

**IN THE UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION**

	X	
	:	Chapter 9
In re	:	
	:	Case No. 13-53846
CITY OF DETROIT, MICHIGAN,	:	
	:	Hon. Thomas J. Tucker
Debtor	:	
	X	

DEBTOR'S FOURTEENTH OMNIBUS OBJECTION TO CERTAIN CLAIMS

(Books and Records)

THIS OBJECTION SEEKS TO MODIFY, DISALLOW AND/OR EXPUNGE CERTAIN FILED PROOFS OF CLAIM. CLAIMANTS RECEIVING THIS OBJECTION SHOULD CAREFULLY REVIEW THIS OBJECTION AND LOCATE THEIR NAMES AND CLAIMS ON THE EXHIBIT ATTACHED TO THIS OBJECTION.

The Debtor, the City of Detroit (the “City”), by and through its undersigned counsel, for its objection to claims (the “Objection”) and its request for an order, substantially in the form attached hereto as Exhibit 1, modifying certain claims on the basis that they are inconsistent with the City’s books and records, or because the City does not have any liability on account of the claims, respectfully states as follows:

JURISDICTION AND VENUE

1. This Court has jurisdiction over this Objection pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.



BACKGROUND FACTS

2. On July 18, 2013 (the “Petition Date”), the City filed a petition for relief in this Court, thereby commencing the largest Chapter 9 bankruptcy case in history.

3. Information regarding the City’s economic challenges and the events leading up to the filing of this case can be found in the *Declaration of Kevyn D. Orr in Support of City of Detroit, Michigan's Statement of Qualifications Pursuant to Section 109(c) of the Bankruptcy Code* filed on July 18, 2013 (Dkt. No. 11).

4. On December 5, 2013, this Court held that the City was eligible for relief under Chapter 9 of the Bankruptcy Code. *See Order for Relief Under Chapter 9 of the Bankruptcy Code* (Dkt. No. 1946).

5. On November 12, 2014, this Court entered an Order Confirming the Eighth Amended Plan for the Adjustment of Debts of the City of Detroit (Dkt. 8272) (the “Plan”).

6. The Plan became effective on December 10, 2014 (the “Effective Date”).

7. On November 21, 2013, this Court issued its *Order, Pursuant to Sections 105, 501, and 503 of the Bankruptcy Code and Bankruptcy Rules 2002 and 3003(c), Establishing Bar Dates for Filing Proofs of Claim and Approving Form and Manner of Notice Thereof* (Dkt. No. 1782) (the “Bar Date Order”) establishing deadlines to file certain proofs of claim in this case. The Bar Date Order set the deadline to file proofs of claim as February 21, 2014 at 4:00 p.m., Eastern Time (the “Bar Date”).

8. On July 9, 2014, this Court entered its *Order Pursuant to 11 U.S.C. § 105(a) and Fed. R. Bankr. P. 3007 Approving Claim Objection Procedures* (Dkt. No. 5872) (the “Claims Procedures Order”), allowing the City to file omnibus objections with respect to claims that are inconsistent with the City’s books and records. (Claim Procedures Order at 2.)

9. Each of the Claims listed on Exhibit 2 (the “Books and Records Claims”) are inconsistent with the City’s books and records or the City has no liability on account of those claims.

RELIEF REQUESTED

10. The City files this Objection pursuant to the Bar Date Order, Section 502(b) of the Bankruptcy Code,¹ Rule 3007(c) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and the Claims Procedures Order, seeking entry of an order modifying the Books and Records Claims as set forth in Exhibit 2 annexed hereto because they are inconsistent with the City’s books and records as set forth on Exhibit 2.

11. To the extent the Court does not modify one or more of the Books and Records Claims on the basis that they are inconsistent with the City’s books and records, the City reserves all of its rights to object, on any basis, to any of the Books and Records Claims, including beyond those bases set forth in this Objection.

BASIS FOR RELIEF REQUESTED

12. The City has reviewed the Books and Records Claims and submits that each of the Books and Records Claims is inconsistent with the City’s books and records and should be modified to reflect either a revised claim amount or that there is no remaining liability on the claim, as set forth on Exhibit 2.

13. The Declaration of John Naglick, Finance Director with the City of Detroit, (the “Declaration”) explains the process undertaken by the City and confirms that the Books and Records Claims are inconsistent with the books and records of the City. *See Declaration of John Naglick*, attached hereto as Exhibit 3.

