700, $308,500, and $330,600, respectively.\textsuperscript{381} Taj Mahal’s intercompany payments to TER, Inc. were approximately $29.8 million.\textsuperscript{382} Trump Plaza’s schedule of insider payments identified approximately $4.6 million in payments to Trump Entertainment Resorts, Inc.\textsuperscript{383}

\textbf{V. Summary of Debtors’ Statements and Schedules; Claims and Creditors}

TER and its subsidiaries held approximately $424.1 million in real and personal property assets\textsuperscript{384} and owed approximately $641.6 million to the First Lien Lenders, Atlantic City, Levine

\begin{flushright}
\begin{footnotesize}
\textsuperscript{374} The Debtors define “insiders” pursuant to § 101(31) of the Bankruptcy Code as (a) current or former directors, officers or persons in control of a debtor, (b) relatives of aforementioned persons, (c) general partners, or (d) an affiliate of a debtor.

\textsuperscript{375} Taj Schedule, supra note 352.

\textsuperscript{376} Plaza Schedule, supra note 353.

\textsuperscript{377} TER Holdings Schedule, supra note 354.

\textsuperscript{378} Marina Schedule, supra note 355.

\textsuperscript{379} Taj Statement, supra note 348, at 418-27.

\textsuperscript{380} Id.

\textsuperscript{381} Id.

\textsuperscript{382} Id.

\textsuperscript{383} Plaza Statement, supra note 349, at 114.

\textsuperscript{384} $742.1$ million reported minus $318$ million in intercompany receivables.
\end{footnotesize}
\end{flushright}
Staller, and numerous unsecured creditors. The Debtors generated approximately $626.5 million in revenue over the 20 months leading up to the 2014 filing. These figures represent only what TER was then able or willing to claim, and, as explicitly related in the Global Notes, were subject to variation and incompleteness.

In addition to Icahn’s $292 million secured loan, TER and its subsidiaries had approximately $212-232 million general unsecured debt and another $13.5 million in prepetition unsecured trade debt. In addition to TER’s large class claimants, the Company was managing disputes with Thermal Energy for approximately $3 million, Levin Staller for $1.5 million, Atlantic City for $12-22 million, and the Gaming Companies for approximately $1.5 million.

4.5 The First Plan Proposal: Icahn’s Big Opportunity

4.5.1 The Plan and Disclosure Statement

Trump Entertainment Resorts and its subsidiary debtors filed a 56 page Joint Plan of Reorganization (the “First Proposal” or “First Plan”) and an effectively empty Disclosure Statement on October 1, 2014. The stated purpose of TER’s First Plan was to provide for the restructuring of the Debtors’ liabilities in order to maximize stakeholder recovery, to enhance the Debtors’ financial viability, and to preserve the existing business. The First Proposal distinguished creditors by voting entitlement, impairment of Claims or Interests, and presumption of Plan acceptance or rejection.


387 Debtors’ Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code at 1, Docket no. 165, Case no. 14-12103, filed October 1, 2014 [hereinafter First Plan].

388 First Disclosure Statement, supra note 386, at 1.

389 Id. at 17.

390 First Plan, supra note 387, at 21.
## Classification of Claims and Interests

<table>
<thead>
<tr>
<th>Class</th>
<th>Treatment</th>
<th>Impairment and Voting Entitlement</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Class 1</strong></td>
<td>Rights unimpaired by Plan. Claim holder shall receive cash from the applicable Reorganized Debtor in an amount equal to the <code>Allowed</code> Claim on the First Distribution Date.</td>
<td>Not impaired claims. Presumed to accept plan under § 1126(f). Not entitled to vote for acceptance or rejection of Plan.</td>
</tr>
<tr>
<td>Priority Non-Tax</td>
<td><em>Class 2</em> Rights unimpaired by Plan. Claim holder shall receive, at the discretion of the Reorganized Debtors: (i) cash equal to such <code>Allowed</code> Claim; (ii) the return of collateral securing such <code>Allowed</code> or <code>Secured</code> Claim; or (iii) other treatment that will render the Claimant unimpaired, pursuant to § 1124. Undersecured portions of <code>Allowed</code> Claims shall be classified as a General Unsecured Claim. 391</td>
<td></td>
</tr>
<tr>
<td>Other Secured</td>
<td><em>Class 3</em> <code>Allowed</code> Claims in the amount of $292,257,374.79. Holders of First Lien Secured Claims shall receive (i) 55% of the shares of New Common Stock issued by Reorganized TER; and (ii) the New Term Loan. 393</td>
<td>Impaired claims. Holders are entitled to vote to accept or reject the Plan. Class acceptance requirements for approval. 394</td>
</tr>
<tr>
<td>Credit Agreement</td>
<td><strong>Class 4</strong> Holders of General Unsecured Claims not entitled to distribution. 395</td>
<td>Impaired claims. Presumed to reject plan under § 1126(g). Not entitled to vote for acceptance or rejection of Plan.</td>
</tr>
<tr>
<td>General Unsecured</td>
<td><strong>Class 5</strong> Holders of Existing Securities Law Claims or Equitably Subordinated Claims not entitled to distribution. 396</td>
<td>Impaired claims. Presumed to reject plan under § 1126(g). Not entitled to vote for acceptance or rejection of Plan.</td>
</tr>
<tr>
<td>Securities and Subordinated</td>
<td><strong>Class 6</strong> Holders of existing TER interests not entitled to distribution. All exiting TER interests deemed cancelled and extinguished.</td>
<td>Impaired claims. Presumed to reject plan under § 1126(g). Not entitled to vote for acceptance or rejection of Plan.</td>
</tr>
</tbody>
</table>

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391 *Id.* at 23 (“…provided, however, that Other Secured Claims incurred by a Debtor in the ordinary course of business may be paid in the ordinary course of business in accordance with the terms and conditions of any agreements relating thereto…”).

392 *Id.* See also Deficiency Claims: Law Insider, *Deficiency Claim Sample Clauses*, lawinsider.com, [http://perma.cc/FWP7-C5EL](http://perma.cc/FWP7-C5EL) (“If the monies collected by or received by secured party in respect of any realization upon or sale of the collateral are not sufficient to satisfy all obligations and liability of any debtor to secured party, each debtor shall remain responsible to the secured party for any deficiency, and secured party shall be entitled to claim such amount and all interest and costs associated therewith from any debtor.”).

393 *First Plan, supra* note 387, at 21.

394 *First Disclosure Statement, supra* note 386, at 34 (“An impaired Class of Claims shall have accepted the Plan if (a) the holders of at least two thirds in amount of the Claims in such class actually voting on the Plan have voted to accept it and (b) more than one-half in number of the holders in such class actually voting in the Plan have voted to accept it.”).

395 *First Plan, supra* note 387, at 27 (Section 7.3: “…all agreements, instruments, and other documents evidencing any Claim or Interest, other than intercompany interests, and any rights of any holder in respect thereof, shall be deemed cancelled, discharged and of no force or effect.”).

396 *Id.* at 29-30 (Section 7.13: “No distributions under the Plan shall be made on account of an Allowed Claim that is payable pursuant to one of the Debtors’ insurance policies until the holder of such Allowed Claims has exhausted all remedies with respect to such insurance policy.”).
Under the First Proposal, Trump Entertainment Resorts would issue 55% of new common stock to the Icahn Partners (“New Common Stock”) while extinguishing between $212 million and $232 million of its unsecured debt. The First Proposal summary of TER’s claims treatment estimated 100% recovery for Classes 1 & 2, but did not estimate the value of claims in either class. TER did not give an estimated recovery percentage on the Class 3 First Lien Lender’s $292 million balance, and stated that Classes 4 through 6 would receive no distribution.

<table>
<thead>
<tr>
<th>Class</th>
<th>Estimated Amount of Claims or Interests</th>
<th>Estimated Amount of Recovery</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class 1:</td>
<td>$[x]</td>
<td>100%</td>
</tr>
<tr>
<td>Class 2:</td>
<td>$[x]</td>
<td>100%</td>
</tr>
<tr>
<td>Class 3:</td>
<td>$292,257,374.79</td>
<td>[x]%</td>
</tr>
<tr>
<td>Class 4:</td>
<td>n/a</td>
<td>0%</td>
</tr>
<tr>
<td>Class 5:</td>
<td>n/a</td>
<td>0%</td>
</tr>
<tr>
<td>Class 6:</td>
<td>n/a</td>
<td>0%</td>
</tr>
</tbody>
</table>

The stock exchange agreement between TER and the First Lien Lenders was to “equitize a portion of their existing senior secured debt and exchange the remainder of that debt for new debt requiring no cash interest payments.” The agreement was effectively a debt-for-equity swap and would potentially save TER approximately $38 million in interest each year. TER proposed to accept a second investment from the Icahn Partners in addition to cancelling the First Lien Debt in an aggregate principal amount of $100 million with a five year maturity (the “New Term Loan”). The New Term Loan would be secured by a first and second lien on substantially all of the assets of the Reorganized Debtors, however, the recapitalization was contingent on the Debtors’ receipt of $175 million in government assistance upon exit from bankruptcy in the form of cash, tax credits, or other financial consideration.

397 Id. at 19.

398 Id.

399 Id.

400 First Plan, supra note 387, at 17.

401 Id. at 18.

402 Id. at 17.

403 First Disclosure Statement, supra note 386, at 67.

404 First Plan, supra note 387, at 41.
The Reorganization would be funded by the collective Debtors’ cash on hand in addition to proceeds from the New Equity Investment.\(^{405}\) TER planned to emerge from bankruptcy free of all claims or interests against it while vesting all pre-petition property, or property acquired during reorganization, back to the respective Reorganized Debtor.\(^{406}\) In addition to trimming its debt, TER allowed itself the opportunity to dispose of a number of existing executory contracts and unexpired leases,\(^{407}\) presumably those were connected to the closing Trump Plaza, and if any disputes arose therefrom, all claims regarding existing contracts or leases *not assumed* by TER would be classified as unsecured and ineligible for distribution.\(^{408}\) Existing contracts or leases *assumed* under the plan would be entitled to reimbursement for past monetary defaults as administrative claims.\(^{409}\)

Employee compensation and benefit programs of the Debtors—including savings, retirement, healthcare, disability, and other incentive plans—would be terminated at the effective date and immediately assumed by the Reorganized Debtors.\(^{410}\) Additionally, all employment agreements would be terminated;\(^{411}\) however, the Reorganized Debtors would assume the Taj Trade Collective Bargaining Agreements, the obligations of which were outlined in the CBA Order.\(^{412}\) TER would fully dispose of the Plaza Collective Bargaining Agreements, as the Plaza was in the process of closing its doors.\(^{413}\)

TER and the Debtors set forth several conditions precedent to confirmation of the Plan and Effective Date.\(^{414}\) TER’s conditions included: successful execution of the New Equity Investment Agreement with the First Lien Lenders, all obligations to members of Local 54 – UNITE HERE must be extinguished with entry of the modified CBA Order by the Bankruptcy Court, continued enforceability of the Cash Collateral Order, and a commitment from one or more government entities—including Atlantic City, Atlantic County, and the State of New Jersey—of $175 million

\(^{405}\) *First Disclosure Statement, supra* note 386, at 44.

\(^{406}\) Id.

\(^{407}\) Id. at 47-50.

\(^{408}\) Id. at 47.

\(^{409}\) Id.

\(^{410}\) *First Plan, supra* note 387, at 39.

\(^{411}\) Id. at 39-40.

\(^{412}\) Id. at 39.

\(^{413}\) Id. at 40.

\(^{414}\) Id. at 41-43.
in financial support during the 5 year period immediately following TER’s reorganization. TER allowed itself the opportunity to file a motion to vacate a Confirmation Order and, if vacated, nullify the Plan in its entirety if the conditions were to go unsatisfied.

4.5.2 Plan and Disclosure Statement Objections

On October 1, 2014, Trump Entertainment Resorts filed a Motion for the Court’s approval of the Disclosure Statement and establishment of voting and objecting procedures and deadlines. TER’s Disclosure Statement and Approval Motions were immediately met by Objections from Levine Staller, Trump Marks, Atlantic City, and the Unsecured Creditors’ Committee.

- Levine Staller objected to the adequacy of TER’s Disclosure Statement and re-raised its argument that the Statement misrepresented the priority and status of the debt in question and that Levine Staller’s Charging Lien was a fully secured claim against the Debtors’ estates under New Jersey law.

