

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:) Chapter 11
SOUTHERN AIR HOLDINGS, INC., <i>et al.</i> ¹ ,) Case No. 12-12690 (CSS)
Debtors.) Jointly Administered
) Objection Deadline: 3/1/13 at 4:00 p.m. (ET)
) Hearing Date: 3/14/13 at 2:00 p.m. (ET)
) Related to Docket No. 470

**THE LOS ANGELES COUNTY TREASURER AND TAX COLLECTOR’S OBJECTION
TO SECOND AMENDED JOINT PLAN OF AFFILIATED DEBTORS PURSUANT
TO CHAPTER 11 OF THE UNITED STATES BANKRUPTCY CODE**

The Los Angeles County Treasurer and Tax Collector (“County”), a creditor and party in interest, through its undersigned counsel, hereby submits this Objection (“Objection”) to the *Second Amended Joint Plan of Affiliated Debtors Pursuant to Chapter 11 of the United States Bankruptcy Code* [Docket No. 470] (“Amended Plan”), filed by debtors, Southern Air Holdings, Inc., *et al.* (collectively, the “Debtors”). In support of this Objection, the County respectfully represents, as follows:

I. STATEMENT OF FACTS

1. On September 28, 2012 (“Petition Date”), the Debtors filed voluntary petitions for relief under of Chapter 11 of Title 11 of the United States Code (“Bankruptcy Code”).

2. On October 18, 2012, the Debtors filed a *Chapter 11 Joint Plan of Affiliated Debtors Pursuant to Chapter 11 of the United States Bankruptcy Code and Disclosure Statement for the Joint Plan of Affiliated Debtors Pursuant to Chapter 11 of the United States Bankruptcy Code* [Docket Nos. 165 and 167 respectively].

¹ The Debtors in these cases are: Southern Air Holdings, Inc., Cargo 360, Inc., Southern Air Inc., Air Mobility Inc., 21110 LLC, 21111 LLC, 21221 LLC, 21550 LLC, 21576 LLC, 21590 LLC, 21787 LLC, 21832 LLC, 23138 LLC, 24067 LLC, 46914 LLC, Aircraft 21255, LLC, Aircraft 21380, LLC, and CF-50, LLC.



3. On January 18, 2013, the Debtors filed the *Disclosure Statement for the Second Amended Joint Plan of Affiliated Debtors Pursuant to Chapter 11 of the United States Bankruptcy Code* ("Amended Disclosure Statement") and the Amended Plan. The Amended Disclosure Statement was approved by the Court on January 29, 2013 [Docket No. 518].

4. On or about November 2, 2012, the County timely filed a proof of claim in the amount of \$534,412.00 for unsecured personal property taxes representing \$534,278.63 as an unsecured priority claim under Section 507(a)(8) of the Bankruptcy Code ("Unsecured Priority Tax Claim") and \$133.37 as a secured tax claim based upon the Debtors' defaults resulting in the County's recordation of certificates of tax liens ("Secured Tax Claim"¹ together with the Unsecured Priority Tax Claim, the "Personal Property Claims"). The Unsecured Priority Tax Claim was based upon the Debtors' 2012-2013 unsecured property taxes, for which the lien date was January 1, 2012, and which became delinquent on August 31, 2012. At that time, the Debtors incurred an additional delinquent penalty of 10% in the amount of \$47,912.97 along with redemption interest at an interest rate of 18% per annum (1.5% per month), in the amount of \$7,186.94. A true and correct copy of the Personal Property Claims is attached hereto as Exhibit A.

5. On or about November 2, 2012, the County filed a Secured Real Property Tax Claim for 2012-2013 real property taxes in the amount of \$141.74 ("Secured Real Property Tax

¹ California Revenue and Taxation Code ("RTC") § 401.3 provides that "[t]he assessor shall assess all property subject to general property taxation on the lien date as provided in Articles XIII and XIII A of the Constitution and any legislative authorization thereunder." Here, the unsecured personal property taxes became delinquent. Thus, pursuant to RTC § 2191.3, the County recorded certificates of liens. Recording such a certificate constitutes a lien upon all of the Debtor's personal and real property in the county where the certificate is recorded and has the force, effect, and priority of a judgment lien. See RTC § 2191.4. Moreover, RTC § 2191.4 also clearly states that the lien attaches "from the time of the filing of the certificate for record pursuant to Section 2191.3."

Claim”). A true and correct copy of this Secured Real Property Tax Claim is attached hereto as Exhibit B.

6. The Secured Tax Claim, the Unsecured Priority Tax Claim, and Secured Real Property Tax Claim are collectively herein referred to as the “Tax Claims.”

II. DISCUSSION

A. The Treatment Of The County’s Tax Claims By The Debtors Is Wholly Inadequate And Does Not Conform With The Bankruptcy Code Nor California State Law

7. The proposed treatment of the County’s Tax Claims as set forth in the Debtors’ Amended Plan is inappropriate in that the Amended Plan fails to provide the applicable rate of interest on any of the County’s Tax Claims, as required under Sections 511 and 506(b) of the Bankruptcy Code.

