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15 Co-Counsel for Jeffrey H. Beck, LIQUIDATING TRUSTEE OF
16 THE CROWN PAPER LIQUIDATING TRUST

17 **UNITED STATES BANKRUPTCY COURT**
18 **NORTHERN DISTRICT OF CALIFORNIA**
19 **OAKLAND DIVISION**

20 In re:) Case No.: 00-41584 (RN)
21)
22 CROWN VANTAGE, INC.,) Chapter 11
23 CROWN PAPER CO.,)
24) **LIQUIDATING TRUSTEE'S SECOND**
25 Debtors.) **MOTION FOR ORDER EXTENDING**
26) **THE TERM OF THE LIQUIDATING**
27) **TRUST**
28) [No hearing requested.]

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1 **TO: THE HONORABLE RANDALL J. NEWSOME, UNITED STATES BANKRUPTCY**
2 **JUDGE, U.S. TRUSTEE, AND PARTIES IN INTEREST**

3 Jeffrey H. Beck, in his capacity as the Liquidating Trustee of the Crown Paper Liquidating
4 Trust (the "Liquidating Trust"), by and through his undersigned counsel, Bilzin Sumberg Baena
5 Price & Axelrod LLP, and Pachulski Stang Ziehl & Jones LLP, hereby moves (the "Motion") this
6 Court for entry of an Order extending the term of the Crown Paper Liquidating Trust pursuant to
7 section 105 of title 11, of the United States Code (the "Bankruptcy Code") and the terms of the Joint
8 Liquidating Plan of Reorganization, dated November 19, 2001, as amended from time to time.

9 In support of the Motion, the Liquidating Trustee respectfully represents as follows:

10 **I.**

11 **PRELIMINARY STATEMENT**

12 By this Motion, the Liquidating Trustee seeks the entry of an Order extending the term of the
13 Crown Paper Liquidating Trust (the "Liquidating Trust"), for an additional one year and one month,
14 to enable the Liquidating Trustee to finalize the Liquidating Trust's business and ultimately wind
15 down its affairs with the end goal of finalizing business by the end of the first quarter 2009. This is
16 the Liquidating Trustee's second request to extend the Liquidating Trust, the Amended Motion by
17 Liquidating Trustee for Entry of an Order Extending the Term of the Liquidating Trust [Docket No.
18 1812] having been granted by this Court on February 28, 2007.

19 **II.**

20 **BACKGROUND**

21 On March 15, 2000 (the "Petition Date"), Crown Vantage, Inc., and Crown Paper, Inc.
22 (collectively, the "Debtors" or "Crown") each filed voluntary petitions for relief under the
23 Bankruptcy Code. By Order dated March 16, 2000, the Debtors' cases were ordered to be jointly
24 administrated under Case No. 00-41584 N.

25 By Order dated November 19, 2001, this Court confirmed the *Debtors' Second Amended*
26 *Disclosure Statement and Joint Liquidating Plan of Reorganization*, as amended (the "Plan"), which
27 provided for the creation of the Liquidating Trust, and appointed Jeffery H. Beck to serve as
28 Liquidating Trustee.

1 On March 1, 2002, the Plan became effective and the Liquidating Trust was formed as part of
2 the Plan pursuant to the terms of the Crown Paper Liquidating Trust Agreement (the "Liquidating
3 Trust Agreement").

4 Pursuant to Section 6.1 of the Liquidating Trust Agreement:

5 The Liquidating Trust shall terminate no later than five (5) years from
6 the Effective Date. However, if warranted by the facts and
7 circumstances provided for in the Plan, and subject to the approval of
8 the Bankruptcy Court upon a finding that an extension is necessary for
the purpose of the Liquidating Trust, the term of the Liquidating Trust
may be extended, one or more times for a finite period, based on the
particular circumstances at issue . .

9 Liquidating Trust Agreement at § 6.1.

10 Pursuant to this Court's *Order Granting Amended Motion by Liquidating Trustee for Entry of*
11 *an Order Extending the Term of the Liquidating Trust*, entered on February 28, 2007 (Docket No.
12 1819), the current termination date of the Liquidating Trust is March 1, 2008.

13 As set forth more fully in the Declaration of Jeffrey H. Beck filed herewith, until the middle
14 of 2007 and for the bulk of the time of its existence from the Effective Date of the Plan, the
15 Liquidating Trust had insufficient funds with which to pay its ongoing operations, fees and expenses.
16 Nevertheless, the Liquidating Trustee and the Liquidating Trustee's professionals expended
17 tremendous resources and energies to attempt to properly administer and carry out the purposes of
18 the Liquidating Trust's creation. For several years, this activity was carried out with no assurance of
19 compensation. With the exception of those matters beyond the control of the Liquidating Trust,
20 activities were accomplished in the earliest possible time frame in moving the administration
21 forward. Nevertheless, there remain a number of valuable assets to administer that are subject to
22 numerous administrative requirements. The following details the Liquidating Trust's efforts and
23 achievements to date and serves as the principal basis for granting this Motion.

