

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

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

**LIMITED OBJECTION OF MAINE NORTHERN RAILWAY COMPANY AND NEW
BRUNSWICK SOUTHERN RAILWAY COMPANY LIMITED TO THE DISCLOSURE
STATEMENT FOR THE TRUSTEE’S PLAN OF LIQUIDATION
DATED MARCH 31, 2015**

Maine Northern Railway Company (“Maine Northern”) and New Brunswick Southern Railway Company Limited (“New Brunswick” and collectively with Maine Northern, the “Irving Railroads”) hereby submit this limited objection (the “Objection”) to the Disclosure Statement for the Trustee’s Plan of Liquidation Dated March 31, 2015 [Docket # 1385] (the “Disclosure Statement”).

BACKGROUND AND FACTS

1. On or about August 7, 2013 (the “Petition Date”), Montreal, Maine & Atlantic Railway, Ltd. (“MMA”) filed a petition for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”).

2. During the six month period immediately preceding the Petition Date, the Irving Railroads provided essential services to MMA that enabled MMA to conduct its rail operations. As a result, at the time MMA filed its chapter 11 petition, Maine Northern and New Brunswick had significant claims against the MMA bankruptcy estate which are entitled to priority under Section 1171(b) of the Bankruptcy Code.

3. On March 31, 2015, the Trustee filed the Trustee’s Plan of Liquidation dated March 31, 2015 [Docket # 1384] (the “Liquidating Plan”) and the Disclosure Statement.

4. The Liquidating Plan provides that claims arising under Section 1171(b) shall be treated as Allowed Administrative Expense Claims to the extent allowed by a final order of the bankruptcy court, and shall be paid in full in cash. *See* Liquidating Plan, Sections 2.1 (b) and (c).

5. On May 18, 2015, the Trustee filed his Motion for an Order (I) Approving Proposed Disclosure Statement; (II) Establishing Notice, Solicitation and Voting Procedures; (III) Scheduling Confirmation Hearing; and (IV) Establishing Notice and Objection Procedures for Confirmation of the Plan [Docket # 1432].

GROUND FOR OBJECTION

6. Pursuant to Section 1125(b) of the Bankruptcy Code, the Court's approval of the Disclosure Statement is dependent upon a finding that the Disclosure Statement contains "adequate information." Adequate information is defined to mean "information of a kind, and in sufficient detail.... that would enable.... a hypothetical investor of the relevant class to make an informed judgment about the plan." *See* 11 U.S.C. § 1125(a)(1).

7. The Disclosure Statement filed by the Trustee does not contain several pieces of information that are necessary for the Irving Railroads to make an informed judgment about the Liquidating Plan. Specifically, the Disclosure Statement does not contain: (1) the total estimated amount of Allowed Administrative Expense Claims; (2) the estimated amount of claims arising under Section 1171(b); and (3) the estimated value of the assets available to the Trustee to satisfy the Allowed Administrative Expense Claims including claims arising under Section 1171(b).

8. Additionally, although Section 1171(b) claims are to be treated as Allowed Administrative Expense Claims, Section 2.1(c) of the Liquidating Plan provides that they shall be treated as junior in priority to all other Allowed Administrative Expense Claims." *See* Disclosure Statement at p. 46. The Disclosure Statement provides no explanation of the legal basis for subordinating Section 1171(b) claims to all other Allowed Administrative Expense

Claims. The Disclosure Statement should explain the legal basis relied upon by the Trustee for such subordination.

9. Without the above information, the Irving Railroads, and likely other creditors and interested parties, will be unable to make an informed judgment regarding the Liquidating Plan. As such, the Disclosure Statement does not provide adequate information as required by Section 1125(b).¹

WHEREFORE, based on the foregoing, the Irving Railroads respectfully request that the Court deny approval of the Disclosure Statement unless the Trustee provides the information described in the foregoing Objection.

Dated: June 16, 2015

Respectfully submitted,

/s/ Keith J. Cunningham

Keith J. Cunningham
PIERCE ATWOOD LLP
Merrill's Wharf
254 Commercial Street
Portland, ME 04101
(207) 791-1187
(207) 791-1350 (Fax)
kcunningham@pierceatwood.com

AND

Alan R. Lepene (OH 0023276)
THOMPSON HINE LLP
3900 Key Center
127 Public Square
Cleveland, Ohio 44114-1291
(216) 566-5500
(216) 566-5800 (Fax)
Alan.Lepene@ThompsonHine.com

Attorneys for Maine Northern Railway
Company and New Brunswick Southern
Railway Company Limited

¹ The Irving Railroads also note the absence from the proposed Disclosure Statement of a detailed Table of Contents. The inclusion of such Table would facilitate review of the Disclosure Statement by creditors and other parties in interest.