8. The relevant portion of the Amended Plan relating to the Unsecured Priority Tax Claim reads, as follows:

At the option and discretion of the Debtors, which option shall be exercised, in writing, on or prior to the commencement of the Confirmation Hearing, such payment shall be made by the Disbursing Agent (a) in full, in Cash, on the Effective Date, (b) in accordance with section 1129(a)(9)(C) of the Bankruptcy Code, in full, in Cash, in equal quarterly installments, commencing on the first (1st) Business Day following the Effective Date and ending on the fifth (5th) anniversary of the commencement of the Chapter 11 Cases, together with interest accrued thereon at the applicable nonbankruptcy rate as of the Confirmation Date, or (c) by mutual agreement of the holder of such Allowed Priority Tax Claim and the Debtors or Reorganized Debtors, as the case may be, upon consultation with the Requisite Lenders, the Required DIP Lenders and the Oak Hill Entities.

See Amended Plan, Article III, Section 3.2 (emphasis added).

9. To the extent the Debtors choose to exercise the second option as set forth above, out of abundance of caution and for purposes of clarity, the County hereby objects on the

grounds that the Debtors fail to specify that the County's delinquent penalties (one-time 10% penalty) and redemption interest (18% per annum) shall be paid. In addition, the Debtors are required to also pay accrued interest and penalties which have accrued during the pre-petition and post-petition period and which will continue to accrue after the Effective Date.

10. The County proposes that the language in the Amended Plan at Article III, Section 3.2 be the same as in the Amended Disclosure Statement at Section V. A. 2.

11. The relevant portion of the Amended Plan relating to the Secured Tax Claim and Secured Real Property Tax Claim reads, as follows:

[t]he holders of Allowed Other Secured Claims shall receive one of the following distributions: . . . (d) such other distributions as shall be necessary to satisfy the requirements of chapter 11 of the Bankruptcy Code, including, without limitation, the payment of interest with respect thereto, as the lesser of (i) the non-default rate set forth in the applicable contractual documentation and (ii) the rate applicable pursuant to non-bankruptcy law as determined by the Bankruptcy Court;

See Amended Plan, Article VII, Section 7.1.

12. With regard to the County's Secured Tax Claim and Secured Real Property Tax Claim, the County proposes that Article VII, Section 7.1(d)(ii) of the Amended Plan be amended as follows: "(ii) the rate applicable pursuant to applicable non-bankruptcy law **(including as calculated under applicable state law)** as determined by the Bankruptcy Court;" (emphasis added).

B. 11 U.S.C. § 511 Mandates That The Court Must Refer To State Law And May No Longer Use Its Equitable Powers to Alter The Interest Rate And Penalties Under Applicable State Law.

13. In 2005, Congress passed the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 ("BAPCPA"). Title VII of the Act contained twenty separate sections that closed loopholes that debtors had exploited in using bankruptcy to reduce the amounts that

they would have to pay to taxing agencies. One of the problems in bankruptcy had been determining the appropriate interest rate on tax claims. In response to these concerns, the BAPCPA added Section 511 to the Bankruptcy Code which provides that “the rate of interest shall be determined under non-bankruptcy law.” In other words, bankruptcy should not affect the amount that the taxpayer is obligated to pay to the taxing agencies under the appropriate state law.

14. Under BAPCPA, one of the most significant changes to the Code included the rate of “interest” on tax claims. Under “new” Section 511:

(a) If any provision of this title requires the payment of interest on a tax claim or on an administrative expense tax, or the payment of interest to enable a creditor to receive the present value of the allowed amount of a tax claim, **the rate of interest shall be rate determined under applicable nonbankruptcy law.**

(b) In the case of taxes paid under a confirmed plan under this title, the rate of interest shall be determined as of the calendar month in which the plan is confirmed.

11 U.S.C. § 511 (emphasis added).

15. Since there is no uniform rate of interest applicable to tax claims, Section 511 of the Code was added to simplify the calculation rate. Under Section 511, the House Report stated:

Sec. 704. Rate of Interest on Tax Claims. Under current law, there is no uniform rate of interest applicable to tax claims. As a result, varying standards have been used to determine the applicable rate. Section 704 of the Act amends the Bankruptcy Code to add Section 511 for the purpose of simplifying the interest rate calculation. (H. Rpt. No. 109-31, § 256, 109th Cong. 1st Sess. (2005) p. 101.)

16. Thus, Section 511 mandates that “non-bankruptcy law” applies to all taxes where “interest” is required, and the filing of the Debtors’ bankruptcy cannot affect the amount that the taxpayer is obligated to pay to the taxing authorities, in accordance with applicable law. Section

511 was enacted to simplify the administration of bankruptcy cases in which state, local and/or federal taxes may be payable. Congress found that existing law was deficient in that although bankruptcy judges had certain equitable powers to alter the statutory interest rates provided for under applicable state or local law, the exercise of that power resulted in inconsistencies among the numerous courts hearing and deciding those issues and, thus, it would be a benefit to establish a uniform rule for fixing interest allowed on taxes owed by debtors.