24 **A. Remaining Assets to Be Distributed-Profit Island**

25 The Liquidating Trust owns approximately 78% of the mineral rights and the executive rights
26 (control) of the mineral rights on Profit Island, a 2,400 acre island in the Mississippi River north of
27 Baton Rouge, Louisiana. Crown had sold the surface rights and 22% of the mineral rights prior to
28 commencing this case, thus retaining 78% of the mineral rights. An appraisal commissioned by

1 Crown for the chapter 11 process indicated that these mineral rights had a value of approximately
2 \$250,000. However, if no drilling operations were commenced by October 2007, the mineral rights
3 would have lapsed in favor of the owner of the surface rights.

4 Rather than sell the rights without any effort to exploit the minerals for a sum presumably in
5 the range of the appraised value, the Liquidating Trust sought to find a qualified oil and gas
6 company to lease and explore the availability of oil and gas reserves under the property. If drilling
7 operations could be commenced, royalties could be realized and, importantly, the reversion of the
8 mineral rights to the owner of the surface would be postponed for an additional 7 years beyond the
9 drilling and production activities. Soon after the Effective Date of March 1, 2002, the Liquidating
10 Trust began gathering information, including contact with the owner of the surface and remaining
11 mineral rights and obtaining seismological data on the property from a former lessee. The
12 Liquidating Trust searched for a qualified exploration company working in the area. A national oil
13 and gas company with drilling operations in the vicinity of Profit Island was contacted and was
14 asked to make a proposal. Ultimately this company did make a proposal and after negotiation, in
15 2005, an option was executed wherein that company was given an option to lease the mineral rights
16 at Profit Island with a provision of royalties of 25% to the Liquidating Trust and the other owner of
17 the mineral rights (with the Liquidating Trust's share therefore being approximately 19.5% of
18 production).

19 After studying the property, the lessee/optionee exercised the right to lease the mineral rights
20 under a portion of Profit Island, retaining an option on the balance of the property, and commenced
21 drilling operations in 2006. With the expenditure by the lessee/optionee believed by the Liquidating
22 Trust to be in excess of \$20 million, the well was successful and in 2007 the well began production.
23 The Liquidating Trust has received a total of over \$320,000 in rental payments, extension payments
24 and option payments. Royalties received by the Liquidating Trust (representing its approximate
25 19.5% of production) have amounted to over \$1,190,000 in the months from the partial month
26 production of May 2007 and full months' production thereafter to November 2007, an average of
27 over \$184,000 per month. The lessee/optionee has until November 2008 to decide whether to
28 exercise its option on the balance of the property.

1 In 2007, finally having resources to do so, the Liquidating Trust engaged oil and gas
2 consultants to evaluate the reserves available underlying Profit Island, the possibility of leasing the
3 balance of the property if the lessee/optionee does not exercise its option, the value of the
4 Liquidating Trust's interests and to prepare a plan to dispose of the Liquidating Trust's interests for
5 the highest possible value. The consultant is working with the Liquidating Trust's oil and gas
6 counsel and geologists to finalize its recommendations in the coming weeks. Included within the
7 anticipated recommendations will be a suggested time frame for disposition to maximize value in
8 light of the timing of the option by the lessee/optionee, the current production and the amount of
9 reserves estimated to exist.

10 Preliminary indications from the consultant are that the total of oil and gas reserves in this
11 location would have a value at present market pricing in the tens of millions of dollars of which the
12 Liquidating Trust's share would be approximately 19.5%. The Liquidating Trust's oil and gas
13 consultant believes that the realization of maximum value from this asset requires that a minimum of
14 6, but preferably 8 months of production be in place to demonstrate the quality of production to
15 prospective buyers of the Liquidating Trust's interest. Therefore, the consultant is expected to have
16 its recommendations finalized by late February or early March following the receipt of production
17 reports for January 2008, when 8 full months of production will have been completed. The
18 consultant has indicated that marketing and disposition of the interest can be accomplished by year
19 end 2008 with a distribution of proceeds thereafter to Liquidating Trust beneficiaries. The
20 Liquidating Trustee believes that an extension of the Liquidating Trust through the end of March
21 2009 will enable it to realize the full value of this asset for Liquidating Trust beneficiaries.