- Trump Marks objected to the Disclosure Statement on three grounds. First, it failed to disclose the risks and consequences to the estates if Trump Marks were to succeed in its State Court Action. Second, it failed to disclose the Debtors’ intentions with respect to the use or disposition of the Trump name under the Plan. Third, it did not disclose how the Debtors intended to address a $147,638 priority claim by Trump Marks for a ground lease advance to the Debtors.

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415 First Plan, supra note 387, at 41.

416 Id. at 43.

417 Debtor’s Motion of Order (I) Approving the Disclosure Statement..., Docket no. 175, Case no. 14-12103, filed October 1, 2014.


419 Objection of Trump AC Casino Marks, LLC and Donald J. Trump to the Disclosure Statement for Debtors’ Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code at 2, Docket no. 376, Case no. 14-12103, filed October 29, 2014 [hereinafter Trump First Statement Objection].

420 Id.

421 Id.

422 Id. at 2-3.
Atlantic City’s objection related the Property Debtors’—Trump Taj Mahal Associates and Trump Plaza Associates—tax default of approximately $12.3 million. The City argued the Disclosure Statement failed to recognize the City’s first-priority liens on the Debtors’ respective properties and did not address the liens as secured claims.

### 4.5.3 Unsecured Creditors’ Committee Objection

The Unsecured Creditors’ Committee’s constituents were to receive nothing under the Plan, and the committee’s actions were all aimed at creating some leverage that would result in amendments of benefit to these otherwise shut out creditors. The Unsecured Creditors’ Committee Objection focused first on the continued incompleteness of the Disclosure Statement after numerous attempts by the Committee to verify information through discovery. The Committee noted the Debtors failure to include Liquidation Analysis and Financial Projection attachments to the Disclosure Statement; further, that material provisions of the Plan were excluded from the Disclosure Statement; and finally, that key sections were designated as “To Come” or left blank, including TER’s necessary tax relief and caps on administrative claims. Taken together, the Committee argued the Disclosure Statement failed to provide information necessary to assess the feasibility of the Plan.

Beyond the lack of information, the Committee argued the Plan and Disclosure Statement suffered from “fundamental problems” and deemed its solicitation and tabulation procedures a “charade” and “complete waste of time.” After all, the only voting class was class 3, which housed Icahn’s secured claims. All others were paid in full and deemed to accept or to receive nothing and deemed to reject. The Committee stated the Plan was orchestrated by Mr. Icahn, who “[did] not need a disclosure statement to determine whether to vote to accept or reject the Plan that he imposed on the Debtors.” The Committee humorously included an entire section in its

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423 Limited Objection of the City of Atlantic City to Debtors’ Disclosure Statement at 1-2, Docket no. 390, Case no. 14-12103, filed October 31, 2014 [hereinafter AC First Statement Objection].

424 Atlantic City expected the amount to reach $22 million by the Disclosure Statement Hearing.

425 AC First Statement Objection, supra note 423, at 1-2.

426 Preliminary Objection and Reservation of Rights of the Official Committee of Unsecured Creditors to Debtors’ Motion for Order (I) Approving the Disclosure Statement… at 5-7, Docket no. 389, Case no. 14-12103, filed October 31, 2014 [hereinafter OCC First Statement Objection].

427 Id. at 2.

428 Id. at 22.

429 Id. at 2-3.

430 Id.
objection addressing the fact that the Plan appears to solicit votes from several classes of creditors while actually soliciting votes only from Mr. Icahn, and, since Mr. Icahn and TER had presumably already agreed to the terms of the Plan, theDisclosure Statement was wholly unnecessary.

The Committee objection addressed a statement included in the Plan that noted the Debtors would proceed to confirmation even if the Taj Mahal closed; the Committee argued that action could be only for the sole purpose of preserving hundreds of millions of dollars in tax attributes for the exclusive benefit of Mr. Icahn. The Committee ended its preliminary statement by arguing: “If Mr. Icahn wants to use the jurisdiction of the Court to preserve the Debtors’ valuable tax attributes, then he must do so in a manner that is compliant with the requirements of the Bankruptcy Code, including the fair and equitable treatment of general unsecured creditors.”

The Committee went on to argue the Plan was “patently unconfirmable” for three reasons.

First, because the Plan lacked a showing of sufficient likelihood that the Debtors would be able to satisfy the “impaired consenting class” requirement of § 1129(a)(10). Section 1129 requires a vote by at least one impaired class, not including the votes of insiders, if such a class exists; thus, the Committee argued the Plan could not be confirmed if the First Lien Lenders did not vote to accept. The OCC’s Objection to the Disclosure Statement asked the Court to reject it on the grounds that “[i]f the Debtors cannot obtain assurance that the Icahn Parties will vote in favor of the Plan, which is premised on conditions precedent dictated by the Icahn Parties, then the Debtors cannot show a sufficient likelihood that they will be able to satisfy the Bankruptcy Code.

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431 OCC First Statement Objection, supra note 426, at 7.
432 Id. at 8.
433 Id. at 3.
434 The Committee related its belief that the Taj closure was a foregone conclusion and that Mr. Icahn and TER were working together to ensure Mr. Icahn would reap the benefit of the Debtors’ tax attributes.
435 OCC First Statement Objection, supra note 426, at 3 (emphasis added).
436 Id. at 10.
437 Id.
438 See 11 U.S.C. § 1129(a)(10) (“[i]f a class of claims is impaired under the plan, at least one class of claims that is impaired under the plan must vote to accept the plan.”).
439 OCC First Statement Objection, supra note 426, at 11 (emphasis omitted).
Second, the Debtors would not be able to satisfy the Conditions Precedent to Conformation included in the Plan based on the Taj Mahal remaining open.\textsuperscript{440} The Plan conditions are required only “to the extent the Trump Taj Mahal . . . shall remain open,”\textsuperscript{441} and the Committee argued that statements by Mr. Icahn suggested the Taj Mahal was certain to close.\textsuperscript{442} Thus, because the Debtors identified Mr. Icahn as its only potential source of funding, and that source was apparently committed to the closure of the Taj Mahal, the Plan could not be confirmed. The objection also acknowledged TER’s inability to meet a second condition by failing to obtain government financial support at the time of filing.\textsuperscript{443}

Lastly, the Plan would violate 11 U.S.C. §§ 1129(a)(1)-(3) and § 1129(d) of the Bankruptcy Code if the Debtors sought confirmation under alternative Conditions Precedent following closure of the Taj Mahal.\textsuperscript{444} Section 1129(d) states that, if on request by a government party in interest, a reorganization plan will not be confirmed if the principal purpose is the avoidance of taxes. The aforementioned United States Code sections relate to good-faith and compliance with the Bankruptcy Code. Based on the suggestion by Mr. Icahn that the Taj Mahal would almost certainly close, the Committee argued that the only purpose of the Debtors was to preserve significant net operating losses\textsuperscript{445} and other tax attributes to enable the First Lien Lenders to avoid paying taxes on future income.\textsuperscript{446} In the Committee’s words: “There is no other reason for the debtors to incur the delay and expense of a plan confirmation process in order to hand over two dark casinos to the Icahn Parties under a Chapter 11 Plan of Reorganization that provides zero value to any other non-priority creditors.”\textsuperscript{447}

The Committee maintained that strong factual and legal grounds mandated distribution of significant value to the Debtors’ general unsecured creditors, and therefore a vote by the Class 4 claimants.\textsuperscript{448} But, even assuming the Plan would be amended to allow its constituents a seat at the table, the Committee preemptively refused the terms in its reiteration of the Disclosure Statement’s

\textsuperscript{440} Id. at 10.

\textsuperscript{441} First Plan, supra note 387, at 36.

\textsuperscript{442} OCC First Statement Objection, supra note 426, at 12.

\textsuperscript{443} Id. at 11-14.

\textsuperscript{444} Id. at 10.

\textsuperscript{445} Federal carryover figures were approximately $450 million. New Jersey carryover figures were approximately $840 million.

\textsuperscript{446} OCC First Statement Objection, supra note 426, at 15.

\textsuperscript{447} Id. at 17.

\textsuperscript{448} Id. at 20-21.
exclusion of information on the treatment of intercompany claims or insider compensation, material terms of the Plan such as the Conditions Precedent to confirmation, and analysis on the valuation of the Reorganized Debtors.

4.5.4 Judge Gross’s CBA Order Reaches the Third Circuit Court of Appeals

Judge Gross granted TER’s Motion to reject the Local 54 and Trump Taj Mahal Collective Bargaining Agreement on October 17, 2014.449 The Court held the Debtors’ Proposal to Local 54 was based on the most complete and reliable information available, provided modifications necessary to permit the reorganization of the Debtors, and that Local 54 failed to show good cause for its rejection.450 Judge Gross stated that “The balance of equities clearly favors rejection of the CBA”451 and authorized TER to implement the terms and conditions of the proposed modifications to the Taj Mahal Bargaining Agreement.452

Material Modifications to the Taj Mahal Collective Bargaining Agreement453

<table>
<thead>
<tr>
<th>Control, Discharge and Seniority</th>
<th>The Debtor proposes to expand its right to direct and control employees, such as by consolidating jobs, by determining and re-determining job content and determining the assignment of work, in order to allow for a more flexible use of staff and generate cost-savings.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meal and Locker Facility</td>
<td>The Debtor proposes to eliminate paid meal times. Rather than a paid meal time, the Debtor proposes that all employees working on a shift of six hours or more will be provided with an unpaid, uninterrupted thirty minute meal period. Accordingly, the Debtor would also require that employees clock out prior to the commencement of their assigned unpaid break and clock in upon the conclusion of their break and return to work. This modification would ensure that amounts paid will match actual work performed.</td>
</tr>
<tr>
<td>Holidays</td>
<td>The Debtor proposes to reduce the amount of pay employees receive for working on a holiday. Rather than receiving straight pay for hours actually worked plus holiday pay, the employee would only receive a more market-standard time-and-a-half for hours actually worked on the holiday, thereby matching the amount paid to work actually performed. Employees would still receive holiday, at straight time, for the portion of the employee’s usual shift which the employee does not work due to the holiday.</td>
</tr>
<tr>
<td>Hours of Work</td>
<td>The Debtor proposes to eliminate the guarantee that employees will be paid for a full shift if they are sent home at the direction of the employer after the completion of more than half their</td>
</tr>
</tbody>
</table>


450 Id. at 2.

451 Id.

452 Id. at 3.

453 Id. at 1-3.
shift. Instead, the Debtor proposes that employees who are sent home shall be guaranteed pay for half of their scheduled shift of the hours actually worked, whichever is greater.

| Health and Welfare, Pension and Severance | The Debtor proposes to withdraw from the Health and Welfare Fund and, instead, substitute with health care coverage under the 2010 Patient Protection and Affordable Care Act. Full-time employees, however, would receive additional compensation of $2,000 per year which will enable them to offset and, in some cases, completely defray the cost of obtaining health insurance. Non-union employees would receive identical treatment. The Debtor further proposes to cease making contributions to, and permanently withdraw from, the Pension Fund (National Retirement Fund) and, instead institute an employer sponsored 401(k) plan with the employer matching employee contributions up to 1% of each employee’s compensation per year. |
| Term of Contract | The Debtor proposes to enter into a four year agreement such that the benefits of the proposed modifications are realized over a necessary period of time. |

The Debtors and Local 54 petitioned the United States Court of Appeals for the Third Circuit for a direct appeal to review Judge Gross’s Order. The appeal was granted on December 15, 2014.\(^454\) The Court of Appeals “resolved the effect of two potentially conflicting provisions of federal law” between Section 1113 of the Bankruptcy Code, which allowed a Chapter 11 debtor to reject its CBA, and the National Labor Relations Act, which prohibited an employer from unilaterally changing the terms and conditions of a CBA even after its expiration.\(^455\)

The Court of Appeals held the Bankruptcy Court had jurisdiction over TER’s motion to reject the CBA, and, although the Bankruptcy Court did not have authority to interpret or administer the NLRA, the governing statute was non-jurisdictional and only allowed a debtor to terminate or modify its ongoing obligations to its employees.\(^456\) The Court of Appeals affirmed the Bankruptcy Court’s holding and stated that a debtor may reject an expired CBA or its continuing obligations as defined by the expired CBA, and that the rejection of the Debtors’ continuing labor obligations, as defined by the expired CBA, was necessary to permit the Debtors’ reorganization.\(^457\) The United States Supreme Court denied Local 54’s cert petition in May 2016.\(^458\)

\(^454\) In re Trump Entertainment Resorts, UNITE HERE Local 54, 810 F.3d 161 (3rd Cir. 2016).

