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**UNITED STATES BANKRUPTCY COURT
 CENTRAL DISTRICT OF CALIFORNIA**

In re:
 COASTLINE INVESTMENTS LLC, DIAMOND WATERFALLS LLC,

Debtor(s).

CASE NO.: 14-bk-13028-RN

NOTICE OF SALE OF ESTATE PROPERTY

Sale Date: 8/7/14

Time: 10:00 a.m.

Location: 255 E. Temple St, Ctrm 1645, Los Angeles, CA 90012

Type of Sale: ☒ Public ☐ Private

Last date to file objections:

8/24/14

Description of Property to be Sold: Please see attached Notice for details.

Terms and Conditions of Sale: Please see attached pleading for details.

Free and clear of liens and interests, subject to Bankruptcy Court approval.

Real estate sales agreement in substantially the same form as stalking horse bidder's real estate sales agreement.

Closing must occur by 8/30/14

Proposed Sale Price: Diamond Hotel - \$8,275,000 subject to overbid; Hilltop Hotel - no price set

Overbid Procedure (If Any): Please see attached Notice for details.

If property is to be sold free and clear of liens or other interests, list date, time and location of hearing:

Contact Person for Potential Bidders (include name, address, telephone, fax and/or e:mail address):

David B. Golubchik, Esq.

Levene, NEale, Bender, Yoo & Brill LLP

(310) 229-1234

dbg@lnbyb.com

Date: 7/17/14

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Attorneys for Debtors and
Debtors in Possession

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
LOS ANGELES DIVISION

In re:) Lead Case No.: 2:14-bk-13028-RN
)
COASTLINE INVESTMENTS LLC,) Jointly administered with:
) Case No. 2:14-bk-13030-RN
Debtor and Debtor in Possession.)

In re:) Chapter 11 Cases
)
DIAMOND WATERFALLS LLC,) **NOTICE OF MOTION FOR ORDER (1)**
) **AUTHORIZING SALE OF DEBTORS**
) **ASSETS FREE AND CLEAR OF ALL**
) **LIENS, CLAIMS, ENCUMBRANCES**
) **AND OTHER INTERESTS PURSUANT**
) **TO 11 U.S.C. § 363; (2) APPROVING**
) **THE ASSUMPTION AND**
) **ASSIGNMENT OF CERTAIN LEASES**
) **AND EXECUTORY CONTRACTS**
) **PURSUANT TO 11 U.S.C. § 365; AND**
) **(3) APPROVING STIPULATIONS**
) **RESOLVING CERTAIN SECURED**
) **CLAIMS**

☒ Affects Both Debtors

☐ Affects Coastline Investments LLC

☐ Affects Diamond Waterfalls LLC

Hearing:

Date: August 7, 2014

Time: 10:00 a.m.

Place: Courtroom 1645

255 E. Temple Street

Los Angeles, CA 90012

1 **PLEASE TAKE NOTICE** that, on August 7, 2014, at 10:00 a.m. the Honorable
2 Richard M. Neiter United States Bankruptcy Judge for the Central District of California (the
3 “Court”), will hold a hearing (the “Hearing”) on regular notice in Courtroom 1645 of the United
4 States Bankruptcy Courthouse located at 255 East Temple Street, Los Angeles, California to
5 consider the Motion For Order (1) Authorizing Sale Of Debtors Assets Free And Clear Of All
6 Liens, Claims, Encumbrances And Other Interests Pursuant To 11 U.S.C. § 363; (2) Approving
7 The Assumption And Assignment Of Certain Leases And Executory Contracts Pursuant To 11
8 U.S.C. § 365; and (3) Approving Stipulations Resolving Certain Secured Claims, filed by
9 Coastline Investments, LLC (“Coastline”) and Diamond Waterfalls, LLC (“Diamond” and with
10 Coastline, collectively, the “Debtors”) the debtors and debtors in possession in the above-
11 captioned, jointly administered chapter 11 bankruptcy cases
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14 **PLEASE TAKE FURTHER NOTICE** that any party wishing to receive a copy of the
15 Motion may make a request in writing to counsel for the Debtors, whose name, address,
16 telephone number, facsimile number, and email address appears in the upper, left-hand corner of
17 the first page of this Notice. The Motion is on file with the Bankruptcy Court and may be
18 accessed and copied at the courthouse during regular business hours or accessed online through
19 the court’s website.
20

21 **1. Coastline Hotel**

22 Coastline is the owner of a hotel located at the top of a prominent hill with sweeping views
23 in Pomona, California (the “Hilltop Hotel”). The Hilltop Hotel consists of 130 suites located on
24 three acres of hilltop property by Interstates 10 and 57, Cal-Poly Tech University, and the Los
25 Angeles County fairgrounds, Fairplex. The Hilltop Hotel has three hotel floors along with two
26 levels of parking and features an outdoor pool, spa, exercise fitness center, sauna, steam room and
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1 a beautiful, full service restaurant, lounge, meeting spaces and a banquet ballroom to accommodate
2 approximately 300 guests.