¹ Section 502 of the Bankruptcy Code applies to Chapter 9 proceedings pursuant to Section 901(a) of the Bankruptcy Code.

14. The Claims Procedures Order and Bankruptcy Rule 3007(c) allow the City to file this Objection as an omnibus objection. Specifically, Bankruptcy Rule 3007(c) authorizes the Court to allow for omnibus objections beyond those circumstances itemized in Bankruptcy Rule 3007(d) and the Claims Procedures Order expressly permits the City to file an omnibus objection with respect to claims that are inconsistent with the City's books and records. (Claims Procedures Order at 2.)

15. This Court has the authority to enter an order approving this Objection. Moreover, the streamlined process afforded by an omnibus objection (in lieu of individual objections to each Books and Records Claim) will result in material costs savings that will inure to the benefit of the City. Furthermore, an important goal of the Bankruptcy Code will be met: only valid and verifiable claims against the City will receive distributions under the Plan. Accordingly, the City believes that the relief sought by this Objection is in the best interests of the City and its creditors.

16. Based upon the foregoing, the City seeks entry of an order, substantially in the form annexed hereto as Exhibit 1, modifying the Books and Records Claims to the Modified Claim Amount Pursuant to City Books and Records as set forth on Exhibit 2 (including expungement if such amount is zero). Accordingly, pursuant to section 502(b) of the Bankruptcy Code and Bankruptcy Rule 3007(c), the Court should grant the relief requested.

SEPARATE CONTESTED MATTERS

17. To the extent that a response is filed regarding any claim listed in this Objection and the City is unable to resolve the response, each one of such claims, and the objection by the City to each one of such claims asserted, shall constitute a separate contested matter as contemplated by Bankruptcy Rule 9014. Any order entered by the Court regarding an objection asserted in this Objection shall be deemed a separate order with respect to each claim.

RESERVATION OF RIGHTS

18. The City files this Objection without prejudice to or waiver of its rights pursuant to section 904 of the Bankruptcy Code, and nothing herein is intended to, shall constitute or shall be deemed to constitute the City's consent, pursuant to section 904 of the Bankruptcy Code, to this Court's interference with (a) any of the political or governmental powers of the City, (b) any of the property or revenues of the City or (c) the City's use or enjoyment of any income-producing property.

NOTICE

19. The City has provided notice of this Objection to each of the claimants identified in Exhibit 2 at each address set forth in Exhibit 2, and all other parties who have requested notice pursuant to Bankruptcy Rule 2002. Each address reflects the address set forth by each of the claimants on its respective proof of claim. Given the nature of the relief requested, the City respectfully submits that no other or further notice of this Objection need be given.

NO PRIOR REQUEST

20. No previous request for the relief requested herein has been made to this or any other court.

WHEREFORE, the City respectfully requests that this Court enter an order, substantially in the form annexed hereto as Exhibit 1, granting the relief requested herein and granting the City such other and further relief as this Court may deem just and proper.

Dated: March 30, 2015

FOLEY & LARDNER LLP

By: /s/ John A. Simon

John A. Simon (P61866)

Jeffrey S. Kopp (P59485)

Tamar N. Dolcourt (P73425)

Leah R. Imbrogno (P79384)

500 Woodward Ave., Ste. 2700

Detroit, MI 48226

313.234.7100

jsimon@foley.com

jkopp@foley.com

tdolcourt@foley.com

limbrogno@foley.com

*Counsel for the Debtor, City of Detroit,
Michigan*

**IN THE UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION**

-----X	:	
	:	Chapter 9
In re	:	
	:	Case No. 13-53846
CITY OF DETROIT, MICHIGAN,	:	
	:	Hon. Steven W. Rhodes
Debtor	:	
-----X	:	

**REVISED NOTICE OF DEBTOR'S FOURTEENTH OMNIBUS
OBJECTION TO CERTAIN CLAIMS**

(Books and Records)

PLEASE CAREFULLY REVIEW THIS OBJECTION AND THE ATTACHMENTS HERETO TO DETERMINE WHETHER THIS OBJECTION AFFECTS YOUR CLAIM(S).

PLEASE TAKE NOTICE THAT the City, by and through its undersigned counsel, has filed an objection to certain books and research claims (the "Fourteenth Omnibus Objection") and for an order disallowing and expunging such claims.