\(^455\) Id. at 163.

\(^456\) Id. at 166.

\(^457\) Id. at 175.

4.6 The Second Plan Proposal: Crumbs for Unsecured Creditors

4.6.1 The Amended Plan and Disclosure Statement

In response to the objections to its first plan proposal, Trump Entertainment Resorts filed amendments to the initial Plan and Disclosure Statement on November 3, 2014. The first amendments were effectively copies of the originals, continuing to refuse payment to the Unsecured Creditors, but included approximately $370,000 in disbursements to Class 2. TER submitted a second round of amendments less than 5 hours before a continued hearing on November 14, 2014, in response to a settlement offer made by the Committee three days prior.

The second amendment to the Plan (the “Second Proposal” or “Second Plan”) offered the Unsecured Creditors a seat at the voting table and entitled them to their pro rata share of “General Unsecured Claims Distribution” plus “Litigation Trust Interests.” However, the Distribution was set at $1 million—less than half of a percentage point of the collective unsecured claims’ amount, and the Litigation Trust was unfunded at that time.

<table>
<thead>
<tr>
<th>Class</th>
<th>Estimated Amount of Claims or Interests</th>
<th>Estimated Amount of Recovery</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class 1:</td>
<td>$0.00</td>
<td>100%</td>
</tr>
<tr>
<td>Class 2:</td>
<td>$369,000.00</td>
<td>100%</td>
</tr>
<tr>
<td>Class 3:</td>
<td>$292,257,374.79</td>
<td>45.3% - 56.5%</td>
</tr>
<tr>
<td>Class 4:</td>
<td>$212,000,000.00</td>
<td>0.47%(^{465})</td>
</tr>
<tr>
<td>Class 5:</td>
<td>n/a</td>
<td>0%</td>
</tr>
<tr>
<td>Class 6:</td>
<td>n/a</td>
<td>0%</td>
</tr>
</tbody>
</table>

\(^{459}\) Motion… to Terminate Exclusivity… and (II) Supplemental Objection of the Official Committee of Unsecured Creditors to Debtors’ Motion for Order (A) Approving the Disclosure Statement… at 3, Docket no. 482, Case no. 14-12103, filed November 14, 2014 [hereinafter OCC Motion to Terminate and Second Objection].

\(^{460}\) Debtors’ Second Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code, Docket no. 476, Case no. 14-12103, filed November 14, 2014 [hereinafter Second Plan].


\(^{462}\) OCC Motion to Terminate and Second Objection, supra note 459, at 10.

\(^{463}\) Second Statement, supra note 461, at 22.

\(^{464}\) OCC Motion to Terminate and Second Objection, supra note 459, at 10.

\(^{465}\) “Potential value” of the Litigation Trust Interests not included.
4.6.2 The Reorganized Debtors’ Financial Forecast

I. TER Valuation Analysis

TER’s valuation analysis was conducted under the assumption the Company’s financial projections and relief conditions would be met, the Taj Mahal operating on a going concern basis, and the Plaza on a closed basis.\(^{466}\) TER’s financial advisor, Houlihan Lokey, estimated the range of the Reorganized Debtors’ value to be between $240 million and $290 million\(^{467}\) as of October 24, 2014.\(^{468}\) Houlihan Lokey estimated TER’s value would be between $125 million and $170 million if the Taj Mahal were closed.\(^{469}\) The valuations below incorporate the $100 million New Term Loan which, if excluded, would leave a maximum total enterprise value available to pre-petition creditors at $165 million if the Taj Mahal remained open and $132.5 million if the Taj Mahal closed its doors.\(^{470}\)

### Valuation of Reorganized Debtors’ Casino Assets

<table>
<thead>
<tr>
<th>Casino</th>
<th>Valuation</th>
<th>Factors and Methodology</th>
</tr>
</thead>
</table>
| Trump Plaza     | $20 - $30 million\(^{471}\) | (1) Previous offers received  
(2) Metrics on recently closed casinos |
| Taj Mahal (Open)| $265 million    | (1) Comparable public company analysis  
(2) Precedent transactions analysis  
(3) Discounted cash flow approach |
| Taj Mahal (Closed) | $80 - $100 million | (1) Discount of “Revel” casino recent sale price  
(2) Asset liquidation proceeds |

II. TER Liquidation Analysis

Trump Entertainment Resort’s Liquidation Analysis showed that the holders of claims in Class 3 would receive less value in a Chapter 7 liquidation than they would under the Plan.\(^{472}\) In fact, TER’s analysis showed its hypothetical liquidation value estimates at a low of $105.2 million

\(^{466}\) Second Statement, supra note 461, at 111.

\(^{467}\) Value determined after incorporating the $100 million New Term Loan.

\(^{468}\) Second Statement, supra note 461, at 111.

\(^{469}\) Id.

\(^{470}\) Id. at 116.

\(^{471}\) Assumes Taj Mahal remains open and TER obtains requested government relief.

\(^{472}\) Second Statement, supra note 461, at 118.
and a high of $143.4 million.\textsuperscript{473} The final proceeds for distribution, excluding TER’s property assets, would ultimately be between $78 million and $102 million after wind-down costs, professional and trustee fees, disputed claims, and the Cash Collateral Administrative Fee Carve-out.\textsuperscript{474} TER claimed the Taj Mahal and Plaza would be sold on a “fire sale” basis, at a 20% discount, which would result in liquidation value ranges of $64-80 million and $16-24 million, respectively. According to TER, general unsecured claims would receive zero recovery under a Chapter 7 liquidation given the insufficient value to satisfy the secured portion of the First Lien Credit Agreement Claims in full.

\textbf{III. Reorganized Debtors’ Financial Projections}

The Reorganized Debtors’ financial forecast was prepared by TER management with assistance from various professionals and reflected the Debtors’ estimation of the expected results of operations and cash flow for fiscal years 2015-2019.\textsuperscript{475} TER warned that although the assumptions were reasonable, it operated in an extremely competitive environment and faced many uncertainties.\textsuperscript{476} Among the challenges facing the organization was the potential for gaming expansion in nearby communities, regulatory developments, competitor actions, and adverse effects of changes to the Debtors’ customary practices.\textsuperscript{477}

Gaming revenue estimates were based on several factors including presumptions regarding the growth of the Atlantic City gaming market and the effect of competitor closures.\textsuperscript{478} TER stated 50% of the market attributed to recently closed casinos would remain in Atlantic City, but the overall market was expected to decline approximately 5% in 2015-2017.\textsuperscript{479} Non-gaming revenues were based on assumed percentages of revenue based on 2014 expected results.\textsuperscript{480}

\begin{itemize}
  \item \textsuperscript{473} Id. at 120.
  \item \textsuperscript{474} Id.
  \item \textsuperscript{475} Id. at 125.
  \item \textsuperscript{476} Id.
  \item \textsuperscript{477} Id.
  \item \textsuperscript{478} Second Statement, supra note 461, at 126.
  \item \textsuperscript{479} Id.
  \item \textsuperscript{480} Id. at 127.
\end{itemize}
### Financial Projections

<table>
<thead>
<tr>
<th>REVENUES</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gaming</td>
<td>206.5</td>
<td>235.4</td>
<td>223.6</td>
<td>223.6</td>
<td>223.6</td>
</tr>
<tr>
<td>Rooms</td>
<td>46.9</td>
<td>53.4</td>
<td>50.7</td>
<td>50.7</td>
<td>50.7</td>
</tr>
<tr>
<td>Food and Beverage</td>
<td>26.4</td>
<td>30.0</td>
<td>28.5</td>
<td>28.5</td>
<td>28.5</td>
</tr>
<tr>
<td>Other</td>
<td>11.3</td>
<td>12.9</td>
<td>12.3</td>
<td>12.3</td>
<td>12.3</td>
</tr>
<tr>
<td><strong>Gross Revenues</strong></td>
<td>$291.1</td>
<td>$331.7</td>
<td>$315.1</td>
<td>$315.1</td>
<td>$315.1</td>
</tr>
<tr>
<td>Less Promotional Allowances</td>
<td>(78.4)</td>
<td>(89.3)</td>
<td>(84.9)</td>
<td>(84.9)</td>
<td>(84.9)</td>
</tr>
<tr>
<td><strong>Net Revenues</strong></td>
<td>$212.7</td>
<td>$242.4</td>
<td>$230.3</td>
<td>$230.3</td>
<td>$230.3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>COSTS AND EXPENSES</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Gaming (ex-gaming taxes)</td>
<td>(76.8)</td>
<td>(82.1)</td>
<td>(80.0)</td>
<td>(80.0)</td>
<td>(80.0)</td>
</tr>
<tr>
<td>Gaming Taxes</td>
<td>(19.1)</td>
<td>(21.8)</td>
<td>(20.7)</td>
<td>(20.7)</td>
<td>(20.7)</td>
</tr>
<tr>
<td>Rooms Food and Beverage</td>
<td>(27.2)</td>
<td>(29.0)</td>
<td>(28.3)</td>
<td>(28.3)</td>
<td>(28.3)</td>
</tr>
<tr>
<td>Property Taxes</td>
<td>(9.8)</td>
<td>(9.8)</td>
<td>(9.8)</td>
<td>(9.8)</td>
<td>(9.8)</td>
</tr>
<tr>
<td>General and Administrative</td>
<td>(71.7)</td>
<td>(71.7)</td>
<td>(71.7)</td>
<td>(71.7)</td>
<td>(71.7)</td>
</tr>
<tr>
<td>Corporate Allocation</td>
<td>(4.1)</td>
<td>(4.1)</td>
<td>(4.1)</td>
<td>(4.1)</td>
<td>(4.1)</td>
</tr>
<tr>
<td>Plaza Carrying Costs</td>
<td>(9.2)</td>
<td>(9.2)</td>
<td>(9.2)</td>
<td>(9.2)</td>
<td>(9.2)</td>
</tr>
<tr>
<td><strong>Unadjusted EBITDA</strong></td>
<td>($5.3)</td>
<td>$14.6</td>
<td>$6.5</td>
<td>$6.5</td>
<td>$6.5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SECTION 1113 SAVINGS</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Health and Welfare</td>
<td>8.5</td>
<td>8.5</td>
<td>8.5</td>
<td>8.5</td>
<td>8.5</td>
</tr>
<tr>
<td>Pension Savings</td>
<td>3.7</td>
<td>3.7</td>
<td>3.7</td>
<td>3.7</td>
<td>3.7</td>
</tr>
<tr>
<td>Work Rule Changes</td>
<td>5.8</td>
<td>5.8</td>
<td>5.8</td>
<td>5.8</td>
<td>5.8</td>
</tr>
<tr>
<td><strong>Pro Forma EBITDA</strong></td>
<td>$12.7</td>
<td>$32.6</td>
<td>$24.5</td>
<td>$24.5</td>
<td>$24.5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OTHER CASH FLOW</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintenance Capex</td>
<td>(15)</td>
<td>(15)</td>
<td>(15)</td>
<td>(15)</td>
<td>(15)</td>
</tr>
<tr>
<td>Required CRDA Investments</td>
<td>(3)</td>
<td>(3)</td>
<td>(3)</td>
<td>(3)</td>
<td>(3)</td>
</tr>
<tr>
<td><strong>Free Cash Flow</strong></td>
<td>($5.3)</td>
<td>$14.6</td>
<td>$6.5</td>
<td>$6.5</td>
<td>$6.5</td>
</tr>
</tbody>
</table>

4.6.3 Unsecured Creditors’ Objection to the Second Proposal

The frustrated Committee filed a Supplementary Objection to the Second Proposal on November 14, 2014.\(^{481}\) The OCC stated its dissatisfaction with the nominal proposed allocation to the Unsecured Creditors and argued that TER, with $30 million of cash on hand, had sufficient liquidity even without additional financing to avoid a liquidation; thus, the “Debtors [could not] afford to embark on a doomed chapter 11 plan confirmation process and then push the ‘reset’ button when confirmation of the Debtors/Icahn Plan is denied.”\(^{482}\) The Committee requested the Court’s denial of the Second Disclosure Statement and, if the Court was not inclined to do so, asked that the Court modify the proposed Statement so that (1) an allowance of Class 3 First Lien

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\(^{481}\) OCC Motion to Terminate and Second Objection, supra note 459.