22 **B. Retirement Plan Reversion-Settlement With Hartford Insurance Company**

23 In 2001, Crown purchased an annuity from Hartford Insurance Company for the
24 annuitization of retirement benefits to former employees under several merged retirement plans of
25 Crown. The PACE International Union challenged the action in this Court which determined that
26 Crown breached its fiduciary duties in connection with this action and determined that the excess
27 funds in the retirement plan should be redistributed to current retirement plan beneficiaries. After
28 unsuccessful appeals to the U.S. District Court for the Northern District of California and the Ninth

1 Circuit Court of Appeals, the Liquidating Trust obtained a reversal of this decision in June 2007
2 from the United States Supreme Court. After jurisdiction was returned to this Court, an order was
3 entered in December 2007 vacating the previous decision. Thus, absent other complications, there
4 would be no impediment after December 2007 to the Liquidating Trust paying to certain former
5 employees their portion of the excess funds (certain of the former employees chose to make
6 voluntary contributions to the Plan and, thus, are entitled to a portion of the excess funds) and for the
7 Liquidating Trust to take the remaining excess funds as a reversion.

8 However, the PACE union had also filed a number of administrative and other claims,
9 including some asserting a failure by Crown to fund obligations to certain former employees. The
10 Liquidating Trust had undertaken to address all specific concerns as to former employees'
11 entitlements, but the PACE claim remained pending. In addition, PACE had filed an objection to the
12 Liquidating Trust's proposed treatment of approximately \$1.8 million received by the Liquidating
13 Trust from the Hartford Insurance Company in settlement of claims asserted by the attorney generals
14 of Connecticut and New York as to Hartford's relationship to insurance brokers in the purchases of
15 annuity contracts by Crown and other companies. Given the impact of the potential outcomes of the
16 PACE suit before the Supreme Court, these other disputed matters could not be resolved prior to the
17 ultimate outcome of the principal PACE suit which was finally resolved only in December 2007.
18 With the vacating of the earlier PACE decision, the Liquidating Trust endeavored to resolve the
19 remaining disputes with PACE amicably. Unable to accomplish that, following the December 2007
20 vacating of the earlier PACE suit decision, the Liquidating Trust commenced prosecuting objections
21 to the PACE claims and will be setting for hearing the objection of PACE on the \$1.8 million
22 Hartford settlement.

23 The Liquidating Trust will be in a position to calculate and remit to the former employees
24 their allocation of the excess plan assets and take the reversion of the remaining excess funds only
25 after the PACE claims and its Hartford settlement-related objection are resolved. After taking the
26 reversion, the Liquidating Trust must also file the required excise tax return and pay the excise tax
27 required on the taking of the reversion. The timing of this will depend upon the timing of Court
28 disposition of the PACE claims and objection. While the Liquidating Trust does not control the

1 timing of the disposition of the PACE matters, the Liquidating Trustee believes that these matters
2 should be resolved such that the allocation and distribution to former retirement plan participants,
3 the Liquidating Trust's taking of the reversion, disposition of the Hartford settlement and the passage
4 of the prompt determination period on the required excise tax return can be completed by early 2009.
5 Thus, an extension of the Liquidating Trust through March 2009 will enable the Liquidating Trustee
6 to properly administer this asset and distribute to former employees their entitlements and the
7 balance to Liquidating Trust beneficiaries.

8 **C. Litigation Claim Against Directors and Officers Insurance Carrier**

9 Crown had directors and officers insurance coverage that included fiduciary coverage. This
10 coverage was in force as of the time of the PACE Union's suit against Crown asserting the breach of
11 fiduciary duties on the retirement plan. The Liquidating Trust asserted a claim for coverage under
12 the policy for the attorneys' fees and any ultimate losses suffered as a result of the PACE suit. The
13 carrier declined coverage. There is case authority that the claim for indemnity against the carrier for
14 recovery of fees and losses could not be commenced until the conclusion of the underlying litigation,
15 in this case the PACE suit on breach of fiduciary duty on which the United States Supreme Court
16 ruled only in mid-2007. In addition, the Liquidating Trust did not have resources with which to file
17 suit against the carrier and other potentially liable parties until the successful settlement in 2007 of
18 the claims against Fort James/James River and related "Spin" litigation.

19 With the outcome of the PACE suit at the Supreme Court, and when funds became available
20 in 2007 to fund the expenses of such suit (fees for the claim are on a contingency basis with existing
21 special litigation counsel), the suit was commenced and is now pending in the U.S. District Court for
22 the Northern District of California. Motions to dismiss were filed by all defendants and some
23 portions of the complaint were sustained and some were stricken with leave to amend. The
24 Liquidating Trust amended its suit in accordance with such permission in December 2007. Motions
25 to dismiss were filed by the defendants on January 28, 2008, and the Liquidating Trust's response is
26 due February 25, 2008. While the Liquidating Trustee would prefer to have settled this matter,
27 settlement discussions have not been productive to date. The jury trial of this matter is scheduled for

28 ///

1 January 26, 2009 and is scheduled to last for 10 days. An extension of the Liquidating Trust through
2 March 2009 will enable the Liquidating Trust to complete the trial of this matter.

