



1 Statement. Kennedy specifically reserves its right to supplement this Objection with a more  
2 comprehensive filing, and respectfully states as follows:<sup>1</sup>

3 I.

4 KENNEDY'S OBJECTIONS TO THE  
5 SECOND AMENDED DISCLOSURE STATEMENT

6 1. The Second Amended Plan violates Section 1129(b)(2) of the Bankruptcy Code by  
7 proposing to pay post-petition interest on Kennedy's secured claim at a rate 4% on the Effective  
8 Date.

9 2. The Second Amended Plan is not feasible and thus violates Section 1129(a)(11) of  
10 the Bankruptcy Code.

11 3. The Debtor's valuation of its assets is overstated, and thus the Second Amended  
12 Plan violates Section 1129(a)(11) of the Bankruptcy Code.

13 4. The Second Amended Plan is not fair and equitable and thus violates Section  
14 1129(b)(1) of the Bankruptcy Code.

15 5. The "new value" being contributed is insufficient as a matter of law.

16 6. The Second Amended Plan violates the absolute priority rule by not affording an  
17 opportunity to other parties either to compete for the new equity or to propose a competing  
18 reorganization plan. Bank of America National Trust & Savings Ass'n v. 203 North LaSalle  
19 Street Partnership, 526 U.S. 434, 119 S.Ct. 1411, 143 L. Ed.2d 607 (1999).

20 7. The Second Amended Plan is not confirmable in light of the inclusion of non-  
21 debtor third party releases, discharges and injunctions prohibited by In re American Hardwoods,  
22 885 F.2d 621 (9th Cir. 1985).

23 8. The Second Amended Plan improperly classifies claims in an attempt to  
24 gerrymander consenting classes of impaired claims.

25  
26 <sup>1</sup> In addition to the arguments set forth herein, Kennedy also incorporates by reference the  
27 arguments contained in its two (2) Objections to the Debtor's Disclosure Statement previously  
28 filed with the Court (the "Original Objections"). Unless otherwise noted, the capitalized, defined  
terms herein shall have the same definitions ascribed to them in the Original Objection, the  
Second Amended Disclosure Statement, and the Second Amended Plan.

1 9. The Second Amended Plan contains insufficient liquidation analysis.

2 Because the Second Amended Plan cannot be confirmed for the reasons detailed above and  
3 in Kennedy's previous objections, it would be a meaningless exercise and waste of resources to  
4 proceed with extended hearings on the adequacy of the Second Amended Disclosure Statement.

5 **II.**

6 **JOINDER TO OTHER SECURED CREDITORS' OBJECTIONS**

7 Rather than repeat the arguments and the legal analysis, Kennedy joins in and supports the  
8 Other Secured Creditors (the "Secured Creditors") that submitted objections to the Second  
9 Amended Disclosure Statement, including and not limited to Bank of America, N.A.; Wells Fargo  
10 Bank, N.A.; California Bank & Trust; East West Bank; Legendary Investors Group 1, L.L.C.; et  
11 al.

12 **III.**

13 **CONCLUSION**

14 For the foregoing reasons, Kennedy respectfully requests that the Court deny approval of  
15 the Second Amended Disclosure Statement, and grant Kennedy such other relief as the Court  
16 deems just and appropriate.

17 DATED: May 17, 2010

ERVIN, COHEN & JESSUP LLP  
Michael S. Kogan

18  
19 By: /s/ Michael S. Kogan  
20 Michael S. Kogan  
21 Attorneys for Kennedy Funding, Inc.  
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In re: MERUELO MADDUX PROPERTIES, INC.  Debtor(s).	CHAPTER: 11 CASE NUMBER: 1:09-bk-13356-KT
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**NOTE:** When using this form to indicate service of a proposed order, **DO NOT** list any person or entity in Category I. Proposed orders do not generate an NEF because only orders that have been entered are placed on the CM/ECF docket.

### PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is: 9401 Wilshire Boulevard, 9<sup>th</sup> Floor, Beverly Hills, California 90212

A true and correct copy of the foregoing document described as OBJECTION OF KENNEDY FUNDING, INC. TO ADEQUACY OF DEBTOR'S SECOND AMENDED DISCLOSURE STATEMENT AND JOINDER TO SECURED CREDITORS' OBJECTIONS will be served or was served (a) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner indicated below:

**I. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING ("NEF")** – Pursuant to controlling General Order(s) and Local Bankruptcy Rule(s) ("LBR"), the foregoing document will be served by the court via NEF and hyperlink to the document. On May 17, 2010, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following person(s) are on the Electronic Mail Notice List to receive NEF transmission at the email address(es) indicated below:

Service information continued on attached page

**II. SERVED BY U.S. MAIL OR OVERNIGHT MAIL**(indicate method for each person or entity served):

On May 17, 2010 I served the following person(s) and/or entity(ies) at the last known address(es) in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States Mail, first class, postage prepaid, and/or with an overnight mail service addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

Hon. Kathleen Thompson, U.S. Bankruptcy Court, 21041 Burbank Blvd., #305, Woodland Hills, CA 91367

Service information continued on attached page

**III. SERVED BY PERSONAL DELIVERY, FACSIMILE TRANSMISSION OR EMAIL** (indicate method for each person or entity served):

Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on \_\_\_\_\_ I served the following person(s) and/or entity(ies) by personal delivery, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on the judge will be completed no later than 24 hours after the document is filed.

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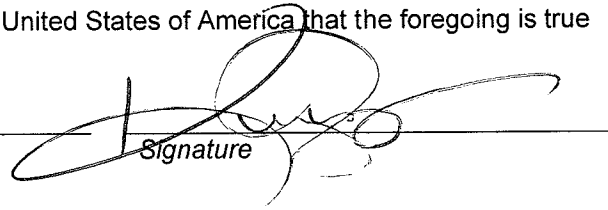
I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

May 17, 2010

Kimberly Anthony

Date

Type Name

  
Signature

IDOCs:12416.10:992929.1

This form is mandatory. It has been approved for use by the United States Bankruptcy Court for the Central District of California.

In re: MERUELO MADDUX PROPERTIES, INC.  Debtor(s).	CHAPTER: 11  CASE NUMBER: 1:09-bk-13356-KT
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**ADDITIONAL SERVICE INFORMATION (if needed):**

**TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING ("NEF")**

Michael C Abel on behalf of Debtor Meruelo Maddux Properties, Inc., a DE Corp - mca@dgdk.com  
John J Bingham on behalf of Debtor 2640 Washington Boulevard, LLC, a CA LLC - jbingham@dgdk.com  
Peter Bonfante on behalf of Interested Party Courtesy NEF - peterbonfante@bsalawfirm.com  
Julia W Brand on behalf of Debtor Meruelo Maddux Properties, Inc., a DE Corp - jwb@dgdk.com  
Jennifer L Braun on behalf of U.S. Trustee United States Trustee (SV) - jennifer.l.braun@usdoj.gov  
Martin J Brill on behalf of Interested Party Courtesy NEF - mjb@lnbrb.com  
Howard Camhi on behalf of Creditor Kennedy Funding, Inc. - hcamhi@ecjlaw.com  
James E Carlberg on behalf of Creditor Woodland Farms, Inc. - jcarlberg@boselaw.com  
Sara Chenetz on behalf of Creditor Imperial Capital Bank - chenetz@blankrome.com  
Jacquelyn H Choi on behalf of Interested Party Courtesy NEF - jchoi@swjlaw.com  
Ronald R Cohn on behalf of Creditor Pacific Commerce Bank - rcohn@horganrosen.com  
Enid M Colson on behalf of Debtor Meruelo Maddux Properties, Inc., a DE Corp - emc@dgdk.com,  
ecolson@dgdk.com  
Michaeline H Correa on behalf of Interested Party Los Angeles County Metropolitan Transportation Authority -  
mcorrea@jonesday.com  
Brian L Davidoff on behalf of Creditor Yoshiake Murakami - b davidoff@rutterhobbs.com,  
calendar@rutterhobbs.com;jreinglass@rutterhobbs.com  
Aaron De Leest on behalf of Debtor Merco Group - 2040 Camfield Avenue, LLC, a DE LLC - aed@dgdk.com  
Michael G Fletcher on behalf of Creditor Cathay Bank - mfletcher@frandzel.com,  
efiling@frandzel.com;shom@frandzel.com  
Barry V Freeman on behalf of Interested Party Courtesy NEF - bvf@jmmbm.com, bvf@jmmbm.com  
Donald L Gaffney on behalf of Creditor BANK OF AMERICA - dgaffney@swlaw.com  
Thomas M Geher on behalf of Creditor Wells Fargo Bank, N.A. successor by consolidation to Wells Fargo Bank Minnesota,  
National Association as Trustee for the Registered Certificateholders of GMAC Commercial Mortgage Securities, Inc., etc -  
tmg@jmmbm.com  
Bernard R Given on behalf of Creditor Cathay Bank - bgiven@frandzel.com,  
efiling@frandzel.com;shom@frandzel.com;bgiven@frandzel.com  
Barry S Glaser on behalf of Creditor County of Los Angeles Tax Collector - bglaser@swjlaw.com  
Michael I Gottfried on behalf of Interested Party Courtesy NEF - mgottfried@lgbfirm.com,  
msaldana@lgbfirm.com  
John A Graham on behalf of Creditor Wells Fargo Bank, N.A. successor by consolidation to Wells Fargo Bank Minnesota,  
National Association as Trustee for the Registered Certificateholders of GMAC Commercial Mortgage Securities, Inc., etc  
jag@jmmbm.com  
Ofer M Grossman on behalf of Interested Party Courtesy NEF - omglaw@gmail.com  
Jodie M Grotins on behalf of Interested Party Courtesy NEF - jgrotins@mcguirewoods.com  
Peter J Gurfein on behalf of Creditor CIM Urban RE Fund GP II, LLC, as Successor in Interest to Grand Avenue Lofts, LP  
pgurfein@akingump.com  
Cara J Hagan on behalf of Creditor PNL Pomona, L.P. - carahagan@haganlaw.org  
Asa S Hami on behalf of Creditor Committee Creditors Committee - ahami@sulmeyerlaw.com