YOUR CLAIM MAY BE REDUCED, MODIFIED OR ELIMINATED. PURSUANT TO FED. R. BANKR. P 3007(e)(1) AND PRIOR ORDERS OF THIS COURT. YOU SHOULD REVIEW EXHIBIT 2 OF THE FOURTEENTH OMNIBUS OBJECTION TO FIND YOUR NAME AND CLAIM. YOU SHOULD READ THESE PAPERS CAREFULLY AND DISCUSS THEM WITH YOUR ATTORNEY, IF YOU HAVE ONE.

If you do not want the court to eliminate or change your claim, or grant the relief request in the Fourteenth Omnibus Objection, then on or before **April 29, 2015**, you or your lawyer must:

1. File with the court, at the address below, a written response to the objection. Unless a written response is filed and served by the date specified, the court may decide that you do not oppose the objection to your claim.

Clerk of the Court
United States Bankruptcy Court
211 W. Fort Street, Suite 2100
Detroit, MI 48226

If you mail your response to the Court for filing, you must mail it early enough so that the Court will **receive** it on or before the date stated above. All attorneys are required to file pleadings electronically.

2. A copy of your response must also be mailed to counsel for the City:

John A. Simon
Jeffrey S. Kopp
Tamar N. Dolcourt
Leah R. Imbrogno
Foley & Lardner LLP
500 Woodward Ave., Ste. 2700
Detroit, MI 48226

3. You must also attend the hearing on the objection scheduled to be held on **May 6, 2015** at 1:30 p.m. in Courtroom 1925, 211 W. Fort Street, Detroit, MI 48226 unless your attendance is excused by mutual agreement between yourself and the objector's attorney.

If you or your attorney do not take these steps, the court may decide that you do not oppose the objection to your claim, in which event the hearing will be canceled and the objection sustained.

Date: March 30, 2015

FOLEY & LARDNER LLP

By: /s/ John A. Simon
John A. Simon (P61866)
Jeffrey S. Kopp (P59485)
Tamar N. Dolcourt (P73425)
Leah R. Imbrogno (P79384)
500 Woodward Ave., Ste. 2700
Detroit, MI 48226
313.234.7100
jsimon@foley.com
jkopp@foley.com
tdolcourt@foley.com
limbrogno@foley.com

*Counsel for the Debtor, City of Detroit,
Michigan*

EXHIBIT 1: PROPOSED ORDER

**IN THE UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION**

-----	X	
	:	Chapter 9
In re	:	
	:	Case No. 13-53846
CITY OF DETROIT, MICHIGAN,	:	
	:	Hon. Steven W. Rhodes
Debtor	:	
-----	X	

**ORDER GRANTING DEBTOR'S
FOURTEENTH OMNIBUS OBJECTION TO CERTAIN CLAIMS
(Books and Records)**

Upon the fourteenth omnibus objection to claims, dated March 27, 2015 (the “Objection”),¹ of the Debtor, City of Detroit, Michigan, (the “City”), seeking entry of an order modifying certain claims filed that are inconsistent with the City’s books and records, or because the City does not have any liability on account of the claims; and it appearing that this Court has jurisdiction over the Objection pursuant to 28 U.S.C. §§ 157 and 1334; and the Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and the Court having found that venue of this proceeding and the Objection in this District is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing that the relief requested in the Objection is in the best interests of the City, and its creditors; and due and proper notice of the Objection having been given as provided in the Objection; and it appearing that no other or further notice of the Objection need be given; and a hearing on the Objection having been held before the Court; and any objections to the Objection having been overruled or withdrawn; and the Court finding that the legal and factual bases set forth in the

Objection and at the hearing establish just cause for the relief granted; and after due deliberation and good and sufficient cause appearing therefore; it is hereby

ORDERED, DECREED AND ADJUDGED that:

1. The Objection is granted as set forth herein.
2. All of the proofs of claim listed on Exhibit 2 annexed to the Objection are modified as set forth in Exhibit 2, or expunged if the modified amount set forth on Exhibit 2 is zero, pursuant to Section 502(b).
3. The City's claims agent is hereby authorized to update the claims register to reflect the relief granted in this Order.
4. The City is authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Objection.
5. Each claim and the objections by the City to each claim as addressed in the Objection and set forth in Exhibit 2 constitutes a separate contested matter as contemplated by Bankruptcy Rule 9014. This Order shall be deemed a separate order with respect to each claim. Any stay of this Order shall apply only to the contested matter that involves such creditor and shall not act to stay the applicability or finality of this Order with respect to the other contested matters covered hereby, and further provided that the City shall have the right to submit a separate order with respect to contested matters or claims.
6. The City retains all of its rights to object, on any other basis, to any of the modified claims.
7. Notice of the Objection as provided therein is good and sufficient notice of such objection, and the requirements of Bankruptcy Rule 3007(a) and the local rules of the Court are satisfied by such notice.

