

Joseph J. Wielebinski– State Bar No. 21432400
Annmarie Chiarello – State Bar No. 24097496
WINSTEAD PC
500 Winstead Building
2728 N. Harwood Street
Dallas, Texas 75201
Telephone: (214) 745-5400
Facsimile: (214) 745-5390
jwielebinski@winstead.com
achiarello@winstead.com

**PROPOSED COUNSEL FOR THE DEBTORS
AND DEBTORS-IN-POSSESSION**

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**

IN RE: § **CASE NO. 19-40426**
§
CFO MANAGEMENT HOLDINGS, § **Chapter 11**
LLC,¹ §
§ **Joint Administration Requested**
DEBTORS §

**DEBTORS' MOTION FOR AN ORDER EXTENDING
TIME TO FILE SCHEDULES OF ASSETS AND LIABILITIES AND
STATEMENTS OF FINANCIAL AFFAIRS**

**TO THE HONORABLE BRENDA T. RHOADES, UNITED STATES BANKRUPTCY
JUDGE:**

CFO Management Holdings, LLC, Carter Family Office, LLC, Christian Custom Homes,
LLC, Double Droptine Ranch, LLC, Frisco Wade Crossing Partners, LLC, Kingswood
Development Partners, LLC, McKinney Executive Suites at Crescent Parc Development

¹ Carter Family Office, LLC, 5899 Preston Road, Ste. 203, Frisco, TX 75034, EIN# XX-XXX1652; CFO Management Holdings, LLC, 5899 Preston Road, Ste. 203, Frisco, TX 75034, EIN# XX-XXX6987; Christian Custom Homes, LLC, 5899 Preston Road, Ste. 203, Frisco, TX 75034, EIN# XX-XXX4648; Double Droptine Ranch, LLC, 5899 Preston Road, Ste. 203, Frisco, TX 75034, EIN# XX-XXX7134; Frisco Wade Crossing Partners, LLC, 5899 Preston Road, Ste. 203, Frisco, TX 75034, EIN# XX-XXX4000; Kingswood Development Partners, LLC, 5899 Preston Road, Ste. 203, Frisco, TX 75034, EIN# XX-XXX1929; McKinney Executive Suites at Crescent Parc Development Partners, LLC, 5899 Preston Road, Ste. 203, Frisco, TX 75034, EIN# XX-XXX2042; North-Forty Development LLC, 5899 Preston Road, Ste. 203, Frisco, TX 75034, EIN# XX-XXX5532; and West Main Station Development, LLC, 5899 Preston Road, Ste. 203, Frisco, TX 75034, EIN# XX-XXX7210.



Partners, LLC, North-Forty Development LLC, and West Main Station Development, LLC, debtors and debtors-in-possession (collectively, the "Debtors") in the above-referenced bankruptcy case (the "Bankruptcy Case"), pursuant to Rule 1007(a)(5) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") and Rule 1007(b)(1) of the Local Bankruptcy Rules of the United States Bankruptcy Court for the Eastern District of Texas (the "Local Rules"), file this *Motion for an Order Extending Time to File Schedules and Statements of Financial Affairs* (the "Motion"). In support of the Motion, the Debtors respectfully assert as follows:

I. JURISDICTION AND VENUE

1. This Court has jurisdiction over the Motion pursuant to 28 U.S.C. §§ 157 and 1334(b). This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2).
2. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.
3. The statutory basis for the relief requested herein is Section 521 of 11 U.S.C. §§ 101, *et seq.* (the "Bankruptcy Code") and Bankruptcy Rules 1007(a)(5), 1007(c), and 9006(b)(1) of the Bankruptcy Rules.

II. SUMMARY OF RELIEF REQUESTED

4. The Debtors seek entry of an order extending the deadline by which the Debtors must file their schedules of assets and liabilities, schedules of current income and expenditures, schedules of executory contracts and unexpired leases, and statements of financial affairs, as prescribed in Section 521(a) of the Bankruptcy Code and Bankruptcy Rule 1007(b)(1) (collectively, the "Schedules and Statements"), by a period of fourteen (14) days, for a total of 28 days from February 17, 2019 (the "Petition Date"), without prejudice to the Debtors' ability to request additional extensions for cause shown.