3 **D. Administration, Claims, and Distributions**

4 The Plan required that claims be subjected to review and objection within six months after it
5 became clear that a purpose would be served by doing so, namely, that there be a minimum of \$1
6 million of funds to distribute. To have undertaken the claims processing prior would have
7 unnecessarily burdened the Court and incurred unnecessary Liquidating Trust expenses. When the
8 Liquidating Trust executed the settlement agreement with Fort James/James River and for the "Spin"
9 litigation in mid-2007, it was believed that there would be sufficient funds after payment of the
10 various Liquidating Trust obligations and Plan required payments to fund a distribution of at least \$1
11 million to Liquidating Trust beneficiaries. Thus, the Liquidating Trust immediately began the
12 process of analysis and review of claims. The result is that, with the exception of a precautionary
13 extension of the time to object to claims through January 31, 2008, the Liquidating Trust had
14 reviewed and filed objections to all claims requiring same by December 31, 2007.¹ During 2007, the
15 Liquidating Trust filed nine rounds of omnibus objections and twenty six individual objections.

16 Of the foregoing claims, three omnibus objections and all twenty six individual objections
17 are pending. The deadline to respond to these pending objections was January 31, 2008.

18 To date, the Liquidating Trust has received no opposition to any of these claim objections,
19 other than one objection. In the first week of February, 2008, the Liquidating Trustee will file a
20 default request with respect to the objections that remain unopposed, and will set for hearing any
21 claims that are opposed.

22 In addition to the unopposed claim objections that were filed in 2007, ten objections to
23 administrative, priority or secured claims that were filed prior to 2007 are currently pending. These
24

25 ¹ In the Liquidating Trustee's Omnibus Objection No. 10 to Certain Claims, filed on September 28, 2007 (Docket No.
26 1880) ("Omnibus Objection No. 10"), the Liquidating Trust objected to a set of claims on the ground that according to
27 the Debtors' books and records, no amount is owing. These claims are referred to herein as the "Books and Records
28 Claims." With respect to such Claims, the Court had indicated that it would not grant a default order.

Under the amendments to the Federal Rules of Bankruptcy Procedure that became effective on December 1, 2007,
an objection to a claim based on no liability cannot be made in an omnibus objection. In light of the Court's position,
and the amendments to the Federal Rules of Bankruptcy Procedure, the Liquidating Trust filed a new set of objections to
the Books and Records Claims on January 30, 2008.

1 earlier filed objections have been opposed. The Liquidating Trust will set these contested objections
2 for hearing shortly. While the Liquidating Trust does not control the ultimate timing, the
3 Liquidating Trustee believes that these claims will be resolved by mid 2008.

4 Additionally, there are approximately 420 unliquidated asbestos claims that are subject of a
5 pending omnibus objection. The Liquidating Trustee is informed and is of the belief that a
6 significant number of such claims should be dismissed. Counsel for the Liquidating Trust is
7 working with the three law firms who filed such claims to resolve the claims objections
8 consensually. Notwithstanding, the Liquidating Trustee will be requesting a status conference on
9 such objections in the near future to schedule discovery deadlines and trial dates. Finally, the
10 Liquidating Trust has resolved certain claims for which stipulated orders will be submitted shortly.

11 The Liquidating Trust has paid or fully reserved for all liquidated priority, tax, secured and
12 administrative claims ("Senior Claims") and Liquidating Trust operating fees and expenses. The
13 Pre-Petition Lenders and Secured IRB Lenders have been paid a total of over \$19,700,000. Upon
14 the disposition of remaining disputed or unliquidated Senior Claims and upon the disposition of the
15 claim objections to general unsecured claims, the Liquidating Trust will pay the resulting allowed
16 Senior Claims and will make a first interim distribution to Liquidating Trust beneficiaries. That is
17 anticipated in mid-2008. Currently, the Liquidating Trust is estimating that there will be
18 approximately \$8 to \$9 million available for a first distribution to Liquidating Trust beneficiaries.
19 Thereafter, until all assets are fully administered, the Liquidating Trust will make quarterly
20 distributions of additional receipts in excess of expenses. When all assets are fully administered and
21 all expenses of administration paid or provided for, the Liquidating Trust will seek a bar order for
22 claims occurring during the Liquidating Trust administration and will thereafter make a final
23 distribution.