\(^{482}\) Id. at 2-3.
Credit Agreement Claims for voting purposes would not impair the rights of any party in interest to seek to have such vote designated pursuant to § 1126(e), and (2) ordinary course trade creditors should be excluded from the Administrative Claims Bar Date for goods or services provided within 30 days of the Bar Date.

The Committee questioned the Second Proposal’s inclusion of unspecified terms and amounts of debtor-in-possession financing, the Debtors’ cash position, and the Icahn Parties’ refusal of transparency, stating: “The Debtors and the Icahn Parties have sought to steamroll the Committee with conclusory allegations about the extent of their liens and claims. When the Committee attempted to test [those] allegations in discovery, the Icahn Parties hid behind a specious assertion of common interest privilege with the Debtors.”

The OCC compared the TER Valuation and Liquidation Analyses, which were effectively the same if the Taj Mahal were to close and analyzed TER’s cash position. The Committee’s analysis showed that the Debtors’ overall cash balance had increased since the Petition Date which was contrary to TER’s position that, absent debtor-in-possession financing, the Debtors would run out of cash near the end of 2014.

### Creditors’ Committee Financial Analysis

<table>
<thead>
<tr>
<th>Cash Balances</th>
<th>Original Budget (Petition Date)</th>
<th>Variance Report (November 7, 2014)</th>
<th>Closure Budget (November 14, 2014)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Floor Cash</td>
<td>$17,550,000</td>
<td>$10,522,000</td>
<td>$10,600,000</td>
</tr>
<tr>
<td>Working Capital</td>
<td>$7,954,000</td>
<td>$17,164,000</td>
<td>$14,947,000</td>
</tr>
<tr>
<td>Internet Gaming</td>
<td>($1,300,000)</td>
<td>($1,700,000)</td>
<td>($1,000,000)</td>
</tr>
<tr>
<td>Total Cash</td>
<td>$26,804,000</td>
<td>$29,386,000</td>
<td>$26,547,000</td>
</tr>
</tbody>
</table>

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483 See U.S.C. § 1126(e) (“On request of a party in interest, and after notice and a hearing, the court may designate any entity whose acceptance or rejection of such plan was not in good faith, or was not solicited or procured in good faith or in accordance with the provisions of this title”).

484 OCC Motion to Terminate and Second Objection, supra note 459, at 16.

485 See United States v. Schwimmer, 892 F.2d 237, 243 (2nd Cir. 1989) (The common interest privilege serves to protect the confidentiality of communications passing from one party to the attorney for another party where a joint defense effort or strategy has been decided upon and undertaken by the parties and their respective counsel).

486 Id. at 2.

487 Debtors’ reorganization value of $100 million to $155 million if the Taj Mahal closed and $105 million to $143 million upon liquidation before wind-down costs.

488 OCC Motion to Terminate and Second Objection, supra note 459, at 5-6.

489 Id. at 6-7.
In addition to the Supplementary Objection, and based on their theory the Taj Mahal was primed to cease operations, the OCC’s Motion requested termination of exclusivity to permit the Committee to file and solicit acceptances of a Chapter 11 liquidating plan, pursuant to 11 U.S.C. § 1121(d). The Committee then set forth a plan proposal of its own (the “Committee Plan”). The OCC stated the Committee Plan would provide fair and equitable treatment to all creditors and satisfy outstanding administrative and priority claims. The objectives and key terms of the Committee Plan were as follows:

- The Icahn Parties would receive the Debtors’ casino assets to satisfy their secured claims.
- The City of Atlantic City would retain its secured tax claims against the applicable properties.
- Administrative expenses and priority claims would be paid from the remaining cash on hand.
- The Debtors’ non-casino assets, including additional remaining cash and claims and causes of action, would be transferred to a liquidating trust for the benefit of holders of allowed general unsecured claims (including the Icahn Parties’ deficiency claims).

4.6.4 Trump Entertainment’s Motion for Authorization of Post-Petition Financing

On November 26, 2014, the Debtors filed a Motion for authorization to obtain post-petition financing from the Icahn Parties (the “DIP Motion”). TER sought to obtain senior secured priming and superpriority financing, first in the form of a $5 million loan facility, later readjusted and approved for the final amount of $26.5 million. The Debtors and First Lien Lenders stated the available Cash Collateral was insufficient to satisfy their ongoing financial requirements regarding administration of the Chapter 11 cases. DIP financing was necessary, the Debtors argued, to enable the Taj Mahal’s continued operations through consummation of the Plan.

I. Levine Staller Objection

Levine Staller objected to the entry of an order on the DIP Motion that would grant any relief that may be inconsistent with the Court’s then-pending decision in connection with the

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490 Id. at 1.
491 Id. at 3.
492 Debtors’ Motion for Order Authorizing Debtors to Obtain Postpetition Financing...Granting Adequate Protection to the Prepetition Secured Parties...Granting Liens and Superpriority Claims, and Modifying the Automatic Stay, Docket no. 565, Case no. 14-12103, filed November 26, 2014 [hereinafter DIP Motion].
493 Order Authorizing the Debtors to Amend the DIP Credit Agreement and Amending the Final DIP Order on Account of Such Amendment at 2, Docket no. 1144, Case no. 14-12103, filed March 19, 2015 [hereinafter DIP Order].
494 DIP Motion, supra note 492, at 6-7.
disputed Charging Lien Motion and Levin Staller’s secured claim. Levine Staller argued the DIP financing would impermissibly prime its fully secured claim and perfected Charging Lien without Levine Staller’s consent in a supplemental objection on January 13, 2015. Levine Staller stated it fully supported DIP financing, provided the firm receive adequate protection. The Icahn Parties filed a reply to the objection and argued the court had only considered the perfection and priority of Levine Staller’s claim, not the value. Further, Levine Staller had yet to meet its burden of valuing the claim—the evidence proffered by Levin Staller to date had conclusively established the value of their claim as unsecured. Because the lien was subordinate to the First Lien Parties’ claims, Section 506(a) mandated that Levin Staller’s claim must be treated as unsecured.

II. Trump Marks Objection

Trump AC Casino Marks filed a limited objection and reservation of rights with respect to the Debtors’ Motion for DIP financing “to the limited extent that it provides for an impermissible modification of the parties’ rights and obligations under the License Agreement…and impermissibly includes among the collateral securing the DIP Loan the license agreement and the Debtors’ rights thereunder.” Icahn responded to Trump Marks’ objection by stating that Trump Marks failed to disclose a provision of the License Agreement that stated Trump Marks in fact consented to the Debtors’ pledge of their rights under the Agreement to the First Lien Parties—“it is utter gamesmanship for Trump [Marks] to have consented to the Debtors’ pledge of their rights to secure hundreds of millions of dollars due under the prepetition facility, but to oppose the grant to secure the proposed… [DIP Loan].”

The parties came to an agreement regarding Trump Marks initial objection to the modification of its license agreement; however, after the Court approved an extension for the Debtors’ use of DIP Loans as cash collateral, the Debtors notified Trump Marks the Icahn Parties

495 Objection and Reservation of Rights of Levine Staller…, Docket no. 583, Case no. 14-12103, filed December 3, 2014.

496 Supplemental Objection of Levine Staller… at 4, Docket no. 757, Case no. 14-12103, filed January 13, 2015.

497 Id.

498 First Lien Parties’ Reply to Levine Staller… at 3-4, Docket no. 805, Case no. 14-12103, filed January 23, 2015 [hereinafter Icahn Reply to Levine Objections].

499 Id.

500 Id. at 9.

501 Limited Objection and Reservation of Rights of Trump AC Casino Marks… at 1-2, Docket no. 589, Case no. 14-12103, filed December 3, 2014.

502 Response of First Lien Parties to Trump AC’s Objection to the Debtors’ Debtor in Possession Financing Motion at 2, Docket no. 646, Case no. 14-12103, filed December 17, 2014.
may have second thoughts with respect to language agreed upon by the parties in the motion to extend. Trump Marks supplemented the initial objection later the same day and therein renewed the limited objection and cross-moved for entry of an order vacating the Cash Collateral extension order “to the extent they provide that the license agreement and the Debtors’ rights thereunder [were] included within the collateral securing the Adequate Protection Liens.”

III. DIP Agreement and Financing Authorization

After determining the relief requested in the DIP Motion “fair and reasonable and in the best interests of the Debtors, their creditors, their estates, and all parties in interest,” Judge Gross authorized the Debtors to obtain senior secured priming and superpriority post-petition financing, in an aggregate principal amount not to exceed $26.5 million, pursuant to the terms of the Court Order and Credit Agreement between the Icahn Parties and TER. The Court found TER’s position in need of post-petition financing persuasive and held the Debtors “need[ed]” to obtain financing in order to permit the orderly continuation of the operation of their business, to maintain relationships, to make capital expenditures, and to satisfy other working capital and operational needs. Judge Gross permitted liens placed on TER’s assets to the assurance and benefit of the Icahn Parties (the “DIP Collateral”) and prohibited use of the DIP financing to obtain other security interests equal or senior to the DIP Liens or to take any proactive measures to challenge the validity of the DIP Agreement or Liens therein.

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503 Supplement to Limited Objection and Reservation of Rights of Trump AC Casino Marks, LLC, with Respect to the Debtors’ Motion for Order (I) Authorizing Debtors to Obtain Postpetition Financing…, Docket no. 750, Case no. 14-12103, filed January 12, 2015.

504 Final Order Authorizing Debtors to Obtain Postpetition Financing…Granting Adequate Protection to the Prepetition Secured Parties…Granting Liens and Superpriority Claims, and Modifying the Automatic Stay at 4, Docket no. 846, Case no. 14-12103, filed January 30, 2015 [hereinafter DIP Financing Order].

505 Id. at 2.

506 Id. at 6.

507 Id. at 3.

508 Id. at 33.
Trump Entertainment’s Settlement with the Online Gaming Companies

Trump Entertainment Resorts filed Motions to approve settlements between the Debtors, Betfair Interactive, and Ultimate Gaming on December 4, 2014 (respectively the “Betfair” and “Ultimate Gaming” “Settlements”). The Betfair and Ultimate Gaming Settlements were approved in full by Judge Gross on December 19, 2014. TER formally denied Betfair’s accusations but stated the settlement agreement would “preserve estate assets” by avoiding further litigation. The Betfair Settlement encompassed all claims and causes of action with respect to the Online Gaming Agreement, ownership of Betfair Customer Data, and cash deposited in the Online Gaming and Suspense Accounts. The Betfair settlement provided that Betfair owned the Customer Data, the remaining funds in the Suspense Account belonged and would be remitted to Betfair, the Online Gaming Agreement would be terminated, and Betfair would pay Plaza Associates $46,000 in cash. Betfair was deemed to hold an Allowed General Unsecured Claim in the amount of $700,000. TER would have access to approximately $400,000 in the Online Gaming Account for reimbursement of third-party expenses and operational use.

