



UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA—LOS ANGELES DIVISION

In re: Corporate Colocation, Inc.,
Debtor.

Case No.: 2:21-bk-12812-ER
Chapter: 11

**MEMORANDUM OF DECISION
DENYING DEBTOR’S MOTION FOR AN
EXTENSION OF ITS EXCLUSIVE
PERIOD TO FILE A PLAN AND SOLICIT
ACCEPTANCES THEREON**

[RELATES TO DOC. NO. 199]

[No hearing required pursuant to Federal Rule
of Civil Procedure 78(b) and Local Bankruptcy
Rule 9013-1(j)(3)]

Before the Court is the motion of Corporate Colocation, Inc. (the “Debtor”) for an order extending the Debtor’s (a) exclusive period for filing a Plan and (b) exclusive period for soliciting acceptances of a Plan. *See* Bankr. Doc. No. 199 (the “Exclusivity Motion”). Specifically, the Debtor seeks (a) to extend its exclusive period for filing a Plan from March 24, 2022 through and including April 25, 2022, and (b) to extend its exclusive period for soliciting acceptances of a Plan from March 24, 2022 to and including May 23, 2022. The Exclusivity Motion is opposed by InMotion Hosting, Inc. (“InMotion”) and 530 6th Street, LLC (the “Landlord”). Pursuant to Civil Rule 78(b) and LBR 9013-1(j)(3),¹ the Court finds this matter to be suitable for disposition without oral argument.² For the reasons set forth below, the

¹ Unless otherwise indicated, all “Civil Rule” references are to the Federal Rules of Civil Procedure, Rules 1–86; all “Bankruptcy Rule” references are to the Federal Rules of Bankruptcy Procedure, Rules 1001–9037; all “Evidence Rule” references are to the Federal Rules of Evidence, Rules 101–1103; all “LBR” references are to the Local Bankruptcy Rules of the United States Bankruptcy Court for the Central District of California, Rules 1001-1–9075-1; and all statutory references are to the Bankruptcy Code, 11 U.S.C. §§ 101–1532.

² The Court has reviewed the following pleadings in adjudicating this matter:

Exclusivity Motion is **DENIED**. The hearing on the Exclusivity Motion, set for March 22, 2022 at 10:00 a.m., is **VACATED**.

I. Background

The Debtor filed a voluntary Chapter 11 petition on April 7, 2021 (the “Petition Date”). The Debtor owns and operates a server farm that provides website services to approximately 25 customers. The Debtor operates its business from space leased from the Landlord located at 530 West Sixth Street, Los Angeles, CA 90014 (the “Property”). Victor Goodman (“Victor”)³ is the Debtor’s Chief Executive Officer and holds a 90% interest in the Debtor. Jonathan Goodman (“Jonathan,” and together with Victor, the “Goodmans”) is the Debtor’s president and holds a 10% interest in the Debtor.

The Court has approved five stipulations extending the Debtor’s exclusive periods for filing a Plan and soliciting acceptances thereon. Pursuant to the most recent stipulation⁴ and order thereon,⁵ the Debtor’s exclusive period for filing a Plan, as well as the Debtor’s exclusive period for soliciting acceptances of a Plan, both expire on March 24, 2022.

The Landlord and InMotion oppose any further extensions of exclusivity. The Landlord argues that the Debtor has accomplished very little subsequent to the Petition Date. InMotion asserts that the Debtor has already been provided sufficient time to file a Plan, and that no further extensions of exclusivity are warranted.

II. Findings of Fact and Conclusions of Law

Section 1121(b) gives the Debtor the exclusive right to file a plan during the first 120 days after the date of the order for relief. Section 1121(d) permits the Court to reduce or increase the exclusivity period “for cause.” Section 1121 provides the bankruptcy court with “maximum flexibility to suit various types of reorganization proceedings.” *In re Public Service Company of New Hampshire*, 88 B.R. 521, 534 (Bankr. D.N.H. 1988). In determining whether “cause” exists for purposes of § 1121(d), the Court has discretion to consider “[a] variety of matters.” *Off. Comm. of Unsecured Creditors v. Henry Mayo Newhall Mem’l Hosp. (In re Henry Mayo Newhall Mem’l Hosp.)*, 282 B.R. 444, 452 (B.A.P. 9th Cir. 2002). In *Henry Mayo Newhall*, exclusivity was extended in a situation involving “(1) a first extension; (2) in a complicated case; (3) that had not been pending for a long time, relative to its size and complexity; (4) in which the

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- 1) Motion of Debtor for Order Extending Debtor’s Exclusivity Periods to File Chapter 11 Plan and Solicit Acceptances Thereto [Bankr. Doc. No. 63];
 - 2) Supplement to Motion of Debtor for Order Extending Debtor’s Exclusivity Periods to File Chapter 11 Plan and Solicit Acceptances Thereto [Bankr. Doc. No. 199];
 - 3) Opposition to [Exclusivity Motion] [filed by the Landlord] [Bankr. Doc. No. 210];
 - a) Evidentiary Objections to Declaration of Victor Goodman Attached to Supplement to [Exclusivity Motion] [Bankr. Doc. No. 215];
 - 4) InMotion Hosting, Inc.’s Objection to the Supplement to the [Exclusivity Motion] [Bankr. Doc. No. 225];
 - 5) Reply to Opposition by Landlord to [Exclusivity Motion] [Bankr. Doc. No. 237].

³ A given name is used to distinguish Victor Goodman from Jonathan Goodman. No disrespect is intended.

⁴ Bankr. Doc. No. 166.

⁵ Bankr. Doc. No. 172.

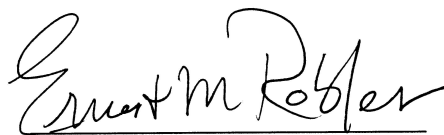
debtor did not appear to be proceeding in bad faith; (5) had improved operating revenues so that it was paying current expenses; (6) had shown a reasonable prospect for filing a viable plan; (7) was making satisfactory progress negotiating with key creditors; (8) did not appear to be seeking an extension of exclusivity to pressure creditors; and (9) was not depriving the Committee of material or relevant information.” *Id.*

Concurrently with the issuance of this Memorandum of Decision, the Court has issued an *Order Requiring the Debtor to Show Cause Why the Case Should Not Be Dismissed Pursuant to § 1112(b)* [Bankr. Doc. No. 251] (the “Order to Show Cause”). As set forth in the *Preliminary Findings and Conclusions* included in the Order to Show Cause, the Court has serious doubts about the continued viability of the Debtor’s business and the Debtor’s ability to confirm a Plan. Under these circumstances, the Court does not find it appropriate to further extend the Debtor’s exclusivity periods. Therefore, the Exclusivity Motion is **DENIED**.

The Court will enter an order consistent with this Memorandum of Decision.

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Date: March 21, 2022



Ernest M. Robles
United States Bankruptcy Judge