24 **E. Wind Up and Final Decree**

25 As indicated above, the Liquidating Trustee anticipates disposing of the remaining assets and
26 making the required distributions in as short a time period as possible given the nature of the assets,
27 the timing of realization of the market value of the assets and given the sequencing of distributions
28 in relation to asset dispositions and Court actions. In addition, the Liquidating Trustee anticipates

1 promptly filing all tax returns and assuring payment of all obligations of the Liquidating Trust. The
2 Liquidating Trustee believes that this can be accomplished with an extension of the Liquidating
3 Trust through the end of March 2009 and that the activities to be accomplished during this time
4 period will provide significant benefit to Liquidating Trust beneficiaries, the former unsecured
5 creditors of Crown.

6 **III.**

7 **RELIEF REQUESTED**

8 Pursuant to section 105 of the Bankruptcy Code, the Liquidating Trustee of the Liquidating
9 Trust hereby moves for entry of an Order extending the term of the Liquidating Trust for a period of
10 one year and one month through March 31, 2009 to allow for the additional time necessary to
11 complete the orderly liquidation of the remaining assets of the Liquidating Trust.

12 **IV.**

13 **JURISDICTION AND VENUE**

14 This Court has jurisdiction over this Motion pursuant to 11 U.S.C. § 105 and 28 U.S.C.
15 § 1334. Further, pursuant to the Plan, the Court retained jurisdiction to "construe and take any
16 action to enforce the Plan and issue such orders as may be necessary for the implementation,
17 execution and consummation of the Plan" and to "ensure Distributions to Holders of Allowed Claims
18 are accomplished pursuant to the provisions of the Plan," both of which are implicated by this
19 Motion. *See* Plan §12.1(b) and (f). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408
20 and 1409(a). This matter is a core proceeding pursuant to 28 U.S.C. § 157.

21 **V.**

22 **GROUND FOR RELIEF REQUESTED**

23 As set forth above, because of the complexity of the numerous matters still pending, the
24 Liquidating Trustee believes it will take at least one more full year and month to wind down the
25 estate and terminate the Liquidating Trust.

26 If the Liquidating Trust's term is not extended, the Liquidating Trust will be terminated and
27 the very purpose of the Plan, to ensure distributions to allowed claimants are accomplished pursuant
28 to the provisions of the Plan, would be thwarted.

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VI.

RESERVATION OF RIGHTS

The Liquidating Trustee reserves the right to seek an additional extension of the term of the Liquidating Trust, if an additional extension becomes necessary and in the best interest of the Liquidating Trust's beneficiaries.

VII.

CONCLUSION

Based on the foregoing, the Liquidating Trustee respectfully submits that good and sufficient cause exists in to grant the Motion and extend the term of the Liquidating Trust an additional year and one month through March 31, 2009.

WHEREFORE, the Liquidating Trustee respectfully requests that the Court (a) approve the Motion; (b) extend the term of the Liquidating Trust by one year and one month to March 31, 2009; and (c) grant the Liquidating Trustee such other and further relief as the Court deems appropriate.

Dated: February 2, 2008

BILZN SUMBERG BAENA PRICE
& AXELROD LLP

By /s/ David W. Trench

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2500 Wachovia Financial Center
200 South Biscayne Boulevard
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-- and --

Dated: February 2, 2008

PACHULSKI STANG ZIEHL & JONES LLP

By /s/ Pamela E. Singer

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*Co-Counsel for Jeffrey H. Beck, Liquidating Trustee of
the Crown Paper Liquidating Trust*

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20 In re:) Case No.: 00-41584 (RN)
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23 CROWN PAPER CO.,)
24 Debtors.) **DECLARATION OF JEFFREY H.**
25) **BECK IN SUPPORT OF**
26) **LIQUIDATING TRUSTEE'S SECOND**
27) **MOTION FOR ORDER EXTENDING**
28) **THE TERM OF THE LIQUIDATING**
) **TRUST**
) [No hearing requested.]

1 I am the Liquidating Trustee of the Crown Paper Liquidating Trust (the "Liquidating Trust") and, except where it is indicated that my knowledge is based on information and belief, I have personal knowledge of the matters set forth herein. I submit this Declaration in support of the *Liquidating Trustee's Second Motion for Order Extending the Term of the Liquidating Trust* (the "Motion"). Except as otherwise defined herein, capitalized terms have the meanings ascribed to them in the Motion.

2 On March 15, 2000 (the "Petition Date"), Crown Vantage, Inc., and Crown Paper, Inc. (collectively, the "Debtors" or "Crown") each filed voluntary petitions for relief under the

1 Bankruptcy Code. By Order dated March 16, 2000, the Debtors' cases were ordered to be jointly
2 administrated under Case No. 00-41584 N.