The Ultimate Gaming Settlement terms generally reflected the Betfair Settlement in respect to causes of action. However, Ultimate Gaming was to cease operations, as opposed to Betfair, who would continue operating under an alternate gaming license. TER was permitted to use Gaming Account funds to reimburse itself for expenses associated with the Gaming Agreement, New Jersey Division of Gaming Enforcement fees, and Debtor-funded player withdrawals. All

509 Debtors’ Motion for Entry of an Order...Approving Settlement By and Among the Debtors and Betfair interactive US LLC, Docket no. 591, Case no. 14-12103, filed December 4, 2014.
510 Debtors’ Motion for Entry of an Order...Approving Settlement Agreement by and Among the Debtors and Fertitta Acquisitions Co LLC, D/B/A Ultimate Gaming, Docket no. 595, Case no. 14-12103, filed December 4, 2014.
511 Order...Approving Settlement By and Among the Debtors and Betfair Interactive US LLC, Docket no. 670, Case no. 14-12103, filed December 19, 2014 [hereinafter Betfair Settlement].
512 Order...Approving Settlement By and Among the Debtors and Fertitta Acquisitions Co LLC, D/B/A Ultimate Gaming, Docket no. 669, Case no. 14-12103, filed December 19, 2014 [hereinafter Ultimate Gaming Settlement].
513 Betfair Settlement, supra note 511, at 5.
514 Id. at 5-6.
515 Id. at 6-7.
516 Id. at 7.
517 Id. at 9.
518 Ultimate Gaming Settlement, supra note 512, at 5.
519 Id. at 5-6.
remaining funds in the Gaming Account would go to TER, less $500,000 payable to Ultimate Gaming.\textsuperscript{520} The Ultimate Gaming Online Gaming Agreement was terminated on September 3, 2014.\textsuperscript{521}

4.7 The Final Plan Proposal: Little Hope for the Taj Mahal

4.7.1 The Plan and Disclosure Statement

Trump Entertainment Resorts filed a third amended disclosure statement\textsuperscript{522} and Plan Proposal (“Third Proposal” or “Final Plan”)\textsuperscript{523} on January 1, 2015. The Final Plan conspicuously changed the language of Debtors’ intention to preserve its business from a “going concern” basis to a “go-forward” basis,\textsuperscript{524} perhaps to suggest a change in attitude toward a resolution. TER again stated the Plan would enable TER to avoid a forced liquidation and continue operations. The Third Proposal stated the Taj Mahal was to remain open without government assistance and removed the impractical condition to the Plan’s approval.\textsuperscript{525} TER proposed to enter into an agreement with the Icahn Parties\textsuperscript{526} (then D/B/A IEH Investments I LLC) who would fully equitize their existing senior secured debt by receiving 100% of new TER shares post-reorganization.\textsuperscript{527} IEH Investments would provide $13.5 million in new-money exit financing in the form of a New Term Loan. The New Term Loan\textsuperscript{528} would be used to repay the outstanding principal amount of loans under the DIP Credit Agreement, fees and expenses associated with the First Lien Term Loan Facility, payment of administrative expenses, priority claims, and to finance TER’s ongoing working capital.\textsuperscript{529} To summarize, Mr. Icahn was to purchase Trump Entertainment Resorts for the

\textsuperscript{520} Id. at 6.

\textsuperscript{521} Id.

\textsuperscript{522} Disclosure Statement for Debtors’ Third Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code, Docket no. 713, Case no. 14-12103, filed January 1, 2015 [hereinafter Third Statement].

\textsuperscript{523} Debtors’ Third Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code, Docket no. 712, Case no. 14-12103, filed January 1, 2015 [hereinafter Third Plan].

\textsuperscript{524} Third Statement, supra note 522, at 20.

\textsuperscript{525} Id. at 36.

\textsuperscript{526} Id. at 56.

\textsuperscript{527} Id. at 52.

\textsuperscript{528} Later adjusted to $16 million plus the aggregate outstanding principal amount of loans under the DIP Credit Agreement.

\textsuperscript{529} Notice of Filing of Plan Supplement for Debtors’ Third Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code at 227-28, Docket no. 928, Case no. 14-12103, filed February 15, 2015.
remaining amount owed under the First Lien Credit Agreement and provide a loan to offset its relatively superficial debt resolution to the remaining secured and priority interests.

### 4.7.2 Treatment of Claims under the Final Plan

All allowed DIP Claims were to be paid in full in cash, and all liens and security interests granted to secure such claims and obligations would be terminated upon full satisfaction thereof.\(^{530}\) Holders of administrative expense and fee claims would be paid in cash in an amount equal to the claim allowed, provided that allowed administrative expense claims representing liabilities incurred in the ordinary course of business by the debtors, as debtors in possession, would be paid from the Debtors’ pockets.\(^{531}\) TER stated it would establish a Professional Fee Account that would be funded with cash equal to the lesser value of the estimated amount of the collective Fee Claims or the amount set forth on the Fee Schedule, less any post-petition payments made prior to the effective date.\(^{532}\) Holders of Priority Tax Claims (Atlantic City) would receive cash in an amount equal to such claim at the effective date or deferred payments over a period of no less than five years after the Petition Date.\(^{533}\) TER eventually settled with Atlantic City for $12 million in late 2015.\(^{534}\)

Although the Plan’s claimant classifications remained the same, Trump Entertainment Resorts modified its treatment of General Unsecured Claims.\(^{535}\) Unsecured claimants now had an option under the Plan. If a claimant opted to release the Debtors from all claims existing on the Plan’s Effective Date based on any transaction that took place prior to the Effective Date, they would be entitled to a proportional share of Class A Distribution Trust Beneficial Interests. The releases were valuable—Class A held 75% of the aggregate value of the Distribution Trust assets. Claimants that opted not to release the Debtors would receive disbursement from the Class B Distribution Trust.

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\(^{530}\) Findings of Fact, Conclusions of Law, and Order Under Section 1129 of the Bankruptcy Code and Bankruptcy Rule 3020 Confirming Debtors’ Third Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code as Modified at 24, Docket no. 1123, Case no. 14-12103, filed March 12, 2015 [hereinafter Plan Order].

\(^{531}\) Id. at 24-26.

\(^{532}\) Id. at 26.

\(^{533}\) Third Plan, supra note 523, at 20.

\(^{534}\) Casino Connection AC, Trump Entertainment Pays Atlantic City Property Taxes (Dec. 2015), http://perma.cc/HB6P-L9EH.

\(^{535}\) Plan Order, supra note 530, at 30.
4.7.3 Objections to the Third Statement and Plan Proposal

I. Creditors’ Committee Objection to Disclosure Statement Approval

The Committee filed its objection to the Third Disclosure Statement on January 12, 2015.\textsuperscript{536} The OCC contended the Debtors’ failure to finalize an agreement with the prepetition lenders (including the Icahn Parties) to fund the administration of the Debtors’ Chapter 11 cases rendered consideration of the Statement premature.\textsuperscript{537} Indeed, the Court determined prior to the OCC’s objection that postpetition financing was a necessary condition to confirmation of the Plan.\textsuperscript{538} The OCC argued that even if TER and the Icahn Parties were to formalize a post-petition financing agreement before the Confirmation Hearing, the Third Plan remained “too incomplete, contingent and speculative to warrant approval of the Disclosure Statement.”\textsuperscript{539} The Committee’s assertion that the Third Statement and Plan were unconfirmable relied on the arguments that:

- The Third Plan provided that the Debtors would be required to repay $20 million in post-petition financing (in addition to “millions of dollars” in other administrative expense and priority claims) but were to receive only $13.5 million in exit financing to do so,\textsuperscript{540}
- The Third Plan removed two key components previously identified as necessary to future profitability: It no longer included a $100 million New Term Loan from the Icahn Parties to fund capital improvements to allow TER to remain competitive, nor did it include the formerly necessary $175 million in government concessions.\textsuperscript{541}
- The Disclosure Statement failed to contain critical “adequate information” that would allow unsecured creditors to make an informed decision to accept or reject the Plan, including (1) lists of Causes of Action being retained or waived by the Debtors, (2) a discussion of outstanding intercompany claims, (3) the terms and conditions of the New Term Loan (other than the $13.5 million principle amount, and (4) a discussion of the Debtors’ viability under the “dramatically different circumstances” if the Third Plan.\textsuperscript{542}

\textsuperscript{536} Second Supplemental Objection and Reservation of Rights of the Official Committee of Unsecured Creditors to Debtors’ Motion for Order (A) Approving the Disclosure Statement…, Docket no. 743, Case no. 14-12103, filed January 12, 2015 [hereinafter OCC Third Statement Objection].

\textsuperscript{537} Id. at 2.

\textsuperscript{538} Id.

\textsuperscript{539} Id.

\textsuperscript{540} Id. at 3.

\textsuperscript{541} Id.

\textsuperscript{542} OCC Third Statement Objection, supra note 536, at 4.
The OCC stated that “At its core, the Third Amended Plan [was] nothing more than an option for the Icahn Parties to exercise, renegotiate, or terminate in [their] sole discretion.” The Icahn Parties continued to demand broad and impermissible third party releases, yet refused to offer more than $1 million to unsecured creditors. The Committee maintained that moving forward with Plan confirmation would not serve the interests of the Debtors’ estates or any creditor other than Mr. Icahn.

II. Levine Staller Objection to Disclosure Statement Approval

Levine Staller argued the Debtors continued to defiantly contest the Firm’s status as a fully secured creditor in its Objection to the Third Statement on January 13, 2015. Levine Staller again based its objection to the Disclosure Statement on the ground that it failed to provide adequate information pertaining to the “fully secured claim.” Despite the Court’s ruling that the Charging Lien was in fact secured, and junior only to First Lien claims, TER refused to list it as such in its filings. Finally, Levine Staller argued, the Order perfecting the Charging Lien made no limitation on the value or allowance of Levine Staller’s claim in the case and, if the debt were in fact secured, it should be a Class 2 “Other Secured” claim under the Plan.

The Icahn parties addressed Levine Staller’s Objection by arguing that it failed to object to the valuation set forth in the previous and current Disclosure Statements—the valuation in which the First Lien Parties were considered under-secured. Therefore, Icahn stated, Levine Staller’s argument that the Court took into account various valuations presented to it and must have meant to decide there was sufficient collateral to secure its claim was demonstrably false. Not valuation evidence existed in the record of the case except for that in the Disclosure Statement.

543 Id. at 3-4.
544 Id.
545 Supplemental Objection of Levine…to the Debtors Motion for Entry of an Order Approving the Proposed Disclosure Statement for Debtors’ Third Amended Joint Plan of Reorganization, Docket no. 758, Case no. 14-12103, filed January 13, 2015 [hereinafter Levine Staller Third Statement Objection].
546 Id. at 2.
547 The Third Amended Plan provided that “General Unsecured Claim” means any claim (including, for the avoidance of doubt, the Levine Staller Claims) (emphasis added).
548 Levine Staller Third Statement Objection, supra note 545, at 7.
550 Id.
551 Id.
III. National Retirement Fund’s Objection to Plan Confirmation

The Local 54 employees’ pension account, the National Retirement Fund (“NRF”), objected to the Plan on March 10, 2015 and requested the Court provide in the Confirmation Order that if the CBA Order was reversed after the effective date, NRF’s ballot and release would be deemed void. The NRF argued the Plan’s proposed effective date would likely occur before approval of the OCC’s CBA Order. The NRF claims were premised on withdrawal liability incurred by the Debtors as a result of the entry of the CBA Order, and if TER did not withdraw, it would have no claims related to the rejection of the CBA Agreement or distribution entitlements therein. The NRF stated that a reversal or modification of the CBA Order after the effective date would force the Reorganized Debtors to continue its contributions to the NRF; alternatively, if the CBA Order were reversed after the effective date, the NRF’s claims related to TER’s obligation to the fund would be negated by the Plan’s release provisions.

The critical component of the proposed agreement was the creditor’s decision to release the Debtors and Reorganized Debtors from any claims existing on the Plan’s effective date. The NRF argued that under the Plan it would be required to provide a broad release to the Released Parties in order to participate in the Class A Distribution Trust (to which 75% of the aggregate value of the distribution assets would be allocated). The NRF claimed the predicament subjected it to a potential “unjust and irrational” outcome if an appellate court were to reverse or vacate the CBA Order after the effective date. “Simply put, NRF [was] merely trying to avoid the whipsaw effect of both (a) its withdrawal liability claims being negated by a subsequent appellate ruling, and (b) being prohibited from asserting administrative claims against the Released Parties.”

IV. U.S. Trustee’s Objection to Plan Confirmation

The U.S. Trustee argued against certain third-party release and exculpation provisions of the Plan in an Objection filed March 9, 2015. The language at issue in the Plan contemplated

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552 Objection to the Debtors’ Third Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code, Docket no. 1084, Case no. 14-12103, filed March 10, 2015 [hereinafter NRF Objection].

553 Id. at 3-4.

554 Id. at 1-2.

555 Id. at 2.

556 Id. at 2-3.

557 Id. at 3.

558 NRF Objection, supra note 552, at 4.

559 United States Trustee’s Objection to Confirmation of Debtors’ Third Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code, as Modified, Docket no. 1072, Case no. 14-12103, filed March 9, 2015.
release by holders of allowed general unsecured claims entitled to vote on the Plan (unless parties were to opt-out of the release). The Trustee claimed the release “did not appear to be voluntary,” stating “to the extent such parties do not return a ballot [to opt-out], they [had] not consented to a release, and [could not] be compelled to involuntarily grant a release.” The Trustee argued the non-debtor release provision was overbroad and the majority of parties seeking to be released had not provided “critical financial contributions” necessary to enable the Plan’s success. The exculpation provision of the Plan provided exculpation to the Released Parties and thus was overbroad (and impermissible) according to the Trustee. The Trustee stated the list of parties receiving exculpation should be limited to those who served as estate fiduciaries. This argument, if accordingly ordered, would effectively allow releases to unsecured creditors while barring releases to the First Lien Lenders.