III. BACKGROUND

5. CFO Management Holdings, LLC ("CFO") was created on or about January 18, 2019, to hold and manage the underlying assets in each of the following Debtors: Double Droptine Ranch LLC, North-Forty Development LLC, Christian Custom Homes, LLC, Carter Family Office, LLC, Kingswood Development Partners, LLC, West Main Station Development, LLC, Frisco Wade Crossing Development Partners, LLC, and McKinney Executive Suites at Crescent Parc Development Partners, LLC (collectively, the "Subsidiary Debtors"). The Subsidiary Debtors engage in developing and selling residential and commercial real estate in Collin County, Texas, and own and manage a wild game ranch in Southern Oklahoma.

6. Prior to the creation of CFO, all of the Subsidiary Debtors were wholly-owned and controlled by Phillip Carter ("Carter") and/or entities he controlled, managed and/or owned. On or about January 18, 2019, Carter contractually agreed to relinquish control and management over the Subsidiary Debtors through a corporate restructuring, and was removed from all duties at the Subsidiary Debtors. As part of the corporate restructuring, all real estate assets (nine of which the Debtors are aware of) owned by the Subsidiary Debtors are now controlled by a newly formed holding company, CFO. Carter continues to maintain an equity interest in CFO.

7. On January 25, 2019, the United States Securities and Exchange Commission (the "SEC") filed a Complaint (the "SEC Complaint") in the Northern District of Texas (Case No. 3:19-cv-00206-K) against Carter (the "SEC Suit"). The SEC Suit was transferred to the Eastern District of Texas (Case No. 4:19-cv-00100). The SEC and the Texas State Securities Board (the "TSSB") allege that Carter and two other individuals, Bobby Guess and Richard Tilford (collectively, the "Defendants"), violated various state and federal securities law. The SEC Complaint alleges that the Defendants raised approximately \$45 million from more than 270 noteholders across the United States (the "Noteholders"). The SEC Complaint alleges that

the Defendants raised money from the Noteholders by selling "short-term, high-yield promissory notes issued by a number of shell companies intentionally named to confuse investors." SEC Complaint ¶ 2. The SEC Complaint further alleges that the Defendants purported to offer to the Noteholders investments in legitimate real estate development companies controlled by Carter, which the Defendants represented as being backed by hard assets, real estate projects that are assets of the Subsidiary Debtors. SEC Complaint ¶ 2. According to the SEC Complaint, the "notes" issued were in fact backed by unrelated, but closely-named, entities that had no assets. The SEC Complaint alleges that Carter misappropriated the Noteholders' funds, which he used to: finance expenses (including \$1.2 million towards a personal IRS tax lien), operate a luxury hunting ranch in Oklahoma, fund his lifestyle, and pay certain Noteholders in furtherance of an alleged fraudulent scheme.

8. Upon information and belief, the Subsidiary Debtors were the ultimate recipients of funds allegedly fraudulently procured from the Noteholders, of which some funds were invested in the Subsidiary Debtors' construction projects. Upon information and belief, the Noteholders believed they were specifically investing in some or all of the Subsidiary Debtors' real property, where construction was on-going. The Debtors' records are in a complete state of disarray, and it appears Noteholders' funds may have been commingled by the Subsidiary Debtors or used for non-construction purposes. The Debtors are still investigating the facts. Nevertheless, the Debtors believe the Noteholders will assert claims against the Debtors collectively, without regard for their legal separateness.

9. On the Petition Date, each of the Debtors filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"), commencing the above-captioned cases (the "Chapter 11 Cases").

10. The Debtors continue to manage and operate their business as debtors-in-possession pursuant to Bankruptcy Code §§ 1107 and 1108.