1. **The County Is Entitled To Assert A Delinquent Non-Payment Penalty Pursuant To California Revenue and Taxation Code §§ 2922(a) and (b)**

17. RTC § 2189.1 provides that “Separately billed taxes on state-assessed personal property when delinquent may be collected through use of unsecured tax collection procedures. Any of those taxes, including penalties and cost charge, which remain unpaid after June 30, shall be transferred to the unsecured roll or abstract and shall become subject to additional penalties as provided in Section 2922.”

18. Moreover, RTC § 2922(a)(b) provides that the County is entitled to a 10% delinquent penalty in the event the Debtor fail to pay unsecured personal property taxes within the time limit, as follows:

(a) Taxes on the unsecured roll as of July 31, if unpaid, are delinquent at 5 p.m., or the close of business, whichever is later, on August 31 and thereafter subject to a delinquent penalty of 10 percent.

(b) Taxes added to the unsecured roll after July 31, if unpaid are delinquent and subject to a penalty of 10 percent at 5 p.m., or the close of business, whichever is later, on the last day of the month succeeding the month of enrollment.

RTC § 2922(a) and (b).

19. Moreover, Section 506(b) provides for “interest on such claim, **and** any reasonable fees, costs or charges provided under the agreement or State statute under which such

claim arose”. 11 U.S.C. § 506(b) (emphasis added). The Debtors cannot purport to receive special treatment and avoid having to pay interest and penalties on its taxes under Sections 506(b) and 511 just because debtors have filed for bankruptcy. Clearly, Congress intended that delinquent debtors should not gain an unfair advantage with regard to claims of governmental entities, such as the County, by filing bankruptcy.

2. The County Is Also Entitled To Assert A Delinquent Non-Payment Penalty Pursuant To California Revenue and Taxation Code §§ 2922(c) and (d)

20. RTC § 2922(c)(d) provides additional redemption penalties at 18% per year (1.5% per month) on the unsecured personal property tax claim. RTC § 2922(c)(d) provides as follows:

(c) Taxes transferred to the unsecured roll pursuant to any provision of law and already subject to penalties also transferred, shall be subject only to the additional penalties and costs prescribed in subdivisions (d) and (e), which shall attach beginning July 1 and on the first day of each month thereafter.

(d) Unsecured taxes remaining unpaid at 5 p.m., or the close of business, whichever is later, on the last day of the second month after the 10-percent penalty attaches shall be subject to an additional penalty of 1 1/2 percent attaching on the first day of each succeeding month on the amount of the original tax. The additional penalties shall continue to attach until the time of payment or until the time a court judgment is entered for the amount of unpaid taxes and penalties, whichever occurs first.

See RTC § 2922(c)(d).

21. As explained above, 11 U.S.C. § 511 establishes a rate of interest on tax claims. Under other provisions of the Bankruptcy Code, the debtor may defer the payment of tax claims over a period of time, and before the amendment, the Code did not address the applicable rate of interest on tax claims when interest was allowed. This section is applicable to any deferred payment of tax claims under the Bankruptcy Code, whether in chapter 11 or chapter 13 or under any other circumstance where a deferred tax claim payment is approved. Subsection (a) states that if any provision of title 11 “requires the payment of interest on a tax claim or on an

administrative expense tax, or the payment of interest to enable a creditor to receive the present value of the allowed amount of a tax claim, the rate of interest shall be the rate determined under applicable non-bankruptcy law.” As more fully explained above, the applicable non-bankruptcy law consists of RTC §§ 2922 (a), (b), (c) and (d), and if the Debtors choose to pay the County in deferred payments, such deferred amounts will accrue interest at 18% per annum.

III. RESERVATION OF RIGHTS


22. The County expressly reserves and preserves all of its objections thereto with respect to the Amended Plan, and the County reserves the right to submit further arguments at the confirmation hearing (if any).

IV. CONCLUSION

WHEREFORE, the County respectfully requests that the Court: (i) sustain its Objection to the Debtors’ Amended Plan; and (ii) provide such further relief as the Court deems just and proper.

Dated: March 1, 2013

REGER RIZZO & DARNALL LLP



Marc J. Phillips (No. 4445)
1001 North Jefferson Street, Suite 202
Wilmington, Delaware 19801
Telephone: (302) 652-3611
Facsimile: (302) 652-3620

-and-

STECKBAUER WEINHART LLP
Barry S. Glaser (CA Bar No. 70968)
333 South Hope Street, 36th Floor
Los Angeles, California 90071
Telephone: (213) 229-2868
Facsimile: (213) 229-2870

Attorneys for the Los Angeles County Tax Collector

EXHIBIT "A"



MARK J. SALADINO
TREASURER AND TAX COLLECTOR

COUNTY OF LOS ANGELES
TREASURER AND TAX COLLECTOR

KENNETH HAHN HALL OF ADMINISTRATION
225 NORTH HILL STREET, ROOM 122
P.O. BOX 54110
LOS ANGELES, CALIFORNIA 90054-0110
TELEPHONE: (213) 893-7909 FAX: (213) 633-5013



November 2, 2012

TO: Bankruptcy Claim Court

FROM: Los Angeles Treasurer and Tax Collector

SUBJECT: Southern Air Inc.
02/49841411 & others

Enclosed please find the above named claim forms. Upon receiving the forms would you kindly send a copy of the stamped claim form to:

Los Angeles County Treasurer and Tax Collector
P.O. Box 54110
Los Angeles, CA 90054-0110

ATTN: B. SANDOZ

THE COUNTY OF LOS ANGELES IS REQUIRED BY LAW TO COLLECT THE TAXES FOR ALL SCHOOL DISTRICTS, CITIES AND OTHER TAKING AGENCIES.