3 3. Pursuant to this Court's *Order Granting Amended Motion by Liquidating Trustee for*
4 *Entry of an Order Extending the Term of the Liquidating Trust*, entered on February 28, 2007
5 (Docket No. 1819), the current termination date of the Liquidating Trust is March 1, 2008.

6 **BACKGROUND FACTS**

7 4. Until the middle of 2007 and for the bulk of the time of its existence from the
8 Effective Date of the Plan, the Liquidating Trust had insufficient funds with which to pay its
9 ongoing operations, fees and expenses. Nevertheless, I and the Liquidating Trust's professionals
10 expended tremendous resources and energies to attempt to properly administer and carry out the
11 purposes of the Liquidating Trust's creation. For several years, this activity was carried out with no
12 assurance of compensation. With the exception of those matters beyond the control of the
13 Liquidating Trust, activities were accomplished in the earliest possible time frame in moving the
14 administration forward. Nevertheless, there remain a number of valuable assets to administer that
15 are subject to numerous administrative requirements. The following details the Liquidating Trust's
16 efforts and achievements to date and serves as the principal basis for granting this Motion.

17 **Remaining Assets to Be Distributed-Profit Island**

18 5. The Liquidating Trust owns approximately 78% of the mineral rights and the
19 executive rights (control) of the mineral rights on Profit Island, a 2,400 acre island in the Mississippi
20 River north of Baton Rouge, Louisiana. Crown had sold the surface rights and 22% of the mineral
21 rights prior to commencing this case, thus retaining 78% of the mineral rights. An appraisal
22 commissioned by Crown for the chapter 11 process indicated that these mineral rights had a value of
23 approximately \$250,000. However, if no drilling operations were commenced by October 2007, the
24 mineral rights would have lapsed in favor of the owner of the surface rights.

25 6. Rather than sell the rights without any effort to exploit the minerals for a sum
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27 and gas company to lease and explore the availability of oil and gas reserves under the property. If
28 drilling operations could be commenced, royalties could be realized and, importantly, the reversion

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3 began gathering information, including contact with the owner of the surface and remaining mineral
4 rights and obtaining seismological data on the property from a former lessee. I searched for a
5 qualified exploration company working in the area. I contacted a national oil and gas company with
6 drilling operations in the vicinity of Profit Island and asked it to make a proposal. Ultimately this
7 company did make a proposal and after negotiation, in 2005, an option was executed wherein that
8 company was given an option to lease the mineral rights at Profit Island with a provision of royalties
9 of 25% to the Liquidating Trust and the other owner of the mineral rights (with the Liquidating
10 Trust's share therefore being approximately 19.5% of production).

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12 mineral rights under a portion of Profit Island, retaining an option on the balance of the property, and
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20 whether to exercise its option on the balance of the property.

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22 consultants to evaluate the reserves available underlying Profit Island, the possibility of leasing the
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24 Liquidating Trust's interests and to prepare a plan to dispose of the Liquidating Trust's interests for
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3 9. Preliminary indications from the consultant are that the total of oil and gas reserves in
4 this location would have a value at present market pricing in the tens of millions of dollars of which
5 the Liquidating Trust's share would be approximately 19.5%. The Liquidating Trust's oil and gas
6 consultant believes that the realization of maximum value from this asset requires that a minimum of
7 6, but preferably 8 months of production be in place to demonstrate the quality of production to
8 prospective buyers of the Liquidating Trust's interest. Therefore, the consultant is expected to have
9 its recommendations finalized by late February or early March following the receipt of production
10 reports for January 2008, when 8 full months of production will have been completed. The
11 consultant has indicated that marketing and disposition of the interest can be accomplished by year
12 end 2008 with a distribution of proceeds thereafter to Liquidating Trust beneficiaries. I believe that
13 an extension of the Liquidating Trust through the end of March 2009 will enable the Liquidating
14 Trust to realize the full value of this asset for Liquidating Trust beneficiaries.

15 **Retirement Plan Reversion-Settlement With Hartford Insurance Company**

16 10. In 2001, Crown purchased an annuity from Hartford Insurance Company for the
17 annuitization of retirement benefits to former employees under several merged retirement plans of
18 Crown. The PACE International Union challenged the action in this Court which determined that
19 Crown breached its fiduciary duties in connection with this action and determined that the excess
20 funds in the retirement plan should be redistributed to current retirement plan beneficiaries. After
21 unsuccessful appeals to the U.S. District Court for the Northern District of California and the Ninth
22 Circuit Court of Appeals, the Liquidating Trust obtained a reversal of this decision in June 2007
23 from the United States Supreme Court. After jurisdiction was returned to this Court, an order was
24 entered in December 2007 vacating the previous decision. Thus, absent other complications, there
25 would be no impediment after December 2007 to the Liquidating Trust paying to certain former
26 employees their portion of the excess funds (certain of the former employees chose to make
27 voluntary contributions to the Plan and, thus, are entitled to a portion of the excess funds) and for the
28 Liquidating Trust to take the remaining excess funds as a reversion.