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Brian T Harvey on behalf of Creditor California Bank & Trust - bharvey@buchalter.com,  
IFS\_filing@buchalter.com  
David W Hercher on behalf of Interested Party Courtesy NEF - dave.hercher@millernash.com  
William W Huckins on behalf of Interested Party Courtesy NEF - whuckins@allenmatkins.com,  
clynch@allenmatkins.com  
Natasha L Johnson on behalf of Debtor Meruelo Maddux Properties, Inc., a DE Corp - natasha.johnson@dlapiper.com  
Lance N Jurich on behalf of Creditor CanPartners Realty Holding Company IV, LLC - ljurich@loeb.com,  
kpresson@loeb.com  
Alexandra Kazhokin on behalf of Creditor California Bank & Trust - akazhokin@buchalter.com,  
salarcon@buchalter.com;ifs\_filing@buchalter.com  
William H. Kiekhofer on behalf of Creditor Esmark, Inc. - wkiekhofer@mcguirewoods.com  
Andrew F Kim on behalf of Creditor Imperial Capital Bank - kim-a@blankrome.com  
Tamar Kouyoumjian on behalf of Creditor Committee Creditors Committee - tkouyoumjian@sulmeyerlaw.com  
Duane Kumagai on behalf of Creditor Yoshiake Murakami - dkumagai@rutterhobbs.com,  
calendar@rutterhobbs.com  
Lewis R Landau on behalf of Creditor Committee Creditors Committee - lew@landaunet.com  
David E Leta on behalf of Creditor FNBN-CMLCOM I LLC - dleta@swlaw.com, wsmart@swlaw.com  
Katherine Lien on behalf of Interested Party Courtesy NEF - katie.lien@sbcglobal.net, katielien@gmail.com  
Steven K Linkon on behalf of Creditor Chinatrust Bank (USA) - slinkon@rcolegal.com  
Richard Malatt on behalf of Interested Party Courtesy NEF - rmalatt@gmail.com  
Elmer D Martin on behalf of Creditor East West Bank - elmermartin@msn.com  
Elissa Miller on behalf of Interested Party Courtesy NEF - emiller@sulmeyerlaw.com,  
asokolowski@sulmeyerlaw.com  
Iain A W Nasatir on behalf of Attorney Pachulski Stang Ziehl & Jones LLP - inasatir@pszjlaw.com,  
jwashington@pszjlaw.com  
Jennifer L Nassiri on behalf of Debtor Meruelo Maddux Properties, Inc., a DE Corp - jennifer.nassiri@dlapiper.com,  
bambi.clark@dlapiper.com  
Lawrence Peitzman on behalf of Interested Party Courtesy NEF - lpeitzman@pwkllp.com  
Eric S Pezold on behalf of Creditor BANK OF AMERICA - epezold@swlaw.com, dwlewis@swlaw.com  
Christopher E Prince on behalf of Stockholder Charlestown Capital Advisors, LLC - cprince@lesnickprince.com  
Michael H Raichelson on behalf of Creditor Stanford Group LP - mhr@cabkattorney.com  
Dean G Rallis Jr on behalf of Creditor Committee Creditors Committee - drallis@sulmeyerlaw.com  
Craig M Rankin on behalf of Interested Party Courtesy NEF - cmr@lnbrb.com  
Michael B Reynolds on behalf of Creditor FNBN-CMLCON I LLC - mreynolds@swlaw.com,  
kcollins@swlaw.com  
Kirsten A Roe on behalf of Creditor Calnex Engineering Company - kroe@wthf.com, dfunsch@wthf.com  
Martha E Romero on behalf of Creditor San Bernardino County Tax Collector - Romero@mromerolawfirm.com  
Victor A Sahn on behalf of Creditor Committee Creditors Committee - vsahn@sulmeyerlaw.com  
Zev Shechtman on behalf of Debtor Meruelo Maddux Properties, Inc., a DE Corp - zshechtman@dgdk.com  
Jeffrey S Shinbrot on behalf of Creditor Natividad Gonzales - jeffrey@shinbrotfirm.com,  
sandra@shinbrotfirm.com  
Stephen Shiu on behalf of Creditor FNBN-CMLCOM I LLC - sshiu@swlaw.com  
Daniel H Slate on behalf of Creditor California Bank & Trust - dslate@buchalter.com,  
rreeder@buchalter.com;ifs\_filing@buchalter.com  
Surjit P Soni on behalf of Creditor Legendary Investors Group No. 1, LLC - surjit@sonilaw.com,  
teresa@sonilaw.com

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Tracie L Spies on behalf of Creditor PNL Pomona, L.P. - [tracie@haganlaw.org](mailto:tracie@haganlaw.org)  
James Stang on behalf of Creditor East West Bank - [jstang@pszjlaw.com](mailto:jstang@pszjlaw.com)  
John N Tedford on behalf of Attorney Danning Gill Diamond & Kollitz LLP - [jtedford@dgdgk.com](mailto:jtedford@dgdgk.com)  
James A Timko on behalf of Interested Party Courtesy NEF - [jtimko@allenmatkins.com](mailto:jtimko@allenmatkins.com)  
Alan G Tippie on behalf of Interested Party Courtesy NEF - [atippie@sulmeyerlaw.com](mailto:atippie@sulmeyerlaw.com),  
[jbartlett@sulmeyerlaw.com](mailto:jbartlett@sulmeyerlaw.com)  
United States Trustee (SV) - [ustpreion16.wh.ecf@usdoj.gov](mailto:ustpreion16.wh.ecf@usdoj.gov)  
Rouben Varozian on behalf of Creditor Vahan and Anoush Chamlian - [rvarozian@bzlegal.com](mailto:rvarozian@bzlegal.com)  
Jason L Weisberg on behalf of Creditor Roofcorp of CA Inc - [jason@gdclawyers.com](mailto:jason@gdclawyers.com)  
Jasmin Yang on behalf of Creditor BANK OF AMERICA - [jyang@swlaw.com](mailto:jyang@swlaw.com)

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