ASSESSMENT NUMBER 2797580000	INDEX NUMBER 56303223	BILL NUMBER 40793567	2012
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SEND THIS TO THE OFFICE WITH YOUR PAYMENT

SOUTHERN AIR INC
117 GLOVER AVE
NORWALK CT

AUTH 000000 0000 00068

12,000	40793567	8
TOTAL TAX		479129.72
10% Penalty After	08312012	47912.97
Collection Costs		49.00
Additional Penalties	1211	7186.94
Total After Penalties		534229.63

534,278.63

X 12012000600407935670053422963005342296370089999

534229 63 55099 91
UNSECURED PROPERTY TAX BILL 2012

UNSECURED PROPERTY TAX FOR FISCAL YEAR JULY 1, 2012 TO JUNE 30, 2013

SALE OR DISPOSAL OF THIS PROPERTY AFTER JANUARY 1, 2012 DOES NOT RELIEVE THE ASSESSEE OF THIS TAX.

TRA 00068
AUTH 000000 0000

SOUTHERN AIR INC
117 GLOVER AVE
NORWALK CT

06850

4129 028 900

SITE LOCATION:
6661 W IMPERIAL HWY
LOS ANGELES

00000

PROPERTY DESCRIPTION			ASSESSED VALUES															
ASSESSMENT NUMBER	INDEX NUMBER	BILL NUMBER	FULL VALUE															
2797580000	56303223	40793567	BUS PP	38458090														
ASSESSED PURSUANT TO SEC 501 R T FOR YEAR 2012 PENAL ASSESSMENT ASS'D VALUES (S) INCLUDE 10 PER CENT PENALTY ADDED PURSUANT TO SEC 463 R T CODE. \$43557.24 OF TOTAL TAX SHOWN IS DUE TO ADDITION OF PENALTY TO ASSESSMENT LAX			TOTAL VALUE	38458090														
			LESS EXEMPT	0														
			NET VALUE	38458090														
GENERAL TAX LEVY AND VOTED INDEBTEDNESS																		
TAXING AGENCY	RATE	AMOUNT																
TOTAL TAX		479129.72																
THE AMOUNT DUE INCLUDES ADDITIONAL PENALTIES CALCULATED AT 1 1/2 % PER MONTH THERE WILL BE A \$33.00 CHARGE FOR ANY RETURNED CHECK.			<table border="1"> <tr> <td>TOTAL TAX</td> <td>479129.72</td> </tr> <tr> <td>10% Penalty After</td> <td>08312012</td> <td>47912.97</td> </tr> <tr> <td>Collection Costs</td> <td></td> <td>49.00</td> </tr> <tr> <td>1211 Penalties</td> <td></td> <td>7186.94</td> </tr> <tr> <td>Total After Penalties</td> <td></td> <td>534229.63</td> </tr> </table>		TOTAL TAX	479129.72	10% Penalty After	08312012	47912.97	Collection Costs		49.00	1211 Penalties		7186.94	Total After Penalties		534229.63
TOTAL TAX	479129.72																	
10% Penalty After	08312012	47912.97																
Collection Costs		49.00																
1211 Penalties		7186.94																
Total After Penalties		534229.63																

SEE REVERSE SIDE FOR IMPORTANT INFORMATION
R#14 LOS ANGELES COUNTY TAX COLLECTOR
225 N. Hill St. Rm. 122, Los Angeles, CA 90012 Phone: (213) 893-7036

11-01-12

YOUR CANCELLED CHECK IS YOUR BEST RECEIPT

THE COUNTY OF LOS ANGELES IS REQUIRED BY LAW TO COLLECT THE TAXES FOR ALL SCHOOL DISTRICTS, CITIES AND OTHER TAXING AGENCIES.

THIS IS A DELINQUENT BILL WITH ADDITIONAL PENALTIES COMPUTED THRU 11/30/2012

ASSESSMENT NUMBER 8940401174	INDEX NUMBER
---------------------------------	--------------

WRITE THESE NUMBERS ON YOUR CHECK AND CANCELLED CHECK			Pay Key
TRA	Auth No	RL NUMBER	
02		9841411	1

PRIOR YEAR COMPUTE DATE: 1211

SOUTHERN AIR
4323 EASTPONT DRIVE
COLUMBUS OH 43232

AUTH 000556 0704 C 00068

TOTAL TAX	26 61
10% Penalty After 06/30/03	2 66
Collection Costs	59 00
Additional Penalties 1211	45 10
Total After Penalties	133 37

THIS BILL IS NOW DUE AND PAYABLE
NO ADDITIONAL BILLING WILL BE MADE

79220298414110001211105900000045100001333787741

E538947

UNSECURED PROPERTY TAX BILL

PRIOR YEAR 2002

UNSECURED PROPERTY TAX FOR FISCAL YEAR JULY 1, 2002 TO JUNE 30, 2003

SALE OR DISPOSAL OF THIS PROPERTY AFTER JANUARY 1, 2002 DOES NOT RELIEVE THE ASSESSEE OF THIS TAX.