V. Icahn’s Reply to the Trustee and the NRF

The Icahn Parties responded to the NRF and U.S. Trustee’s objections on March 11, 2015. The response asked the Court to reject the Trustee’s assertion that releases in the Plan were impermissibly involuntary because the releases were, in fact, consensual. The response also challenged the Trustee’s suggestion that nonconsensual releases of the First Lien Lenders, as third parties, were prohibited because they did not make a “critical financial contribution” to the case. The Icahn Parties argued they had contributed significantly to the case, which provided the basis for granting them release and exculpation.

The Icahn Parties addressed the NRF Objection based on its “perceived unfairness allegedly caused by the Solicitation Procedures Order (‘SPO’).” The NRF’s failure to timely oppose the SPO was “fatal” to the Objection before the Court. The Icahn Parties also argued against the NRF’s Objection pertaining to the Plaza Bargaining Agreement—the NRF, Icahn

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560 Id. at 4.
561 Id. at 6.
562 Id.
563 Id.
564 Response of First Lien Parties to United States Trustee’s and the National Retirement Fund’s Objections to Confirmation of Debtors’ Third Amended Joint Plan of Reorganization under Chapter 11 of the Bankruptcy Code, as Modified, Docket no. 1095, Case no. 14-12103, filed March 11, 2015.
565 Id. at 2.
566 Id.
567 Id. at 2-3.
568 Id. at 3.
claimed, was not a party to the Plaza CBA Agreement as a result of its admission of “complete withdrawal with respect of the Plaza.”

VI. Trump AC Casino Marks

Trump AC Casino Marks filed a limited objection to the Third Statement on January 12, 2015, which, according to Mr. Trump, sought to “impermissibly strip away rights of many critical parties in favor of one…” Trump Marks questioned the extended time-frame during which the creditors would be “left in limbo” awaiting resolution of the CBA Order and expressed to the Court several concerns regarding the Disclosure Statement, arguing it:

- Wrongly stated that the First Lien Lenders could unilaterally transfer the rights and obligations under the license agreement.
- Failed to address the nature of all administrative and priority claims and whether the debtors could and would satisfy them.
- Failed to identify the Debtors’ significant loss of employees and management personnel and the impact it will have on operations.
- Described a process that ignores the protections of a contract and lease counterparty under Section 365.
- The Plan sought impermissible third party releases.

4.7.4 Committee Moves for Standing to Prosecute Claims against Debtors’ Assets

On New Year’s Day, 2015 the Committee took a stab at TER’s cash assets and moved for an order granting the Committee authority to prosecute claims against the Icahn Parties on behalf of the Debtors’ estates. In order for the Court to grant such standing, the movant must prove by a preponderance of the evidence that: (i) the claims it seeks to bring are colorable, (ii) the benefit

569 Id.


571 Id. at 1.

572 Id. at 2-3.

573 Id. at 12.

574 Id.

575 Motion of the Official Committee of Unsecured Creditors for Entry of an Order Granting Leave, Standing, and Authority to Prosecute Claims on Behalf of the Debtors’ Estates and for Related Relief, Docket no. 826, Case no. 14-12103, filed January 1, 2015 [hereinafter OCC Termination Motion].
of bringing the claim will outweigh the costs, and (iii) the Debtors have unjustifiably refused to pursue the claims.\footnote{Memorandum Order Re Motion of the Official Committee of Unsecured Creditors for Entry of an Order Granting Leave, Standing, and Authority to Prosecute Claims on Behalf of the Debtors' Estates and for Related Relief, Docket no. 943, Case no. 14-12103, filed February 18, 2015 [hereinafter Termination Order].}

The OCC argued the Debtors’ waiver of claims against the Icahn Parties and their joint assertion of a “common interest protection”\footnote{See OCC Termination Motion, supra note 575, at 2 (“[The Debtors’] common interest protection with the First Lien Lenders with respect to ‘the Debtors’ strategy and efforts to prosecute and ultimately confirm the plan of reorganization.’”).} entitled the OCC to bring claims against “tens (and perhaps even hundreds) of millions of dollars that [were] excluded from the First Lien Lenders’ collateral.”\footnote{Id. at 2-3.} The Committee further argued certain transactions were preferential or fraudulent transfers that should have been avoided and recovered for the Committee’s benefit. The Committee asked the Court to consider the high likelihood of a substantial recovery if allowed to assert the claims balanced against the possibility of “almost no recovery” if denied.\footnote{Id. at 3.} The Committee requested relief under attached Complaint:

- A judgment declaring that the Icahn Parties do not have a lien on Cage Cash.\footnote{Unknown amount of cash on hand used for gambling operations and payouts.}
- A judgment avoiding the Icahn Parties’ alleged lien on Cage Cash and preserving such lien for the benefit of the estate
- A judgment declaring net operating losses attributable to any year prior to 2015 and any increase in the Debtors’ post-petition going concern value excluded from the Icahn Parties’ collateral.\footnote{Including the rejection of the Local 54 CBA or the termination of the pension fund with NRF.}
- A judgment declaring the value of the Icahn Parties’ secured claim did not exceed the liquidation value of the collateral and that any claims exceeding the liquidation value be reclassified as general unsecured.
- A judgment avoiding an amendment to the First Lien Credit Agreement as a preference and/or as a constructively fraudulent transfer and recovery thereof.
- An award of pre- and post-judgment interest, costs and fees, and other relief.
Trump Entertainment Resorts and the Icahn Parties each filed objections to the Committee’s Motion five weeks later on February 6, 2015. The First Lien Lenders stated the OCC had not met its burden of showing that the claims it proposed to seek were colorable or that pursuit of those claims would benefit the estate. The Icahn Parties challenged the Committee’s claims:

- The Secured Parties’ liens on all assets, explicitly including the cage cash, were granted pursuant to a final non-appealable 2010 Confirmation Order of the prior Bankruptcy Plan.
- The 2010 Confirmation Order grant of liens was an in rem order of the Bankruptcy Court and “binding on the world.”
- The Complaint alleging that the secured parties’ lien on cage cash was voidable as a preference failed because the Committee did not allege the minimal facts necessary to assert that the Secured Parties’ position in cage cash improved in the ninety days before the filing. “In fact, it did not. It actually diminished.”
- The Committee’s theory that the Secured Parties’ collateral should be valued at a liquidation value as of the petition date was contrary to controlling Third Circuit precedent.
- The Committee’s Section 552(b) argument must be rejected because the Secured Parties had liens on all of the Debtors’ assets including proceeds therefrom. Further, the equities of the case exception applied to carve our value for unsecured creditors only to the extent that unencumbered assets are used to enhance the estate’s value.
- TER was a general partner of TER Holdings, the obligor under the First Lien Credit Agreement, and was liable for all of TER Holdings’ unpaid obligations. Since TER was liable on the debt prior to the amendment of the First Lien Credit Agreement, its change of status from a guarantor to a co-obligor did not diminish its estate or trigger an avoidable transfer.

Trump Entertainment Resorts argued there were insufficient funds to pay its First Lien Debt in full, and “unfortunately, general unsecured creditors are ‘out-of-the-money’ and not

582 Debtor’s Objection to Motion of the Official Committee of Unsecured Creditors for Entry of and Order Granting Leave, Standing, and Authority to Prosecute Claims on Behalf of the Debtors’ Estates and for Related Relief, Docket no. 874, Case no. 14-12103, filed February 6, 2105 [TER Objection to OCC Claims Motion].

583 Objection of the Secured Parties to the Motion of the Official Committee of Unsecured Creditors for Entry of and Order Granting Leave, Standing, and Authority to Commence, Prosecute, and Settle Certain Causes of Action on Behalf of the Debtors’ Estates, Docket no. 873, Case no. 14-12103, filed February 6, 2105.

584 Id. at 2.

585 Id.

586 Id.

587 Id.

588 TER Objection to OCC Claims Motion, supra note 582, at 1.

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otherwise entitled to receive a distribution.” TER attacked the fact that the Committee’s Complaint proffered zero quantitative analysis or evidence otherwise demonstrating the impact of its proposed lien avoidance actions. The Company stated the allegations in the OCC Complaint should be properly addressed at the Confirmation Hearing.

The Court addressed the Committee’s claims in an Order on February 18, 2015. Judge Gross stated the Termination Motion revealed the complexity of the Committee’s claims and held the claims were in fact colorable, although the Icahn Parties and TER had raised “weighty defenses to [them].” However, the Court held that the Committee failed to provide evidence as to the cost-benefit of prosecuting the proposed claims, and, therefore, any finding on the issue would amount to speculation. The Icahn Parties had provided $20 million in DIP financing, $13.5 million in exit financing, permitted their collateral to be used for administrative expenses and cure claims, were making funds available for the $1 million distribution to the unsecured creditors, and waived their $100 million deficiency claim. Judge Gross balanced the Icahn Parties’ expenditures, the interest in preserving three thousand jobs, and the fact that unsecured creditors would receive a nominal portion of their claims under the Plan—approximately $0.005/$1.00—but deferred the Motion. Judge Gross stated the Court would be in a far better position to evaluate the Motion when considering whether to confirm the Plan.

4.7.5 OCC Member Thermal Energy’s Settlement Compromise

On February 20, 2015, Trump Entertainment Resorts filed a motion to reject its service agreement with Thermal Energy. TER entered into agreements with Thermal Energy to service the Trump Plaza and Taj Mahal in 1996 (the “Thermal Service Agreements”) which were

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589 Id.
590 Id. at 2.
591 Id. at 9.
592 Termination Order, supra note 576, at 2.
593 Id. at 3-4.
594 Id. at 3.
595 Id. at 4-5.
596 Id. at 5.
597 Debtors’ Motion for Entry of an Order…Authorizing the Debtors to Reject Certain Energy Service Agreements with Thermal Energy…, Docket no. 954, Case no. 14-12103, filed February 20, 2015 [hereinafter Thermal Motion].
598 Id. at 3-4.
extended to 2027 and 2036, respectively.\textsuperscript{599} The Taj Mahal and Trump Plaza Service Agreements provided that “title to Thermal Energy’s production facilities\textsuperscript{600} shall remain with the Debtors,” and Thermal Energy “shall not remove, alter, or permit any lien to exist” on the production facilities.\textsuperscript{601} The parties stipulated proper adequate assurance protections after the Petition Date that entailed the continued performance of both parties under the Service Agreements.\textsuperscript{602} Despite its post-petition agreement to continue service, TER stated it could adequately supply its own energy needs through the on-site facilities without the need for Thermal Energy’s service.\textsuperscript{603} TER claimed Thermal Energy’s 2014 invoices totaled approximately $16.5 million.\textsuperscript{604}

Without the additional third-party cost TER would save approximately $9 million annually in energy expenditures.\textsuperscript{605} TER relied on Section 365(a) of the Bankruptcy Code, which states that a debtor-in-possession “subject to the court’s approval, may assume or reject any executory contract or unexpired lease of the debtor,”\textsuperscript{606} in order to “permit the trustee or debtor-in-possession to use valuable property of the estate and to ‘renounce title to and abandon burdensome property.’”\textsuperscript{607} The standard applied to determine whether the rejection of a contract should be authorized is the “business judgment” standard.\textsuperscript{608} Under the business judgment standard, once a debtor states a valid business justification, “the business judgment rule is a presumption that in making a business decision the directors of a corporation acted on an informed basis, in good faith and in the honest belief that the action was in the best interest of the company.”\textsuperscript{609} TER argued under applicable precedent\textsuperscript{610} that if a debtor’s business judgment has been reasonably exercised,

\textsuperscript{599} Id. at 4.
\textsuperscript{600} Id. at 5-6 (The production facilities provided chilled water and steam necessary for cooling and heating the casinos and were located on site at the respective casinos. Thermal Energy opted to bypass the Plaza facility and supplied resources via its “Midtown Thermal Control Center.”).
\textsuperscript{601} Id. at 4-5.
\textsuperscript{602} Id. at 6.
\textsuperscript{603} Thermal Motion, supra note 597, at 6-7.
\textsuperscript{604} Id. at 7.
\textsuperscript{605} Id.
\textsuperscript{606} Id. at 8.
\textsuperscript{607} Orion Pictures Corp. v. Showtime Networks, Inc., 4 F.3d 1095, 1098 (2d Cir. 1993).
\textsuperscript{608} Thermal Motion, supra note 597, at 8-9.
\textsuperscript{609} Smith v. Van Gorkom, 488 A.2d 858, 872 (Del. 1985).
the court should approve the rejection of the contract. Judge Gross granted the Motion on March 12, 2015, terminating the Thermal Energy Service Agreements and Adequate Assurance Stipulations.

