

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF RHODE ISLAND**

_____)	
IN RE:)	BK. NO: 15-11836
)	
ADA’S CREATIONS, INC.,)	Chapter 11
)	Jointly Administered
Debtor.)	
_____)	
)	
IN RE:)	
)	BK. NO: 15-11812
ISAIAS LEONEL TERRERO and)	
ACELIA A. TERRERO,)	Chapter 11
)	
Debtors.)	
_____)	

**MOTION OF UNITED STATES TRUSTEE
TO DISMISS CHAPTER 11 CASES**

The United States Trustee (the “UST”), pursuant to 28 U.S.C. § 586(a) and 11 U.S.C. § 1112, respectfully requests that this Court enter an order dismissing the above-referenced jointly administered cases. In support thereof, the UST represents as follows:

INTRODUCTION

1. The Debtors have been unable to confirm a plan of reorganization after numerous attempts, and have experienced a continuing loss to and diminution of the Debtors’ estates, and there is no reasonable likelihood of rehabilitation. Moreover, Debtors owed over \$1,300 in statutory quarterly fees and will owe another \$650 at the end of the quarter. For these reasons, cause exists to convert or dismiss these cases.

BACKGROUND

2. On September 24, 2015 Ada’s Creations, Inc. (the "Ada’s”) filed a voluntary petition under Chapter 11 of the Bankruptcy Code (case no. 15-11875).

3. On September 18, 2015, Isaias and Acelia Terrero (the “Terrerros”) filed a voluntary petition under chapter 13 of the Bankruptcy Code, and later converted their case to chapter 11 (case no. 15-11812).

4. On November 4, 2015, the Court entered an order providing for the joint administration of both cases and designating Ada’s as the lead case (Ada’s and the Terreros are collectively referred to herein as the “Debtors”).

5. The Debtors are unable to successfully reorganize their financial affairs. From July 20, 2016, when the Debtors filed their first proposed Plan of Reorganization, to August 16, 2017, when the Court denied confirmation of the Debtors’ Fourth Amended Plan of Reorganization, the Debtors have attempted without success to confirm a plan of reorganization.

6. Debtors have been unable to generate sufficient moneys, despite their best efforts and new business plans, to support the payments required to confirm a plan of reorganization under 11 U.S.C. § 1129, including not having sufficient income to satisfy administrative expenses.

7. Accordingly, there is a continuing loss to and diminution of the Debtors’ estates, and Debtors have no reasonable likelihood of rehabilitation. Therefore, “cause” exists to dismiss or convert these cases pursuant to 11 U.S.C. §1112(b)(4)(A).

8. Additionally, the Debtors have failed to pay the quarterly fees payable pursuant to 28 U.S.C. §1930(a)(6). The total amount of unpaid quarterly fees as of the date of the filing of this motion is \$1,301.49 (Ada’s owes \$650, and the Terreros owe \$651.49). Another \$650 will be due at the end of this quarter. The failure to pay these fees is “cause” to dismiss or convert these cases pursuant to 11 U.S.C. §1112(b)(4)(K).

9. Pursuant to 11 U.S.C. § 1112(b), on the request of a party in interest, and after notice and a hearing, except as otherwise provided, the court shall convert a case under this chapter

to a case under chapter 7 or dismiss a case under this chapter, whichever is in the best interests of creditors and the estate, for cause unless the court determines that the appointment under section 1104(a) of a trustee or an examiner is in the best interests of creditors and the estate.

10. For all these reasons, cause exists to dismiss these cases pursuant to 11 U.S.C. § 1112(b).

11. The UST submits based upon these circumstances that dismissal is in the best interests of creditors and the estate because there is no equity in the real property owned by the Terreros, and Ada's has little to no unencumbered assets.

12. Pursuant to 11 U.S.C. § 1112(b)(1), the Court may convert these cases to chapter 7 rather than dismiss them if the Court finds that conversion is in the best interests of creditors and the estate.

WHEREFORE, the United States Trustee respectfully requests that this Court enter an order dismissing these cases for cause, and granting such other and further relief as is just and equitable.

Respectfully submitted,

WILLIAM K. HARRINGTON
United States Trustee for Region One

By: /s/ Sandra Nicholls
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Dated: September 1, 2017

Within fourteen (14) days after service, if served electronically, as evidenced by the certification, and an additional three (3) days pursuant to Fed. R. Bank. P. 9006(f) if served by mail or other excepted means specified, any party against whom such paper has been served, or any other party who objects to the relief sought, shall serve and file an objection or other appropriate response to said paper with the Bankruptcy Court Clerk's Office, 380 Westminster Street, 6th Floor, Providence, RI 02903, (401) 626-3100. If no objection or other response is timely filed, the paper will be deemed unopposed and will be granted unless: (1) the requested relief is forbidden by law; (2) the requested relief is against public policy; or (3) in the opinion of the Court, the interest of justice requires otherwise.

Certification of Service

I hereby certify that on September 1, 2017, I electronically filed the Motion to Dismiss OPR Convert Case in the above captioned matter with the Clerk of the Bankruptcy Court for the District of Rhode Island using the CM/ECF System. The following participant(s) are scheduled to receive notice electronically:

- Armando Batastini abatastini@nixonpeabody.com, mryone@nixonpeabody.com; bos.managing.clerk@nixonpeabody.com; ddemartini@nixonpeabody.com
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A copy of the Motion to Dismiss Case was also mailed by first class mail, postage prepaid to the persons listed on the attached mailing matrix

/s/ Sandra Nicholls
Sandra Nicholls