SOUTHERN AIR
4323 EASTPONT DRIVE
COLUMBUS OH 43232

TRA 00068
AUTH 000556 0704 C
8940 401 174
SITUS OR LOCATION:

PROPERTY DESCRIPTION			ASSESSED VALUES	
ASSESSMENT NUMBER	INDEX NUMBER	BILL NUMBER	FULL VALUE	
8940401174		9841411		
10.00 COST INCLUDED IN PENALTY				
OSS INT DESC AS 107.9				
SM'T LOCATED AT LAX				
9 027 902				
AS 412				
GENERAL TAX LEVY AND VOTED INDEBTEDNESS				
TAXING AGENCY	RATE	AMOUNT		
TOTAL VALUE				
NET VALUE				
<p>THIS IS A DELINQUENT BILL WITH ADDITIONAL PENALTIES COMPUTED THRU 11/30/2012</p>				
TOTAL TAX			26 61	
10% Penalty After 06/30/03			2 66	
Collection Costs			59 00	
Additional Penalties 1211			45 10	
Total After Penalties			133 37	
<p>THE AMOUNT DUE INCLUDES ADDITIONAL PENALTIES CALCULATED AT 1 1/2 % PER MONTH.</p>				
<p>TERM: E538947 121101</p>				

SEE REVERSE SIDE FOR IMPORTANT INFORMATION
LOS ANGELES COUNTY TAX COLLECTOR
225 E. Hill Street, 20th Floor, Los Angeles, CA 90012 Phone: (213) 871-7900

YOUR CANCELLED CHECK IS YOUR BEST RECEIPT

7811600 / 03/01/03



Recording requested by:
MARK J. SALADINO
TAX COLLECTOR
COUNTY OF LOS ANGELES

When recorded mail to:

SOUTHERN AIR
4323 EASTPIONT DRIVE
COLUMBUS OH 43232

RECORDED/FILED IN OFFICIAL RECORDS
RECORDER'S OFFICE
LOS ANGELES COUNTY
CALIFORNIA

20033477511

11/13/2003 AT 08:04am

FREE

CERTIFICATE OF TAX LIEN

FILED BY LOS ANGELES COUNTY TAX COLLECTOR
225 North Hill St., Rm 100
Los Angeles, California 90012

CERTIFICATE NUMBER: 03321-00612

I, MARK J. SALADINO, TAX COLLECTOR of the County of Los Angeles, State of California, in compliance with the provisions of Section 2191.2 of the Revenue and Taxation Code, do hereby certify that there are on record in my office delinquent unsecured property taxes which were duly assessed, computed and levied together with penalties and costs prescribed by law for the years and in the amount set forth below. Additional penalties will accrue on said taxes at the rate of 1 1/2 % on the 1st day of each month beginning on the second month after delinquency.

NAME OF ASSESSEE:

SOUTHERN AIR
4323 EASTPIONT DRIVE
COLUMBUS OH 43232

YEAR/ACCOUNT NUMBER: 02/49841411

INDEX NUMBER:

SITUS OR ADDRESS:

TAX AMOUNT	COLLECTION COST	**TOTAL AMOUNT
41.66	49.00	90.66

From the time of recordation of this certificate, for a period of ten years or any extension thereof, the amount required to be paid as shown herein together with all accrued interest and penalties thereon will constitute a lien upon all real and personal property owned or hereafter acquired by the above names assessee with the County of Los Angeles.

NOTE:

There will be a service charge for any check returned by the bank for any reason.

MARK J. SALADINO, TAX COLLECTOR
COUNTY OF LOS ANGELES

**For current amount due, call (213) 893-7950. Upon payment of the tax and all applicable penalties, a Release of Lien will be mailed to you along with recording instructions.

EXHIBIT "B"

B 10 (Official Form 10) (12/11)