11. The meeting of creditors required pursuant to Section 341 of the Bankruptcy Code has not yet been set.

12. Pursuant to Bankruptcy Rule 1007(c), the Debtors' Schedules and Statements are currently due to be filed with the Court on March 3, 2019, which is the date that is fourteen (14) days after the Petition Date.

IV. APPLICABLE AUTHORITY

13. Section 521(a)(1) of the Bankruptcy Code and Bankruptcy Rule 1007(b) require debtors to file their Schedules and Statements, while Bankruptcy Rule 1007(c) further mandates that the Schedules and Statements be filed within fourteen (14) days of the Petition Date. *See* 11 U.S.C. § 521(a)(1); FED. R. BANKR. P. 1007(b), (c). Pursuant to Bankruptcy Rules 1007(c) and 9006(b), however, this Court has authority to extend the time required for filing the Schedules and Statements "for cause" and notice to parties, including the United States Trustee. FED. R. BANKR. P. 1007(c) & 9006(b).

14. Here, good and sufficient cause exists to extend the time required to file the Debtors' Schedules and Statements. Prior to the Petition Date, the Debtors' books and records were in a complete state of disarray. As such, the Debtors will require additional time to attribute assets and liabilities to each of the Debtors (to the extent possible) and otherwise provide the necessary information required under Section 521(a)(1) of the Bankruptcy Code and Bankruptcy Rule 1007(b). Therefore, additional time is necessary to prepare and file the Schedules and Statements for each of the Debtors.

15. The Debtors, with the assistance of counsel, are currently working to expeditiously prepare and file the Schedules and Statements. However, without an extension of

the time required for filing the Schedules and Statements, the Debtors may not be able to properly and accurately complete the Schedules and Statements within the prescribed time period.

16. In light of the foregoing, the Debtors respectfully request an extension up to, and including, March 17, 2019, to file the Schedules and Statements as allowed by Bankruptcy Rule 1007.

V. NO PRIOR REQUEST

17. No prior request for an extension to file the Schedules and Statements has been made.

VI. PRAYER

The Debtors respectfully request this Court to: (i) grant the relief requested in this Motion; (ii) extend the deadline by which the Debtors must file their Schedules and Statements to March 17, 2019, without prejudice to the Debtors' seeking further extensions of this deadline for cause; and (iii) grant the Debtors such other and further relief to which they may be justly entitled, both at law and in equity.

DATED: February 18, 2019.

Respectfully submitted,

By: /s/ Joseph J. Wielebinski

Joseph J. Wielebinski
State Bar No. 21432400
Annmarie Chiarello
State Bar No. 24097496
WINSTEAD PC
500 Winstead Building
2728 N. Harwood Street
Dallas, Texas 75201
(214) 745-5400 (Phone)
(214) 745-5390 (Facsimile)
jwielebinski@winstead.com
achiarello@winstead.com

**PROPOSED COUNSEL FOR THE DEBTORS
AND DEBTORS-IN-POSSESSION**

CERTIFICATE OF SERVICE

Pursuant to Local Bankruptcy Rule 1007-1(b), the undersigned hereby certifies that on February 18, 2019, the foregoing document will be served via first class U.S. Mail to the parties listed below. Additionally, notice of this document was electronically mailed on February 18, 2019, to the parties registered or otherwise entitled to receive electronic notices in this case pursuant to the Electronic Filing Procedures in this District.

/s/ Annmarie Chiarello

One of Counsel

Timothy W. O'Neal
Assistant United States Trustee
Office of The United States Trustee
Bank of America Building
110 North College Avenue, Room 300
Tyler, Texas 75702

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**

IN RE:	§	CASE NO. 19-40426
	§	
CFO MANAGEMENT HOLDINGS, LLC,¹	§	Chapter 11
	§	
DEBTORS	§	Joint Administration Requested
	§	