3 Coastline believes that the fair market value of the Hilltop Hotel is approximately \$12
4 million. The primary secured debts include a first priority lien in favor of First General Bank
5 (“Bank”) to secure an obligation of approximately \$5,250,000, and a second priority lien in favor
6 of an individual investor group (the “Investor Group”) to secured an obligation of approximately
7 \$2,500,000, which obligation is also secured (cross-collateralized) the Diamond Hotel, as
8 discussed below. Coastline’s unsecured debts are slightly over \$100,000. As a result, Coastline
9 believes that its estate is solvent and will be able to satisfy all claims in full.
10

11 Pursuant to the Motion, Coastline does not have a stalking horse bidder who has agreed to
12 purchase the Coastline Hotel with no contingencies. As a result, on August 7, 2014, Coastline
13 proposes to sell the Coastline Hotel to the highest bidder that provides the best offer, to be
14 determined at the discretion of Coastline only. Coastline proposes the following procedures to be
15 used in connection with any bidding on the Coastline Hotel:
16

17 Not later than August 1, 2014, all parties seeking to submit bids (“Bidder”) must qualify
18 by:

- 19 (i) Providing evidence satisfactory to Coastline of their financial ability to
20 consummate a sale;
- 21 (ii) Delivering to Coastline a cashier’s or certified check for an amount equal to
22 3% of the proposed purchase price;
- 23 (iii) Confirm in writing that, if the Bidder is the successful bidder, the foregoing
24 deposit shall be deemed non-refundable to Bidder;
- 25 (iv) Confirm in writing that Bidder is ready, willing and able to close the sale
26 transaction before August 30, 2014; and
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(v) Execute an agreement in material form to that attached to the Motion.

Coastline will consider all bids timely and properly submitted and advise the Court at the commencement of the hearing as to the status of interest in the Coastline Hotel. However, Coastline shall, in its sole discretion, determine whether to proceed with the sale of the Coastline Hotel or withdraw the request for such a sale, based on receipt of bids.

2. Diamond Hotel

Diamond is the owner of a 161 room hotel located in Pomona, California (the “Diamond Hotel” and with the Hilltop Hotel, collectively, the “Hotels”). The Diamond Hotel is a full-service hotel, which includes a business center, meeting facilities, pool, spa, fitness center, steam, sauna, and offices. A restaurant is on the premises but has stopped food service for the time being.

Diamond believes that the fair market value of the Diamond Hotel is approximately \$12 million. The primary secured debts include a first priority lien in favor of First General Bank to secure an obligation of approximately \$5,250,000 (same amount as secured by Coastline, but a separate obligation which is not cross-collateralized), and a second priority lien in favor of the Investor Group to secured an obligation of approximately \$2,500,000, which obligation is also secured (cross-collateralized) the Hilltop Hotel. Diamond’s unsecured debts are under \$100,000. As a result, Diamond believes that its estate is solvent and will be able to satisfy all claims in full.

In connection with the Debtors’ reorganization efforts, the Debtors retained CBRE to assist the Debtors to market their Hotels to generate the highest possible value. Although several offers were received with respect to the Hotels, a stalking horse bidder emerged for the Diamond Hotel only. No stalking horse bidder has been approved for the Hilltop Hotel.

The best offer for the purchase of the Diamond Hotel was submitted by 3200 Temple Associates, LLC (the “Temple Associates”). At a hearing held on June 5, 2014, the Bankruptcy

1 Court approved Temple Associates as “stalking horse” bidder and approved certain bid
2 procedures in connection with the sale of the Diamond Hotel. Although a separate order was
3 entered by the Court on June 23, 2014 [Doc. 82], the material terms of the order and bid
4 procedures are as follows:

- 5 1. Temple Associates is approved as the stalking horse bidder with an opening bid of
6 \$8,275,000 for the Diamond Hotel;
- 7 2. In the event that Temple Associates is not the successful final bidder of the Diamond
8 Hotel, it will receive a breakup fee equal to \$248,250, subject to the terms of the sale
9 agreement;
- 10 3. The hearing to consider the approval of a sale of the Diamond Hotel to Temple
11 Associates or any qualified overbidder shall be held on August 7, 2014 at 10:00 a.m.;
- 12 and
- 13 4. Any party wishing to bid at the auction on August 7, 2014 at 10:00 a.m., must submit
14 to the Debtor documents and other evidence, as described in the Motion, not later
15 than close of business on August 1, 2014, together with a non-refundable deposit of
16 3% of the proposed purchase price and proof of ability to close.