UNITED STATES BANKRUPTCY COURT District of Delaware		PROOF OF CLAIM
Name of Debtor: Southern Air Inc.		Case Number: 12-12692-CSS(Ch#11)
NOTE: Do not use this form to make a claim for an administrative expense that arises after the bankruptcy filing. You may file a request for payment of an administrative expense according to 11 U.S.C. § 503.		
Name of Creditor (the person or other entity to whom the debtor owes money or property): Los Angeles County Treasurer and Tax Collector		COURT USE ONLY
Name and address where notices should be sent: Los Angeles County Treasurer and Tax Collector PO Box 54110, Los Angeles, CA 90054-0110		
Telephone number: (213) 974-7803 email: bankruptcy@ttc.lacounty.gov		<input type="checkbox"/> Check this box if this claim amends a previously filed claim. Court Claim Number: _____ (if known) Filed on: _____
Name and address where payment should be sent (if different from above):		<input type="checkbox"/> Check this box if you are aware that anyone else has filed a proof of claim relating to this claim. Attach copy of statement giving particulars.
Telephone number: email:		
1. Amount of Claim as of Date Case Filed: \$ <u>141.74</u>		
If all or part of the claim is secured, complete item 4.		
If all or part of the claim is entitled to priority, complete item 5.		
<input type="checkbox"/> Check this box if the claim includes interest or other charges in addition to the principal amount of the claim. Attach a statement that itemizes interest or charges.		
2. Basis for Claim: <u>Property Tax</u> (See instruction #2)		
3. Last four digits of any number by which creditor identifies debtor: <u>2 0 1 2</u>	3a. Debtor may have scheduled account as: <u>8940-401-174</u> (See instruction #3a)	3b. Uniform Claim Identifier (optional): _____ (See instruction #3b)
4. Secured Claim (See instruction #4) Check the appropriate box if the claim is secured by a lien on property or a right of setoff, attach required redacted documents, and provide the requested information.		Amount of arrearage and other charges, as of the time case was filed, included in secured claim, if any: \$ _____
Nature of property or right of setoff: <input checked="" type="checkbox"/> Real Estate <input type="checkbox"/> Motor Vehicle <input type="checkbox"/> Other Describe:		Basis for perfection: _____
Value of Property: \$ <u>11,200.00</u>		Amount of Secured Claim: \$ <u>141.74</u>
Annual Interest Rate _____ % <input type="checkbox"/> Fixed or <input type="checkbox"/> Variable (when case was filed)		Amount Unsecured: \$ _____
5. Amount of Claim Entitled to Priority under 11 U.S.C. § 507 (a). If any part of the claim falls into one of the following categories, check the box specifying the priority and state the amount.		
<input type="checkbox"/> Domestic support obligations under 11 U.S.C. § 507 (a)(1)(A) or (a)(1)(B).	<input type="checkbox"/> Wages, salaries, or commissions (up to \$11,725*) earned within 180 days before the case was filed or the debtor's business ceased, whichever is earlier – 11 U.S.C. § 507 (a)(4).	<input type="checkbox"/> Contributions to an employee benefit plan – 11 U.S.C. § 507 (a)(5). Amount entitled to priority: \$ _____
<input type="checkbox"/> Up to \$2,600* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use – 11 U.S.C. § 507 (a)(7).	<input type="checkbox"/> Taxes or penalties owed to governmental units – 11 U.S.C. § 507 (a)(8).	<input type="checkbox"/> Other – Specify applicable paragraph of 11 U.S.C. § 507 (a)(____). \$ _____
*Amounts are subject to adjustment on 4/1/13 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.		
6. Credits. The amount of all payments on this claim has been credited for the purpose of making this proof of claim. (See instruction #6)		

[Handwritten signature]

FAK

B 10 (Official Form 10) (12/11)

2

7. Documents: Attached are redacted copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. If the claim is secured, box 4 has been completed, and redacted copies of documents providing evidence of perfection of a security interest are attached. (See instruction #7, and the definition of "redacted".)

DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING.

If the documents are not available, please explain:

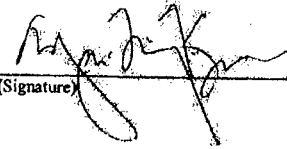
8. Signature: (See instruction #8)

Check the appropriate box.

- I am the creditor. I am the creditor's authorized agent. I am the trustee, or the debtor, or their authorized agent. I am a guarantor, surety, indorser, or other codebtor.
- (Attach copy of power of attorney, if any.) (See Bankruptcy Rule 3004.) (See Bankruptcy Rule 3005.)

I declare under penalty of perjury that the information provided in this claim is true and correct to the best of my knowledge, information, and reasonable belief.

Print Name: ManLing Kuo
 Title: Tax Services Clerk
 Company: Los Angeles County Tax Collector
 Address and telephone number (if different from notice address above):


 (Signature)

11/02/2012
 (Date)

Telephone number: _____ email: _____

Penalty for presenting fraudulent claim: Fine of up to \$500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 3571.

INSTRUCTIONS FOR PROOF OF CLAIM FORM

The instructions and definitions below are general explanations of the law. In certain circumstances, such as bankruptcy cases not filed voluntarily by the debtor, exceptions to these general rules may apply.

Items to be completed in Proof of Claim form

Court, Name of Debtor, and Case Number:

Fill in the federal judicial district in which the bankruptcy case was filed (for example, Central District of California), the debtor's full name, and the case number. If the creditor received a notice of the case from the bankruptcy court, all of this information is at the top of the notice.

Creditor's Name and Address:

Fill in the name of the person or entity asserting a claim and the name and address of the person who should receive notices issued during the bankruptcy case. A separate space is provided for the payment address if it differs from the notice address. The creditor has a continuing obligation to keep the court informed of its current address. See Federal Rule of Bankruptcy Procedure (FRBP) 2002(g).

