

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF MAINE**

In re:

MONTREAL MAINE & ATLANTIC  
RAILWAY, LTD.

Debtor.

Bk. No. 13-10670  
Chapter 11

**MOTION FOR EXPEDITED HEARING, SHORTENED OBJECTION PERIOD AND  
LIMITED NOTICE WITH RESPECT TO CHAPTER 11 TRUSTEE'S  
MOTION FOR ORDER APPROVING COMPROMISE AND  
SETTLEMENT WITH TRAVELERS PROPERTY  
CASUALTY COMPANY OF AMERICA**

Robert J. Keach, the chapter 11 trustee in the above-captioned case (the "Trustee"), hereby moves this Court for an expedited hearing, shortened objection period and approval of limited notice (the "Motion to Expedite") with respect to the Chapter 11 Trustee's Motion for Order Approving Compromise and Settlement with Travelers Property Casualty Company of America (the "Motion to Compromise"). In support of the Motion to Expedite, the Trustee states as follows:

**JURISDICTION**

1. The district court has original but not exclusive jurisdiction over this proceeding pursuant to 28 U.S.C. § 1334(b). Pursuant to 28 U.S.C. § 157 and Rule 83.6 of the district court's local rules, the district court has authority to refer and has referred this chapter 11 case to the bankruptcy court.

2. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and the Court has constitutional authority to enter final judgment in this proceeding.

3. Venue over this chapter 11 case is proper in this district pursuant to 28 U.S.C. § 1408, and venue over this proceeding is proper in this district pursuant to 28 U.S.C. § 1409.

4. The applicable rules relating to the relief sought in the Motion to Expedite and the Motion to Compromise are Rules 9013 and 9019 of the Federal Rules of Bankruptcy Procedure (hereinafter “Fed. R. Bankr. P.”) and Rules 9013-1(d)(1), (5) and (i) and 9019-1 of this Court’s local rules (the “Local Rules”).

### **BACKGROUND**

5. On August 7, 2013 (the “Petition Date”), Montreal Maine & Atlantic Railway, Ltd., the above-captioned debtor (the “Debtor”), filed a voluntary petition for relief under chapter 11 of 11 U.S.C. § 101 et seq. On August 21, 2013, the United States Trustee appointed the Trustee to serve in the Debtor’s chapter 11 case pursuant to 11 U.S.C. § 1163.

6. Prior to the Petition Date, on July 6, 2013, a derailment of one of the Debtor’s trains occurred in Quebec, Canada (the “Derailment”). The Derailment set off several massive explosions, destroyed part of downtown Lac-Mégantic, and is presumed to have killed 47 people. The Derailment also caused considerable damage to the Debtor’s business operations as the track in Quebec was severed, resulting in a drastic drop in operating revenue.

7. Prior to the Derailment, the Debtor had purchased a commercial property insurance policy that the Debtor alleges provided coverage for business interruption and extra expenses associated with business interruption (the “Policy”). Premised on the business losses arising out of the Derailment, the Debtor asserted claims under the Policy seeking to recover for lost business and extra expense (among other claims for damage to property).

8. After reviewing the claims submitted under the Policy, Travelers denied coverage for business interruption, arguing, among other things, that the business interruption coverage

has been included in the Policy by mistake. Based on these assertions, Travelers moved for relief from the automatic stay in order to file a declaratory judgment action seeking a declaration that there was no coverage under the Policy for business interruption.

9. After extensive discussions and negotiations, the Trustee and Travelers have reached a compromise and settlement regarding the Policy, which terms are outlined more fully in the Motion to Compromise. In general, the Motion to Compromise provides that Travelers will pay the Debtor's estate and its Canadian affiliate \$3.8 million in satisfaction of claims existing under the Policy (the "Settlement Payment"). Under the terms of the settlement, the Settlement Payment is required to be made on or before December 31, 2013 (assuming the order approving the settlement is final). Additionally, the settlement, which involves Montreal, Maine & Atlantic Canada Co. ("MMAC"), is conditioned upon the settlement being approved in the Canadian bankruptcy proceedings of MMAC.

#### **RELIEF REQUESTED**

10. By this Motion to Expedite, the Trustee requests that the Court: (a) schedule a hearing on the Motion to Compromise on or around December 18, 2013; (b) set a shortened objection deadline to December 17, 2013; and (c) approve service of the Motion to Expedite and the Motion to Compromise in the manner set forth herein.

#### **BASIS FOR RELIEF**

11. Absent a request for an expedited hearing, a party seeking the type of relief set forth in the Motion to Compromise must provide twenty-eight days' notice and a response date must be set more than seven calendar days prior to a hearing date. Fed. R. Bankr. P. 2002, D. Me. LBR 9013-1(d)(5).

12. As set forth above, the settlement at issue is conditioned upon the Settlement Payment being made on or before December 31, 2013 (assuming the orders approving the settlement are final orders). The parties only reached agreement on the terms of the settlement recently and have moved expeditiously to formalize the agreement and draft the documents needed to seek Court approval. Despite these efforts, it is impossible for the Motion to Compromise to be heard in the ordinary course in the manner provided for by the applicable rules of procedure, as having the Motion to Compromise heard in the ordinary course would cause the Motion to Compromise to be heard after the December 31, 2013 payment deadline. It is important for the Settlement Payment to be made as soon as possible in order to allow use of the Settlement Payments by the respective estates.

13. Accordingly, the Trustee requests that a hearing on the Motion to Compromise be scheduled on or around December 18, 2013 to allow expedited consideration of the relief sought by the Trustee.