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19 **3. Settlement of Secured Claims**

20 The Debtors have also entered into stipulations with their secured creditors with respect
21 to allowance and payment of the secured claims and, pursuant to the Motion, the Debtors seek
22 approval of the stipulation.

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24 Diamond and Bank entered into a stipulation pursuant to which Bank has agreed to
25 waive default interest through June 30, 2014 provided that the sale of the Diamond Property
26 closes on or before August 30, 2014. This stipulation does not adjudicate any rights with respect
27 to Coastline. While Coastline is hopeful that a similar agreement will be reached in the
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1 Coastline case, in the event that an agreement with the Bank is not reached, Coastline reserves
2 the right to proceed with a sale as part of Coastline's plan of reorganization rather than pursuant
3 to Section 363 herein.

4 The Debtors and Investor Group entered into a stipulation which resolves Investor
5 Group's claims in both cases. With respect to the Debtors, the Investor Group has agreed to
6 waive all default interest and, further, reduce the note interest rate from 12% to 10% per annum,
7 and provide a carve out for the estate of \$175,000. In addition, certain forbearance provisions
8 exist as to the guarantor of the obligations.

9
10 The Debtors believe that the stipulations are reasonable, appropriate and in the best
11 interest of the estates and all creditors and, pursuant to the Motion, seek approval of the
12 stipulations.

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14 **PLEASE TAKE FURTHER NOTICE** that, pursuant to Local Rule 9013-1(f), any
15 opposition or response to the Motion must be filed with the Clerk of the United States Bankruptcy
16 Court and served upon the United States Trustee as well as counsel for the Debtors at the address
17 located in the upper left-hand corner of the first page of this Notice by no later than fourteen (14)
18 days before the hearing on the Motion. Pursuant to Local Rule 9013-1(h), failure to file a timely
19 opposition or response may be deemed by the Court to be consent to the granting of the relief
20 requested in the Motion.

21 **WHEREFORE**, the Debtors respectfully request that this Court enter an order:

- 22 (1) Affirming the adequacy of the Notice given herein;
23 (2) Granting the Motion in its entirety;
24 (3) Authorizing the sale processes with respect to the Hotels to proceed;
25 (4) Authorize the Debtors to take any and all steps necessary and proper to
26 consummate the respective transactions;
27 (5) Approve the stipulations with the secured creditors and
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(6) Granting such other and further relief as the Court deems just and proper under
the circumstances.

Dated: July 17, 2014

COASTLINE INVESTMENTS LLC
DIAMOND WATERFALLS LLC

By: /s/ David B. Golubchik
DAVID B. GOLUBCHIK
JOHN-PATRICK M. FRITZ
LEVENE, NEALE, BENDER, YOO
& BRILL, L.L.P.
Attorneys for Chapter 11 Debtors
and Debtors in Possession

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is: 10250 Constellation Boulevard, Suite 1700, Los Angeles, CA 90067

A true and correct copy of the foregoing document entitled: **NOTICE OF SALE OF ESTATE PROPERTY** will be served or was served **(a)** on the judge in chambers in the form and manner required by LBR 5005-2(d); and **(b)** in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On **July 17, 2014**, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

- Andrew K Alper aalper@frandzel.com, efiling@frandzel.com; ekidder@frandzel.com
- John-Patrick M Fritz jpf@lnbrb.com
- Thomas M Geher tmg@jmbm.com, we1@jmbm.com; fc3@jmbm.com; tmg@ecf.inforuptcy.com
- David B Golubchik dbg@lnbyb.com, dbg@ecf.inforuptcy.com; stephanie@lnbyb.com
- United States Trustee (LA) ustpregion16.la.ecf@usdoj.gov
- Hatty K Yip hatty.yip@usdoj.gov,
Kenneth.G.Lau@usdoj.gov, dare.law@usdoj.gov, queenie.k.ng@usdoj.gov, alvin.p.mar@usdoj.gov,
v,kelly.l.morrison@usdoj.gov, melanie.green@usdoj.gov

2. SERVED BY UNITED STATES MAIL: On **July 17, 2014**, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

None.

☐ Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on **July 17, 2014** I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

Served via Attorney Service

The Honorable Richard Neiter
U.S. Bankruptcy Court
255 E. Temple Street
Los Angeles, CA 90012

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

| | | |
|---------------|--------------------|------------------------|
| July 17, 2014 | Stephanie Reichert | /s/ Stephanie Reichert |
| Date | Type Name | Signature |