1. Amount of Claim as of Date Case Filed:

State the total amount owed to the creditor on the date of the bankruptcy filing. Follow the instructions concerning whether to complete items 4 and 5. Check the box if interest or other charges are included in the claim.

2. Basis for Claim:

State the type of debt or how it was incurred. Examples include goods sold, money loaned, services performed, personal injury/wrongful death, car loan, mortgage note, and credit card. If the claim is based on delivering health care goods or services, limit the disclosure of the goods or services so as to avoid embarrassment or the disclosure of confidential health care information. You may be required to provide additional disclosure if an interested party objects to the claim.

3. Last Four Digits of Any Number by Which Creditor Identifies Debtor:

State only the last four digits of the debtor's account or other number used by the creditor to identify the debtor.

3a. Debtor May Have Scheduled Account As:

Report a change in the creditor's name, a transferred claim, or any other information that clarifies a difference between this proof of claim and the claim as scheduled by the debtor.

3b. Uniform Claim Identifier:

If you use a uniform claim identifier, you may report it here. A uniform claim identifier is an optional 24-character identifier that certain large creditors use to facilitate electronic payment in chapter 13 cases.

4. Secured Claim:

Check whether the claim is fully or partially secured. Skip this section if the claim is entirely unsecured. (See Definitions.) If the claim is secured, check the box for the nature and value of property that secures the claim, attach copies of lien documentation, and state, as of the date of the bankruptcy filing, the annual interest rate (and whether it is fixed or variable), and the amount past due on the claim.

5. Amount of Claim Entitled to Priority Under 11 U.S.C. § 507 (a).

If any portion of the claim falls into any category shown, check the appropriate box(es) and state the amount entitled to priority. (See Definitions.) A claim may be partly priority and partly non-priority. For example, in some of the categories, the law limits the amount entitled to priority.

6. Credits:

An authorized signature on this proof of claim serves as an acknowledgment that when calculating the amount of the claim, the creditor gave the debtor credit for any payments received toward the debt.

7. Documents:

Attach redacted copies of any documents that show the debt exists and a lien secures the debt. You must also attach copies of documents that evidence perfection of any security interest. You may also attach a summary in addition to the documents themselves. FRBP 3001(c) and (d). If the claim is based on delivering health care goods or services, limit disclosing confidential health care information. Do not send original documents, as attachments may be destroyed after scanning.

8. Date and Signature:

The individual completing this proof of claim must sign and date it. FRBP 9011. If the claim is filed electronically, FRBP 5005(a)(2) authorizes courts to establish local rules specifying what constitutes a signature. If you sign this form, you declare under penalty of perjury that the information provided is true and correct to the best of your knowledge, information, and reasonable belief. Your signature is also a certification that the claim meets the requirements of FRBP 9011(b). Whether the claim is filed electronically or in person, if your name is on the signature line, you are responsible for the declaration. Print the name and title, if any, of the creditor or other person authorized to file this claim. State the filer's address and telephone number if it differs from the address given on the top of the form for purposes of receiving notices. If the claim is filed by an authorized agent, attach a complete copy of any power of attorney, and provide both the name of the individual filing the claim and the name of the agent. If the authorized agent is a servicer, identify the corporate servicer as the company. Criminal penalties apply for making a false statement on a proof of claim.

DECLARATION OF SERVICE OF MAIL

STATE OF CALIFORNIA, County of Los Angeles:

Man-Ling Kuo states: I am and at all times herein mentioned have been a citizen of the United States and a resident of the County of Los Angeles, over the age of eighteen years and not a party to nor interested in the within action; that my business address is 122 Kenneth Hahn Hall of Administration, City of Los Angeles, County of Los Angeles, State of California; that I am readily familiar with the business practice of the Los Angeles County Treasurer and Tax Collector for collection and processing of correspondence for mailing with the United States Postal Service; and that the correspondence would be deposited within the United States Postal Service that same day in the ordinary course of business;

That on the **2nd day of November, 2012** I served the attached **PROOF OF CLAIM** upon Interested Party (ies) by depositing copies thereof, enclosed in a sealed envelope and placed for collection and mailing on that date following ordinary business practices in the United States Postal Service, addressed as follows:

Debtor or Debtor's Attorney

M. Blake Cleary
Young, Conaway, Stargatt & Taylor
1000 North King Street
Wilmington, DE 19801

Chapter 7 or 13 Standing Attorney

N/A

I declare under penalty of perjury that the foregoing is true and correct.
Executed this **2nd day of November, 2012**, at Los Angeles, California.