**ORDER EXTENDING THE DEADLINE TO FILE SCHEDULES OF
ASSETS AND LIABILITIES AND STATEMENTS OF FINANCIAL AFFAIRS**

This matter comes before this Court upon the *Motion for an Order Pursuant to Bankruptcy Rule 1007 Granting an Extension of Time for Filing Schedules and Statements of Financial Affairs* [Docket No. 5] (the "Motion") filed by CFO Management Holdings, LLC, Carter Family Office, LLC, Christian Custom Homes, LLC, Double Droptine Ranch, LLC, Frisco Wade Crossing Development Partners, LLC, Kingswood Development Partners, LLC, McKinney Executive Suites at Crescent Parc Development Partners, LLC, North-Forty Development LLC, and West Main Station Development, LLC, (collectively, the "Debtors") the debtors and debtors-in-possession. The Court, having found that the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and that venue of this proceeding and the Motion in this district are proper pursuant to 28 U.S.C. §§ 1408 and 1408; and the Court having found that the relief requested in

¹ Carter Family Office, LLC, 5899 Preston Road, Ste. 203, Frisco, TX 75034, EIN# XX-XXX1652 Case No. 19-40432; CFO Management Holdings, LLC, 5899 Preston Road, Ste. 203, Frisco, TX 75034, EIN# XX-XXX6987, Case No. 19-40426; Christian Custom Homes, LLC, 5899 Preston Road, Ste. 203, Frisco, TX 75034, EIN# XX-XXX4648, Case No. 19-40431; Double Droptine Ranch, LLC, 5899 Preston Road, Ste. 203, Frisco, TX 75034, EIN# XX-XXX7134, Case No. 19-40429; Frisco Wade Crossing Development Partners, LLC, 5899 Preston Road, Ste. 203, Frisco, TX 75034, EIN# XX-XXX4000, Case No. 19-40427; Kingswood Development Partners, LLC, 5899 Preston Road, Ste. 203, Frisco, TX 75034, EIN# XX-XXX1929, Case No. 19-40434; McKinney Executive Suites at Crescent Parc Development Partners, LLC, 5899 Preston Road, Ste. 203, Frisco, TX 75034, EIN# XX-XXX2042, Case No. 19-40428; North-Forty Development LLC, 5899 Preston Road, Ste. 203, Frisco, TX 75034, EIN# XX-XXX5532, Case No. 19-40430; and West Main Station Development, LLC, 5899 Preston Road, Ste. 203, Frisco, TX 75034, EIN# XX-XXX7210, Case No. 19-40433.

the Motion is in the best interests of the Debtors' estates, its creditors, and other parties-in-interest; and the Debtors having provided appropriate notice of the Motion and the opportunity for a hearing on the Motion under the circumstances; and the Court having reviewed the Motion; and the Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and upon all of the proceedings had before the Court; and after due deliberation and sufficient cause appearing therefor, it is **HEREBY ORDERED THAT:**²

1. The Motion is **GRANTED** to the extent provided herein.
2. The time within which the Debtors must file the Schedules and Statements is extended for an additional fourteen (14) days, for a total of twenty-eight (28) days from the Petition Date, to and including March 17, 2019, without prejudice to the Debtors' right to seek an additional extension upon cause shown therefor.
3. Notice of the Motion as provided therein shall be deemed good and sufficient notice.
4. The terms and conditions of this Order shall be immediately effective and enforceable upon its entry.
5. All time periods set forth in this Order shall be calculated in accordance with Bankruptcy Rule 9006(a).
6. The Court shall have jurisdiction with respect to all matters arising from or related to the implementation of this Order

² All capitalized terms used but otherwise not defined herein shall have the meanings set forth in the Motion.

Submitted by:

By: /s/ Joseph J. Wielebinski
Joseph J. Wielebinski
State Bar No. 21432400
Annmarie Chiarello
State Bar No. 24097496
WINSTEAD PC
500 Winstead Building
2728 N. Harwood Street
Dallas, Texas 75201
(214) 745-5400 (Phone)
(214) 745-5390 (Facsimile)
jwielebinski@winstead.com
achiarello@winstead.com

**PROPOSED COUNSEL FOR THE DEBTORS
AND DEBTORS-IN-POSSESSION**