¹ Capitalized terms used but not otherwise defined herein shall have the meaning ascribed to them in the Objection.

EXHIBIT 2: BOOKS AND RECORDS CLAIMS TO BE MODIFIED

BOOKS AND RECORDS CLAIMS

Claim No.	Creditor Name and Address	Claim Amount as State on Proof of Claim Form	Classification as Stated on Proof of Claim Form	Stated Basis of Claim as Stated on Proof of Claim	Modified Claim Amount Pursuant to City Books and Records
2282	Williams Acosta, PLLC 535 Griswold, Suite 1000 Detroit, MI 48226	\$139,752.01	General Unsecured	"Legal services rendered per contract"	\$127,312.76
86	Siemens Water Technologies, LLC 2607 N. Granview Ave., Suite 130 Waukesha, WI 53188	\$70,000.00	General Unsecured	"Goods sold, services performed"	\$0
852	Michigan Auto Recovery Service Kurt Thornbladh Thornbladh Legal Group PLLC 7301 Shaefer Dearborn, MI 48126	\$48,525.00	General Unsecured	"Services performed"	\$0
231	Texas Refinery Corporation One Refinery Place Box 711 Fort Worth, TX 76101	\$4,249.42	General Unsecured	"Goods sold"	\$0

**EXHIBIT 3: DECLARATION OF JOHN NAGLICK REGARDING BOOKS AND
RECORDS CLAIMS**

**IN THE UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION**

	X	
	:	Chapter 9
IN RE	:	
	:	Case No. 13-53846
CITY OF DETROIT, MICHIGAN,	:	
	:	Hon. Steven W. Rhodes
DEBTOR	:	

**DECLARATION OF JOHN NAGLICK IN SUPPORT OF DEBTOR’S FOURTEENTH
OMNIBUS OBJECTION TO CERTAIN CLAIMS**

(Books and Records Claims)

I, John Naglick, pursuant to 28 U.S.C. § 1746, hereby declare under penalty of perjury that the following is true and correct to the best of my knowledge, information and belief:

1. I am a Finance Director with the City of Detroit. Unless otherwise stated in this Declaration, I have personal knowledge of the facts set forth herein.

2. The City’s ongoing claims reconciliation process involves the collective effort of a team of employees assembled from personnel specifically familiar with the operations and liabilities of the City. This team works together and in conjunction with City’s counsel, the City’s financial advisor, and the City’s claims agent, to review proofs of claim filed against the City (each, a “Claim” and collectively, the “Claims”).

3. In connection with the preparation of the Fourteenth Omnibus Objection to Certain Claims (Books and Records Claims) (the “Fourteenth Omnibus Objection”), the City and its financial professionals reviewed the claims at issue, as described on Exhibit 2 of the Fourteenth Omnibus Objection. I have also personally reviewed the Fourteenth Omnibus

Objection and the exhibits attached thereto. Accordingly, I am familiar with the information contained therein.

4. City employees, working with certain of the City's professionals, compared each of the claims listed in Exhibit 2 of the Fourteenth Omnibus Objection (the "Books and Records Claims") to the following City data sources in order to determine whether such claim may be valid and outstanding: the City's Vendor Database, the City's accounts payable records, the City's disbursement records, and the City's lists of active and retired employees (collectively, the "Data Sources"). The Data Sources are made at or near the time of the matters set forth in such records, by or from information transmitted by a person with knowledge of those matters and were made and kept in the course of the regularly conducted activities of the City.

5. After comparing each of the Books and Records Claims to the Data Sources, the City believes that they are inconsistent with the City's books and records, or that the City does not have any liability on account of the claims as set forth in Exhibit 2. The Books and Records Claims should be modified to the amount shown on Exhibit 2.

[SIGNATURE PAGE FOLLOWS]

6. I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct to the best of my knowledge and belief.

Dated: March 27, 2015

By: /s/

John Naglick

A handwritten signature in black ink, appearing to be 'John Naglick', written over a horizontal line.