Man-Ling Kuo

SUBSTITUTE SECURED PROPERTY TAX BILL

JULY 1, 2012 TO JUNE 30, 2013
LOS ANGELES COUNTY TAX COLLECTOR
 225 North Hill Street, Los Angeles, CA 90012
 FOR ASSISTANCE CALL 1(213) 974-2111 OR 1(888) 807-2111, ON THE WEB AT www.lacountypropertytax.com

8940 401 174
 SOUTHERN AIR
 117 GLOVER ST
 NORWALK CT 06850

ELECTRONIC FUND TRANSFER NUMBER
 ID#:19 8940 401 174 5 YR:12 SEQ:0006

SITUS ADDRESS:
 SITUS ADDRESS NOT AVAILABLE

ASSESSOR'S ID. NO.				1ST INSTALLMENT	2ND INSTALLMENT	TOTAL
Map Book	Page	Parcel	Year	10% Penalty After	10% Penalty + \$10.00 Cost After	
				12 10 12	04 10 13	
				70 87	70 87	141 74

ROLL YEAR	CURRENT ASSESSED VALUE	PRIOR ASSESSED VALUE	TAXABLE VALUE
LAND	9000		9000
IMPROVEMENTS	2200		2200
FIXTURES			
AUTH. NO.:		TOTAL	11200
PRINT DATE: 11 01 12		LESS EXEMPTION	
		NET TAXABLE VALUE	11200

ANY RETURNED PAYMENT MAY BE SUBJECT TO A FEE UP TO \$50.00.

ANNUAL

SOUTHERN AIR
 117 GLOVER ST
 NORWALK CT 06850

PAY THIS AMOUNT BY: 04 10 13

USE THESE NUMBERS ON ALL PAYMENTS AND CORRESPONDENCE				
ASSESSOR'S ID. NO.				
Map Book	Page	Parcel	Year	Seq. No.
				2
2ND INSTALLMENT				INDICATE AMOUNT PAID
			70 87	

96678

If not paid by add penalty and cost 04 10 13

of 17 08 MAKE PAYMENT PAYABLE TO:
 to 2nd installment Please write the ASSESSOR'S ID. NO. on the lower left corner of your payment.

for a total of: 87 95

LOS ANGELES COUNTY TAX COLLECTOR
 P.O. BOX 54018
 LOS ANGELES, CA 90054-0018

CRT: R#14
 E538947

13912000689404011740000007087000000879567820410

DETACH AND MAIL THIS STUB WITH 2ND INSTALLMENT PAYMENT

ANNUAL

SOUTHERN AIR
 117 GLOVER ST
 NORWALK CT 06850

PAY THIS AMOUNT BY: 12 10 12

USE THESE NUMBERS ON ALL PAYMENTS AND CORRESPONDENCE				
ASSESSOR'S ID. NO.				
Map Book	Page	Parcel	Year	Seq. No.
				1
1ST INSTALLMENT				INDICATE AMOUNT PAID
			70 87	

06692

If not paid by add penalty 12 10 12

of 7 08 MAKE PAYMENT PAYABLE TO:
 to 1st installment Please write the ASSESSOR'S ID. NO. on the lower left corner of your payment.

for a total of: 77 95

LOS ANGELES COUNTY TAX COLLECTOR
 P.O. BOX 54018
 LOS ANGELES, CA 90054-0018

CRT: R#14
 E538947

12012000689404011740000007087000000779569211210

DETACH AND MAIL THIS STUB WITH 1ST INSTALLMENT PAYMENT

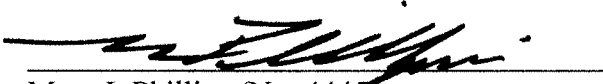
2

1

X

CERTIFICATE OF SERVICE

I, Marc J. Phillips, hereby certify that on the 1st day of March, 2013, I caused a true and correct copy of the foregoing **Los Angeles County Treasurer and Tax Collector's Objection to Second Amended Joint Plan of Affiliated Debtors Pursuant to Chapter 11 of the United States Bankruptcy Code** to be served as indicated on the parties listed on the attached service list:



Marc J. Phillips (No. 4445)

BY FIRST CLASS MAIL

Attn: Jon E. Olin, Esquire
Southern Air Holdings, Inc.
117 Glover Avenue
Norwalk, CT 06850

BY HAND DELIVERY AND EMAIL

Jane M. Leamy, Esquire
Office of the U.S. Trustee
for the District of Delaware
844 King Street, Suite 2207
Lockbox 35
Wilmington, DE 19899

BY FIRST CLASS MAIL AND EMAIL

Brian S. Rosen, Esquire
Weil, Gotshal & Manges LLP
767 Fifth Avenue
New York, NY 10153

BY HAND DELIVERY AND EMAIL

M. Blake Cleary, Esquire
Young, Conaway, Stargatt & Taylor
Rodney Square
1000 North King Street
Wilmington, DE 19801

BY FIRST CLASS MAIL AND EMAIL

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Stephen J. Shimshak, Esquire
Alice B. Eaton, Esquire
Paul, Weiss, Rifkind, Wharton & Garrison LLP
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New York, NY 10019

BY FIRST CLASS MAIL AND EMAIL

S. Jason Teele, Esquire
Lowenstein Sandler PC
65 Livingston Avenue
Roseland, NJ 07068

BY HAND DELIVERY AND EMAIL

Bradford J. Sandler, Esquire
Pachulski Stang Ziehl & Jones LLP
919 North Market Street, 17th Floor
P.O. Box 8705
Wilmington, DE 19899