1 11. However, the PACE union had also filed a number of administrative and other
2 claims, including some asserting a failure by Crown to fund obligations to certain former employees.
3 The Liquidating Trust had undertaken to address all specific concerns as to former employees'
4 entitlements, but the PACE claim remained pending. In addition, PACE had filed an objection to the
5 Liquidating Trust's proposed treatment of approximately \$1.8 million received by the Liquidating
6 Trust from the Hartford Insurance Company in settlement of claims asserted by the attorney generals
7 of Connecticut and New York as to Hartford's relationship to insurance brokers in the purchases of
8 annuity contracts by Crown and other companies. Given the impact of the potential outcomes of the
9 PACE suit before the Supreme Court, these other disputed matters could not be resolved prior to the
10 ultimate outcome of the principal PACE suit which was finally resolved only in December 2007.
11 With the vacating of the earlier PACE decision, the Liquidating Trust endeavored to resolve the
12 remaining disputes with PACE amicably. Unable to accomplish that, following the December 2007
13 vacating of the earlier PACE suit decision, the Liquidating Trust commenced prosecuting objections
14 to the PACE claims and will be setting for hearing the objection of PACE on the \$1.8 million
15 Hartford settlement.

16 12. The Liquidating Trust will be in a position to calculate and remit to the former
17 employees their allocation of the excess plan assets and take the reversion of the remaining excess
18 funds only after the PACE claims and its Hartford settlement-related objection are resolved. After
19 taking the reversion, the Liquidating Trust must also file the required excise tax return and pay the
20 excise tax required on the taking of the reversion. The timing of this will depend upon the timing of
21 Court disposition of the PACE claims and objection. While the Liquidating Trust does not control
22 the timing of the disposition of the PACE matters, I believe that these matters should be resolved
23 such that the allocation and distribution to former retirement plan participants, the Liquidating
24 Trust's taking of the reversion, disposition of the Hartford settlement and the passage of the prompt
25 determination period on the required excise tax return can be completed by early 2009. Thus, an
26 extension of the Liquidating Trust through March 2009 will enable me to properly administer this
27 asset and distribute to former employees their entitlements and the balance to Liquidating Trust
28 beneficiaries.

1 **Litigation Claim Against Directors and Officers Insurance Carrier**

2 13. Crown had directors and officers insurance coverage that included fiduciary
3 coverage. This coverage was in force as of the time of the PACE Union's suit against Crown
4 asserting the breach of fiduciary duties on the retirement plan. The Liquidating Trust asserted a
5 claim for coverage under the policy for the attorneys' fees and any ultimate losses suffered as a
6 result of the PACE suit. The carrier declined coverage. There is case authority that the claim for
7 indemnity against the carrier for recovery of fees and losses could not be commenced until the
8 conclusion of the underlying litigation, in this case the PACE suit on breach of fiduciary duty on
9 which the United States Supreme Court ruled only in mid-2007. In addition, the Liquidating Trust
10 did not have resources with which to file suit against the carrier and other potentially liable parties
11 until the successful settlement in 2007 of the claims against Fort James/James River and related
12 "Spin" litigation.

13 14. With the outcome of the PACE suit at the Supreme Court, and when funds became
14 available in 2007 to fund the expenses of such suit (fees for the claim are on a contingency basis
15 with existing special litigation counsel), the suit was commenced and is now pending in the U.S.
16 District Court for the Northern District of California. Motions to dismiss were filed by all
17 defendants and some portions of the complaint were sustained and some were stricken with leave to
18 amend. The Liquidating Trust amended its suit in accordance with such permission in December
19 2007. Motions to dismiss were filed by the defendants on January 28, 2008 and the Liquidating
20 Trust's response is due February 25, 2008. While I would prefer to have settled this matter,
21 settlement discussions have not been productive to date. The jury trial of this matter is scheduled for
22 January 26, 2009, and is scheduled to last for 10 days. An extension of the Liquidating Trust
23 through March 2009 will enable the Liquidating Trust to complete the trial of this matter.