**NOTICE**

14. Notice of this Motion to Expedite and the Motion to Compromise was served on the following parties on the date and in the manner set forth in the certificate of service: (a) the United States Trustee; (b) the Debtor's counsel; (c) the non-insider holders of the twenty (20) largest unsecured claims against the Debtor or, if applicable, the lawyers representing such holders; (d) applicable federal and state taxing authorities; (e) the holders of secured claims against the Debtor, or if applicable, the lawyers representing such holders; (f) counsel for Travelers; (g) the named insureds under the Policy, or if applicable, the lawyers representing the named insureds; (h) counsel for the committee appointed pursuant to 11 U.S.C. § 1102(a)(2); and (i) others who have, as of the date of the motion, entered an appearance and requested service of

papers in the chapter 11 case. In light of the nature of the relief requested in the Motion to Compromise and the Motion to Expedite, the Trustee submits that such notice is adequate and appropriate.

**CONCLUSION**

WHEREFORE, the Trustee respectfully requests that this Court enter an Order: (a) granting the Motion to Expedite; (b) finding that service of the Motion to Expedite and the Motion to Compromise in the manner described herein was sufficient under the circumstances of this case; (c) setting a hearing on the Motion to Compromise on or around December 18, 2013; (d) setting a shortened objection deadline with respect to the Motion to Compromise for December 17, 2013; and (e) granting such other and further relief as the Court deems just and equitable under the circumstances.

Dated: December 9, 2013

ROBERT J. KEACH,  
CHAPTER 11 TRUSTEE OF MONTREAL  
MAINE & ATLANTIC RAILWAY, LTD

By his attorneys:

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UNITED STATES BANKRUPTCY COURT  
DISTRICT OF MAINE

In re:

MONTREAL MAINE & ATLANTIC  
RAILWAY, LTD.

Debtor.

Bk. No. 13-10670  
Chapter 11

**ORDER WITH RESPECT TO MOTION FOR EXPEDITED HEARING, SHORTENED  
OBJECTION PERIOD AND LIMITED NOTICE WITH RESPECT TO CHAPTER 11  
TRUSTEE'S MOTION FOR ORDER APPROVING COMPROMISE AND  
SETTLEMENT WITH TRAVELERS PROPERTY CASUALTY COMPANY OF  
AMERICA**

This matter having come before the Court on the *Motion for Expedited Hearing, Shortened Objection Period and Limited Notice with Respect to Chapter 11 Trustee's Motion for Order Approving Compromise and Settlement with Travelers Property Casualty Company of America* (the "Motion to Expedite") filed by Robert J. Keach, the chapter 11 trustee in the above-captioned case, with respect to the *Chapter 11 Trustee's Motion for Order Approving Compromise and Settlement with Travelers Property Casualty Company of America* (the "Motion to Compromise"), and upon consideration of all responses to the Motion to Expedite (if any), it is hereby **ORDERED**, **ADJUDGED** and **DECREED** as follows:

1. Notice and service of the Motion to Expedite and the Motion to Compromise were sufficient in light of the nature of the relief requested.
2. The Motion to Expedite is granted.
3. An expedited hearing on the Motion to Compromise shall be held on December 18, 2013 at 10:00 a.m. in Bangor, Maine.
4. The deadline to object to the Motion to Compromise is December 17, 2013.

Dated:

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The Honorable Louis H. Kornreich  
United States Bankruptcy Judge

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF MAINE**

In re:

MONTREAL MAINE & ATLANTIC  
RAILWAY, LTD.

Debtor.

Bk. No. 13-10670  
Chapter 11

**NOTICE OF EXPEDITED HEARING**

Robert J. Keach, the chapter 11 trustee in the above-captioned case (the “Trustee”), has filed a *Motion for Expedited Hearing, Shortened Objection Period and Limited Notice with Respect to Chapter 11 Trustee’s Motion for Order Approving Compromise and Settlement with Travelers Property Casualty Company of America* (the “Motion to Expedite”) and the *Chapter 11 Trustee’s Motion for Order Approving Compromise and Settlement with Travelers Property Casualty Company of America* (the “Motion”).

If you do not want the Court to approve the Motion to Expedite or the Motion, then on or before **December 17, 2013**, you or your attorney must file with the Court a response or objection explaining your position. If you are not able to access the CM/ECF Filing System, then your response should be served upon the Court at:

Alec Leddy, Clerk  
United States Bankruptcy Court for the District of Maine  
202 Harlow Street  
Bangor, Maine 04401

If you do have to mail your response to the Court for filing, then you must mail it early enough so that the Court will receive it **on or before December 17, 2013**.

You may attend the hearing with respect to the Motion to Expedite scheduled to be held at the Bankruptcy Court, 202 Harlow Street, Bangor, Maine on **December 18, 2013 at 10:00 a.m.** If the Motion to Expedite is granted at that time, the Court may immediately thereafter conduct hearings to consider, and may grant some or all of the relief sought by the Motion.

**Your rights may be affected.** You should read these papers carefully and discuss them with your attorney, if you have one. If you do not have an attorney, you may wish to consult one.

If you or your attorney do not take these steps, the Court may decide that you do not oppose the relief sought in the Motion to Expedite or the Motion and may enter an order granting the requested relief without further notice or hearing.

Dated: December 9, 2013

ROBERT J. KEACH  
CHAPTER 11 TRUSTEE OF MONTREAL  
MAINE & ATLANTIC RAILWAY, LTD.

By his attorneys:

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