On March 31, 2015, the Debtors filed a Motion for approval of a settlement agreement with Thermal Energy. Trump Plaza’s annual capacity costs were reduced by $3 million and rate escalation rates were capped under the settlement. TER proposed to make an immediate payment of $81,000 to Thermal Energy in satisfaction of claims against title and ownership of the on-site production facilities. TER agreed to continued performance under the Energy Service Agreements and Adequate Assurance Stipulation through March 31, 2015. Judge Gross granted the Motion on April 21, 2015.

### Thermal Energy Claims Against Trump Entertainment Resorts

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<th>Debtor</th>
<th>Initial Claim</th>
<th>Settlement Outcome</th>
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<td>$339,053</td>
<td>$287,500 Admin. Expense</td>
</tr>
</tbody>
</table>

4.7.6 Settlement of Levine Staller and Trump Marks Disputes

The Court determined that Levine Staller’s Charging Lien Claim was junior to the liens of the First Lien Lenders and subsequently approved a settlement agreement between Levine Staller

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611 Thermal Motion, supra note 597, at 10.

612 Order…Authorizing the Debtors to Reject Certain Energy Agreements with Thermal Energy, Effective as of the Rejection Effective Date, Docket no. 1118, Case no. 14-12103, filed March 12, 2015.

613 Debtors’ Motion for Entry of an Order…Approving the Release and Settlement Agreement by and Among the Debtors and Thermal Energy Limited Partnership I, Docket no. 1192, Case no. 14-12103, filed March 31, 2015.

614 Id. at 5.

615 Id. at 8.

616 Id.


618 Revised amounts in Final Order.
and TER on March 12, 2015. Judge Gross held Levine Staller’s Proofs of Claim associated with the Charging Lien were to be reduced and reclassified as a single allowed “Other Secured Claim” in the aggregate amount of $200,000 and a single allowed General Unsecured Claim in the aggregate amount of $1,437,551.

Trump Marks, TER, and the Icahn Parties reached a settlement agreement approved by Judge Gross on March 12, 2015. The settlement addressed Mr. Trump’s motion to modify the automatic stay to terminate the TER Trademark Licensing Agreement (“TLA”), the parties’ dispute over approximately $147,600 regarding Trump Marks’ Ground Lease Claim, and a new Administrative Claim by Mr. Trump in the amount of $24,578.25. The settlement provided that the Trump Marina and Trump Plaza would no longer constitute qualifying casino properties as of the Plan’s Effective Date, and all rights and interest in the License granted to TER for the use of the “Trump” name would become null and void in respect to those properties. TER was responsible for the labor and expense of removal of all signage that displayed Mr. Trump’s name. Further, Trump Marks was entitled to terminate the Trademark Licensing Agreement for signage at the Taj Mahal if it were to close.

Trump Marks consented to the Reorganized Debtors’ assumption of an amended TLA for their continued use of the Trump name, but held the right to fully terminate the licensing agreement if the Plan Effective Date did not to occur on or before March 15, 2017. The Reorganized Debtors agreed to pay Mr. Trump $172,216.65 on the Plan Effective Date to fully satisfy the Ground Lease Claim.

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619 Order, Pursuant to Section 105(A) of the Bankruptcy Code and Bankruptcy Rule 9019, Approving Settlement by and Among the Debtors and Levine Staller, Docket no. 1120, Case no. 14-12103, filed March 12, 2015 [hereinafter Levine Settlement Order].

620 Id. at 2.

621 Order, Pursuant to Section 105(A) of the Bankruptcy Code and Bankruptcy Rule 9019, Approving Settlement by and Among the Debtors, the Trump Parties, and the First Lien Parties, Docket no. 1119, Case no. 14-12103, filed March 12, 2015 [hereinafter Trump Settlement Order].

622 Id. at 6.

623 Id. at 4-5.

624 Id. at 5.

625 Id. at 6.

626 Id. at 7-8.

627 Trump Settlement Order, supra note 621, at 8.
4.7.7 Approval of the Plan and Disclosure Statement

Classes 3 and 4 were the only classes entitled to vote on the Plan. As evidenced in the chart below, Class 3 and the Accepting Class 4 Creditors voted to accept the Plan, although some of Class 4 voted to reject. Classes 1 and 2 were unimpaired and deemed to have accepted the Plan. The Remaining classes would not receive distribution under the Plan and were deemed to have accepted.

Despite the voting classes’ failure to satisfy section 1129(a)(8) of the Bankruptcy Code, which requires the affirmative vote of each class of claims, the Court stated the Plan could nevertheless be confirmed over the non-acceptance of the Rejecting Class 4 Creditors and the Deemed Rejecting Classes—that is, those classes could be “crammed down.”\textsuperscript{628} The Impaired Class 3 and 4 acceptances were sufficient in number and amount to satisfy the section 1129(a)(10) requirement that at least one Impaired Class must vote to accept. Further, the Final Proposal satisfied sections 1129(b)(1) and (b)(2) as there were no holders of any interest of the Debtors junior to any Rejecting Class that would receive property under the Plan, and holders of Claims against the Debtors that were senior to the Rejecting Classes were to receive distributions valued less than 100% of their Allowed Claims.\textsuperscript{629}

\begin{center}
\textbf{Final Plan Voting Results}\textsuperscript{630}
\end{center}

<table>
<thead>
<tr>
<th>Debtor Name</th>
<th>Class Description</th>
<th># Accept</th>
<th># Reject</th>
<th>Amount Accepting</th>
<th>Amount Rejecting</th>
<th>Class Voting Result</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>% Accept</td>
<td>% Reject</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All Debtors</td>
<td>Class 3 – First Lien Creditors</td>
<td>3</td>
<td>0</td>
<td>$292,257,374</td>
<td>$0.00</td>
<td>ACCEPT</td>
</tr>
<tr>
<td></td>
<td></td>
<td>100%</td>
<td>0%</td>
<td>100%</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>TER</td>
<td>4A – General Unsecured</td>
<td>28</td>
<td>30</td>
<td>$203,497,458</td>
<td>$32,534,000</td>
<td>REJECT</td>
</tr>
<tr>
<td></td>
<td></td>
<td>48.28%</td>
<td>51.72%</td>
<td>86.22%</td>
<td>13.78%</td>
<td></td>
</tr>
<tr>
<td>TER Holdings</td>
<td>4B – General Unsecured</td>
<td>7</td>
<td>7</td>
<td>$198,626,800</td>
<td>$30,647,015</td>
<td>REJECT</td>
</tr>
<tr>
<td></td>
<td></td>
<td>50%</td>
<td>50%</td>
<td>86.63%</td>
<td>13.37%</td>
<td></td>
</tr>
<tr>
<td>Trump Plaza</td>
<td>4C – General Unsecured</td>
<td>20</td>
<td>26</td>
<td>$198,679,572</td>
<td>$23,449,614</td>
<td>REJECT</td>
</tr>
<tr>
<td></td>
<td></td>
<td>43.48%</td>
<td>56.52%</td>
<td>89.44%</td>
<td>10.56%</td>
<td></td>
</tr>
<tr>
<td>Trump Marina</td>
<td>4D – General Unsecured</td>
<td>8</td>
<td>4</td>
<td>$198,627,312</td>
<td>$21,792,266</td>
<td>ACCEPT</td>
</tr>
<tr>
<td></td>
<td></td>
<td>66.67%</td>
<td>33.33%</td>
<td>90.11%</td>
<td>9.89%</td>
<td></td>
</tr>
<tr>
<td>Taj Mahal</td>
<td></td>
<td>25</td>
<td>91</td>
<td>$199,157,202</td>
<td>$25,575,061</td>
<td>REJECT</td>
</tr>
</tbody>
</table>

\textsuperscript{628} Id.

\textsuperscript{629} Id. at 16-17.

\textsuperscript{630} See Lori Butler & John Weil, A Practitioners Guide to Counting Ballots for a Chapter 11 Plan, American Bankruptcy Institute (Jan. 1997) (stating that unimpaired classes are conclusively presumed to have accepted the Chapter 11 Plan. If a plan provides that any class will not receive or retain any property under the plan, that class is deemed to have rejected the plan. In order to accept the plan, the allowed voting classes must vote in one-half in number and two-thirds in amount), \url{http://perma.cc/38TP-6VCE}. 
4.8 Plan Confirmation Order; Findings of Fact and Conclusions of Law

4.8.1 General Entitlements and Obligations

Judge Gross confirmed the Final Plan on March 12, 2015 after all confirmation objections were “fully and fairly” litigated in satisfaction of the Bankruptcy Code.\(^{631}\) The Court granted TER releases from holders of Unsecured Claims that failed to exercise Opt-Out Elections, discharged all third-party claims and injunctions against TER and its assets, approved satisfaction of all DIP Claims immediately in cash, and approved the New First Lien.\(^{632}\)

Trump Entertainment Resorts convinced Judge Gross it would not be forced to liquidate post-confirmation,\(^{633}\) and the Court found the Debtors’ current liquidity sufficient to meet its obligations arising under the Plan based on TER’s Financial Projections—the Court stated TER’s Financial Projections and evidence in support thereof were “uncontroverted and persuasive,” and satisfied standard of U.S.C. § 1129(a)(11).\(^{634}\) Interestingly, though, Judge Gross determined the Debtors’ enterprise value was insufficient to support a distribution to holders of General Unsecured Claims under absolute priority principles.\(^{635}\) Judge Gross explicitly rejected the OCC’s argument that the principle purpose of the Plan was avoidance of taxes for the benefit of the Icahn Parties.\(^{636}\)

The Plan Order stated the Final Proposal satisfied the Best Interests of Creditors Test under section 1129(a)(7) of the Bankruptcy Code.\(^{637}\) According to the court, the Liquidation Analysis

\(^{631}\) Plan Order, supra note 530.

\(^{632}\) Id. at 25-29.

\(^{633}\) Id. at 15.

\(^{634}\) Id. at 15-16.

\(^{635}\) Id. at 19.

\(^{636}\) Id. at 17.

\(^{637}\) Plan Order, supra note 530, at 14.
and other evidence adduced in connection with the Confirmation Hearing in support of the Final Plan was “persuasive and credible,” had not been controverted by other evidence, and established that each claim holder had either accepted the Plan or would receive an amount “not less than the amount that it would receive if the Debtors were liquidated under Chapter 7 of the Bankruptcy Code.”

The Court allowed TER to enter into proposed Severance Benefit Plans for up to nine executives not to exceed an aggregate amount of $2,634,000. Judge Gross stated that any diminution in a particular executive’s authority or responsibilities directly resulting from the closure of the Taj Mahal or Plaza did not constitute a “good reason” to reduce severance compensation under TER’s Executive Severance Plan so long as the reduced authority was consistent with the executive’s job title. In addition to permitting executive severance disbursements, Judge Gross terminated the Trump Plaza Collective Bargaining and other Employment Agreements, allowed TER to reject its Compensation and Benefit Programs, and granted TER the right to vacate the Plan Confirmation Order upon any modification or reversal of the CBA Order, stating “Without the CBA Order…the Plan would not be able to be consummated.”

