

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MAINE**

_____)	
In re)	Chapter 11
)	Case No. 13-10670
MONTREAL MAINE & ATLANTIC)	
RAILWAY, LTD.)	
)	
Debtor.)	
_____)	

**LIMITED OBJECTION OF THE UNITED STATES TRUSTEE TO DEBTOR'S
MOTION FOR ORDER PURSUANT TO 11 U.S.C. §§ 361, 362, AND 363: (I)
AUTHORIZING DEBTOR TO USE OF CASH COLLATERAL ON INTERIM BASIS;
AND (II) SCHEDULING A HEARING TO CONSIDER THE
USE OF CASH COLLATERAL ON A FINAL BASIS**

The United States Trustee, by and through his undersigned counsel, hereby makes this Limited Objection to the above-captioned chapter 11 debtor's Motion for Order Pursuant to 11 U.S.C. §§ 361, 362, and 363: (I) Authorizing Debtor to Use Cash Collateral on Interim Basis; and (II) Scheduling a Hearing to Consider the Use of Cash Collateral on a Final Basis (the "Cash Collateral Motion"):

1. The Debtor commenced the above-captioned chapter 11 case on August 7, 2013. Docket Entry No. 01.
2. Contemporaneously with commencement of this case, the Debtor filed the Cash Collateral Motion [Docket Entry No. 05], along with certain other "First Day Motions" [Docket Entry Nos. 06 and 07] and a Motion for Emergency Hearing on the Cash Collateral Motion and the other First Days Motions [Docket Entry No. 08].
3. On August 8, 2013, the Court conducted a hearing on the Motion for Emergency Hearing, and granted the same. Docket Entry No. 33.

4. Consequently, the Court conducted an emergency hearing on the Cash Collateral Motion (the “Emergency Hearing”).

5. In the proposed order relating to the Cash Collateral Motion, the Debtor proposed granting a waiver of the protections of section 506(c) of the United States Bankruptcy Code (the “Code”), as a means of further protecting the interests of its secured lender, Wheeling & Lake Erie Railway Company (“Wheeling”). Docket Entry No. 08.

6. At the Emergency Hearing, the Court expressed concern about the request for a section 506(c) waiver, a concern which was reiterated by the United States Trustee.

7. In light of these expressed concerns, Wheeling notified the Court at the Emergency Hearing that it would not be seeking such a waiver for purposes of the emergency relief being requested by the Debtor with respect to the use of Wheeling’s cash collateral, but Wheeling reserved its right to do so at a later time.

8. On August 22, 2013, the Court will conduct a further hearing on the Cash Collateral Motion (the “August 22 Hearing”).

9. As is required by section 1163 of the Code, the United States Trustee is in the process of selecting a trustee for this case. However, no such trustee has yet been appointed.

10. Upon information and belief, as it stands today, this estate is or may become administratively insolvent.

11. To the extent that the Debtor and Wheeling seek a 506(c) waiver in connection with continued use of Cash Collateral at the August 22 Hearing, the United States Trustee objects to such a request.

12. Simply put, requesting a section 506(c) waiver at this point in this case is premature. Indeed, because it is certain that a trustee will be appointed, the Debtor and

Wheeling should not be permitted to negotiate that trustee's ability to analyze this important issue.

13. If the Court were to grant a 506(c) waiver, it may alter the way in which the limited proceeds in this case would otherwise be distributed.

14. The United States Trustee therefore requests that the Court permit the case to run its course, deny any request for a 506(c) waiver at this juncture, and continue to do so until, minimally, a trustee is appointed who can evaluate the facts of this case and weigh in on the issue of the appropriateness of such a waiver in connection with any further interim order or final order concerning the use of cash collateral.

WHEREFORE, the United States Trustee objects to the granting of the Cash Collateral Motion to the limited extent that it seeks a waiver of section 506(c) of the United States Bankruptcy Code.

Dated at Portland, Maine this 20th day of August, 2013.

Respectfully submitted,

William K. Harrington
United States Trustee

By: /s/ Jennifer H. Pincus
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CERTIFICATE OF SERVICE

I, Jennifer H. Pincus, being over the age of eighteen and an employee of the United States Department of Justice, U.S. Trustee Program, hereby certify that on August 20, 2013, I electronically filed the above ***Limited Objection of the United States Trustee to Debtor's Motion for Order Pursuant to 11 U.S.C. §§ 361, 362, and 363: (I) Authorizing Debtor to Use [] Cash Collateral on Interim Basis; and (II) Scheduling a Hearing to Consider the Use of Cash Collateral on a Final Basis*** and this ***Certificate of Service***, which were served upon each of the parties set forth on this Service List via U.S. mail, postage prepaid, on August 20, 2013.

All other parties listed on the Notice of Electronic Filing have been served electronically.

Dated at Portland, Maine this 20th day of August, 2013.

/s/ Jennifer H. Pincus

Service List:

N/A