4.8.2 The Distribution Trust and Professional Fee Escrow Account

The Distribution Trust Agreement was supplemented to the Plan on March 11, 2015 and set forth terms for satisfaction of the Unsecured Creditors’ Claims. The Distribution Trust was funded by cash on hand in the amount of $3.5 million in addition to avoidance actions. Avoidance actions totaled approximately 23 for those cases with potential transfers greater than

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638 Id.
639 Id. at 41.
640 Id.
641 Id. at 41-42.
642 Plan Order, supra note 530, at 52.
643 Id. at 60.
644 Notice of Filing of Modified Exhibits 6 and 8 to Plan Supplement for Debtors’ Third Chapter 11 Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code, Docket no. 1097, Case no. 14-12103, filed March 11, 2015 [hereinafter Plan Supplement].
645 Plan Order, supra note 530, at 76.
$75,000\textsuperscript{646} and approximately 53 for cases less than $75,000 in November of 2016.\textsuperscript{647} The Plan’s Distribution Trust Provisions were approved in the Plan Order and attorney Nathan Schultz was appointed as the Distribution Trustee.\textsuperscript{648} A Distribution Trust Advisory Board was established with the National Retirement Fund and UNITE HERE Local 54 as its sole members.\textsuperscript{649} TER and the holders of General Unsecured Claims were to establish and execute the Distribution Trust Agreement, and all costs and expenses of the Distribution Trust were paid from the Trust itself.\textsuperscript{650}

Judge Gross ordered the Debtors to fund a Professional Fee Escrow Account with cash equal to the lesser of the estimated professional fees and the amounts noted on the Fee Schedule.\textsuperscript{651} The Fee Account was maintained by TER’s counsel, Young, Conaway Stargatt & Taylor, LLP.\textsuperscript{652} Any cash remaining in the Fee Account after all Professional Fee Claims were satisfied would revert to the Reorganized Debtors.\textsuperscript{653} The Court ordered any unpaid Fee Claims due to insufficient Fee Account funds to be held in reserve and satisfied in cash by the Reorganized Debtors immediately upon entry of the Court’s Order of Approval of such Allowed Fee Claims.\textsuperscript{654} Judge Gross approved Trump Entertainment Resorts’ submission of its final application for Professional Fee and Expenses on April 28, 2016 in the approximate amount of $14,264,653.\textsuperscript{655} The Court ordered TER to pay all reasonable pre and post-petition expenses and fees of the First Lien Lenders in connection with the Chapter 11 proceedings in addition to its own Allowed Professional Fees.\textsuperscript{656}

\textsuperscript{646} Order Establishing Streamlined Procedures Governing Adversary Proceedings..., Docket no. 2187, Case no. 14-12103, filed November 18, 2016.

\textsuperscript{647} Order Establishing Streamlined Procedures Governing Adversary Proceedings..., Docket no. 2186, Case no. 14-12103, filed November 18, 2016.

\textsuperscript{648} Id. at 35.

\textsuperscript{649} Plan Supplement, supra note 644.

\textsuperscript{650} Plan Order, supra note 530, at 35.

\textsuperscript{651} Id. at 48.

\textsuperscript{652} Id. at 26.

\textsuperscript{653} Id.

\textsuperscript{654} Id.

\textsuperscript{655} Order Approving Final Fee Applications of the Debtors’ Professionals, Docket no. 2003, Case no. 14-12103, filed May 28, 2016.

\textsuperscript{656} Plan Order, supra note 530, at 49.
TER Final Professional Fees Application

<table>
<thead>
<tr>
<th>Professional</th>
<th>Fees</th>
<th>Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ernst &amp; Young LLP</td>
<td>$1,094,580.95</td>
<td>$14,023.55</td>
</tr>
<tr>
<td><em>Auditors and Tax Advisors</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Houlihan Lokey Capital, Inc.</td>
<td>$1,200,000.00</td>
<td>$19,357.25</td>
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<tr>
<td><em>Financial Advisor and Investment Banker</em></td>
<td></td>
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<tr>
<td>Merlin Law Group, P.A.</td>
<td>$0.00</td>
<td>$1,836.81</td>
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<tr>
<td><em>Insurance Litigation Counsel</em></td>
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<td></td>
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<tr>
<td>Levine, Staller, Sklar, Chan &amp; Brown, P.A.</td>
<td>$7,335.00</td>
<td>$0.00</td>
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<tr>
<td><em>Real Estate Tax Appellate Counsel</em></td>
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<td></td>
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<tr>
<td>Prime Clerk LLC</td>
<td>$57,397.38</td>
<td>$71.28</td>
</tr>
<tr>
<td><em>Administrative Advisor</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Robbins, Russell, Englert, Orseck, Untereiner &amp; Sauber LLP</td>
<td>$202,865.00</td>
<td>$2,739.33</td>
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<tr>
<td><em>Appellate Counsel</em></td>
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<td></td>
</tr>
<tr>
<td>Sills Cummis &amp; Gross P.C.</td>
<td>$344,237.00</td>
<td>$225.26</td>
</tr>
<tr>
<td><em>Counsel and Government Regulatory Services Provider</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stroock &amp; Stroock &amp; Lavan LLP</td>
<td>$9,199,571.50</td>
<td>$136,817.82</td>
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<tr>
<td><em>Debtor Co-Counsel</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Young Conaway Stargatt &amp; Taylor, LLP</td>
<td>$1,904,238.50</td>
<td>$79,362.55</td>
</tr>
<tr>
<td><em>Debtor Co-Counsel</em></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4.8.3 Executory Contracts and Unexpired Leases

The Court deemed all executory contracts and unexpired leases rejected as of the Effective Date.659 Although, each assumed contract or lease vested in the appropriate Subsidiary Debtor and was recognized as fully enforceable after the Effective Date. Judge Gross ordered all Claims arising from the rejection of executory contracts and unexpired leases to be treated as General Unsecured Claims, and “all such Claims [were] discharged and unenforceable against the Debtors.”660 All monetary defaults arising under assumed contracts and leases were ordered to be satisfied by payment of the appropriate cure amounts documented on the “Cure Schedule,”661 and

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657 Amount reflects a voluntary reduction of $40,000.00 pursuant to discussions with the First Lien Parties.

658 Amount reflects a voluntary reduction of $100,000.00 pursuant to discussions with the First Lien Parties.

659 Plan Order, supra note 530, at 37.

660 Id. at 37-38.

661 Id. at 39.
all non-debtor counterparties to the assumed contracts and leases were barred from disputing the Cure Amounts.662

<table>
<thead>
<tr>
<th>Debtor</th>
<th>Counterparty</th>
<th>Cure Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>TER Holdings</td>
<td>Philadelphia Coca Cola</td>
<td>$65,358</td>
</tr>
<tr>
<td>TER Holdings</td>
<td>Ecolab Inc.</td>
<td>$14,137</td>
</tr>
<tr>
<td>TER Holdings</td>
<td>Waste Management of NJ</td>
<td>$108,534</td>
</tr>
<tr>
<td>TER Holdings</td>
<td>Low-value Miscellaneous</td>
<td>$25,562</td>
</tr>
<tr>
<td>Taj Mahal</td>
<td>AC Linen Supply</td>
<td>$316,228</td>
</tr>
<tr>
<td>Taj Mahal</td>
<td>Bally Gaming</td>
<td>$252,023</td>
</tr>
<tr>
<td>Taj Mahal</td>
<td>Otis Elevator Co.</td>
<td>$215,332</td>
</tr>
<tr>
<td>Taj Mahal</td>
<td>WMS Gaming Corp.</td>
<td>$184,361</td>
</tr>
<tr>
<td>Taj Mahal</td>
<td>Low-value Miscellaneous</td>
<td>$223,673</td>
</tr>
<tr>
<td>TER, Inc.</td>
<td>Low-value Miscellaneous</td>
<td>$51,273</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>$1,456,481</strong></td>
</tr>
</tbody>
</table>

5 The Aftermath: Casino Employees Lose, Industry Moves Forward

Judge Gross stated the Plan represented a “Global Settlement” between Trump Entertainment Resorts, the Icahn Parties, and the Creditors’ Committee.664 The Chapter 11 settlement left Mr. Icahn with the skeleton of a once-thriving casino group and prepetition executives with relatively modest severance packages. Tropicana Entertainment Inc., a subsidiary of Icahn Enterprises LP, managed the Taj Mahal following the reorganization.665 The Unsecured Class was granted $3.5 million666 to be divided amongst the unsecured parties’ $230 million claims in addition to money from preference suits overseen by Distribution Trustee Mr. Shultz. The lawsuits filed by Mr. Shultz ranged from $7,000 to over $2 million—Aetna Life Insurance, Marsh USA Inc., Sysco Philadelphia LLC, and South New Jersey Federal Credit Union, asserted claims between $1 million and $2 million and were each challenged by the Distribution Trustee.667 TER

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662 *Id.*

663 Multiple contracts condensed.

664 *Plan Order, supra* note 530, at 24.


667 *Id.*
documented approximately $4 million in cash balances and $106.8 million in total assets in a final Post-Confirmation Report for Q4 2016.  

The Local 54 was forced to accept significant changes to its Collective Bargaining Agreement, and the National Retirement Fund was left completely in the cold as the Reorganized Debtors shifted millions in retirement funds to private banks. Both parties disputed the new agreement’s impact on the employees, but the Local 54 and NRF positions would soon be irrelevant following the Taj Mahal’s closure in 2017.

Taj Mahal management rejected a final effort, post-bankruptcy proposal from the Local 54 to end the dispute with a price tag of approximately $1.3 million above the terms of the Debtors’ reorganization offer. In September 2016, the Taj Mahal announced its pending closure following a strike by the Local 54. Tropicana Entertainment released a statement claiming Icahn Enterprises had “lost almost $100 million trying to save the Taj” and “now with [the] strike, [they saw] no path to profitability.” Tropicana’s CEO Tony Rodio noted the company’s fiduciary duties to its shareholders and stated the Local 54 had “single handedly blocked any path to profitability,” and “[e]ven if the union accepted what [the Reorganized Debtors] previously offered… [the company] would still be losing significant amounts each month, but at least there would be hope.” Following the three-month Local 54 strike, Mr. Icahn stated the Taj Mahal would require a $100 million to $200 million capital investment and decided to “sell the facility as a loss, if possible.” Icahn was presumably (and reasonably) reeling from his exchange of a $350 million lien for the doomed casino chain.

Local 54 President Bob McDevitt criticized Carl Icahn stating he was “a playground bully, who picks up his ball and announce[d] he [was] going home because nobody else would do it his way,” and that “the great deal-maker would rather burn Trump Taj Mahal down just so he [could]  


670 Wichert, supra note 665.

671 Mr. Icahn later claimed he had lost approximately $300 million on Trump Entertainment Resorts beginning with the First Lien Agreement. See The Associated Press, Atlantic City mayor urges Icahn to sell Trump Taj Mahal casino building (Jan. 5, 2017), http://perma.cc/AQZ8-8PE6.

672 Id.

673 Id.

control the ashes.”675 For a few million bucks, Mr. McDevitt said, Mr. Icahn could have had peace with the Union but, instead, he will “have to live with what he’s done to working people in Atlantic City.”676 Following the Taj closure announcement, New Jersey Governor Chris Christie vetoed legislation that would strip Carl Icahn of his license to operate the Trump Taj Mahal—a government effort to protect union jobs in the City.677 Senate President Steven Sweeney called the veto “flat-out wrong” stating it would “allow Icahn to exploit and manipulate bankruptcy laws and casino licensing regulations in ways that would enrich himself at the expense of regular casino workers and the families who depend on them.”678 The casino’s closure on October 10, 2016 left approximately 3,000 unemployed.679

Atlantic City faced its own financial burden following the downturn in gambling revenue and unsuccessful tax appeals; troubles likely attributed, at least in part, to Trump Entertainment Resorts. The shutdown of Trump Taj Mahal, the fifth casino closure in two years, reduced the number of Atlantic City gaming establishments to seven. The State of New Jersey approved a bailout package for the City in May 2016,680 which resulted in reduction of the municipality’s bond rating.681 The Mayor of Atlantic City, Don Guardian, vowed the City would continue to move forward during such challenging times. “Atlantic City has been resilient for over 160 years and we will continue to do so, as we rise to meet any challenge ahead of us.”682

Today all that remains of Trump Entertainment Resorts is the former Trump Marina, now a Golden Nugget casino owned by Landry’s Inc. The Trump Taj Mahal and Trump Plaza are empty and abandoned, although a group of investors led by Hard Rock International Inc. purchased the Trump Taj Mahal in February 2017683 with plans to reopen the casino under its name in the spring of 2018.684 A purchase price has yet to be released, but Hard Rock CEO James Allen stated the

675 Wichert, supra note 665.
676 Id.
677 O’Sullivan, supra note 674.
678 Id.
679 Id.
681 Id.
682 Wichert, supra note 665.
purchase and extensive renovations together totaled approximately $300 million. As of February 2017, Nathan Shultz has asked the Court for an extension to the claim objection deadline and additional time to administer the avoidance actions to decide whether objections to remaining general unsecured claims are appropriate. Mr. Shultz claimed to have expunged or resolved $1.7 billion of approximately $1.9 billion in general unsecured claims at that time.

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685 Id.


687 Id.