24 **Administration, Claims, and Distributions**

25 15. The Plan required that claims be subjected to review and objection within six months
26 after it became clear that a purpose would be served by doing so, namely, that there be a minimum
27 of \$1 million of funds to distribute. To have undertaken the claims processing prior would have
28 unnecessarily burdened the Court and incurred unnecessary Liquidating Trust expenses. When the

1 Liquidating Trust executed the settlement agreement with Fort James/James River and for the "Spin"
2 litigation in mid-2007, it was believed that there would be sufficient funds after payment of the
3 various Liquidating Trust obligations and Plan required payments to fund a distribution of at least \$1
4 million to Liquidating Trust beneficiaries. Thus, the Liquidating Trust immediately began the
5 process of analysis and review of claims. The result is that, with the exception of a precautionary
6 extension of the time to object to claims through January 31, 2008, the Liquidating Trust had
7 reviewed and filed objections to all claims requiring same by December 31, 2007.¹ During 2007, the
8 Liquidating Trust filed nine rounds of omnibus objections and twenty six individual objections.

9 16. Of the foregoing claims, three omnibus objections and all twenty six individual
10 objections are pending. The deadline to respond to these pending objections was January 31, 2008.

11 17. To date, the Liquidating Trust has received no opposition to any of these claim
12 objections, other than one objection. In the first week of February, 2008, the Liquidating Trustee
13 will file a default request with respect to the objections that remain unopposed, and will set for
14 hearing any claims that are opposed.

15 18. In addition to the unopposed claim objections that were filed in 2007, ten objections
16 to administrative, priority or secured claims that were filed prior to 2007 are currently pending.
17 These earlier filed objections have been opposed. The Liquidating Trust will set these contested
18 objections for hearing shortly. While the Liquidating Trust does not control the ultimate timing, I
19 believe believes that these claims will be resolved by mid 2008.

20 19. Additionally, there are approximately 420 unliquidated asbestos claims that are
21 subject of a pending omnibus objection. I am informed and believe that a significant number of such
22 claims should be dismissed. Counsel for the Liquidating Trust is working with the three law firms
23 who filed such claims to resolve the claims objections consensually. Notwithstanding, the
24

25 ¹ In the *Liquidating Trustee's Omnibus Objection No. 10 to Certain Claims*, filed on September 28, 2007 (Docket No.
26 1880) ("Omnibus Objection No. 10"), the Liquidating Trust objected to a set of claims on the ground that according to
27 the Debtors' books and records, no amount is owing. These claims are referred to herein as the "Books and Records
28 Claims." With respect to such Claims, the Court had indicated that it would not grant a default order.

Under the amendments to the Federal Rules of Bankruptcy Procedure that became effective on December 1, 2007,
an objection to a claim based on no liability cannot be made in an omnibus objection. In light of the Court's position,
and the amendments to the Federal Rules of Bankruptcy Procedure, the Liquidating Trust filed a new set of objections to
the Books and Records Claims on January 30, 2008.

1 Liquidating Trust will be requesting a status conference on such objections in the near future to
2 schedule discovery deadlines and trial dates. Finally, the Liquidating Trust has resolved certain
3 claims for which stipulated orders will be submitted shortly.

4 20. The Liquidating Trust has paid or fully reserved for all liquidated priority, tax,
5 secured and administrative claims ("Senior Claims") and Liquidating Trust operating fees and
6 expenses. The Pre-Petition Lenders and Secured IRB Lenders have been paid a total of over
7 \$19,700,000. Upon the disposition of remaining disputed or unliquidated Senior Claims and upon
8 the disposition of the claim objections to general unsecured claims, the Liquidating Trust will pay
9 the resulting allowed Senior Claims and will make a first interim distribution to Liquidating Trust
10 beneficiaries. That is anticipated in mid-2008. Currently, the Liquidating Trust estimates that there
11 will be approximately \$8 to \$9 million available for a first distribution to Liquidating Trust
12 beneficiaries. Thereafter, until all assets are fully administered, the Liquidating Trust will make
13 quarterly distributions of additional receipts in excess of expenses. When all assets are fully
14 administered and all expenses of administration paid or provided for, the Liquidating Trust will seek
15 a bar order for claims occurring during the Liquidating Trust administration and will thereafter make
16 a final distribution.

17 **Wind Up and Final Decree**

18 21. As indicated above, I anticipate disposing of the remaining assets and making the
19 required distributions in as short a time period as possible given the nature of the assets, the timing
20 of realization of the market value of the assets and given the sequencing of distributions in relation
21 to asset dispositions and Court actions. In addition, I anticipate promptly filing all tax returns and
22 assuring payment of all obligations of the Liquidating Trust. I believe that this can be accomplished
23 with an extension of the Liquidating Trust through the end of March 2009 and that the activities to
24 be accomplished during this time period will provide significant benefit to Liquidating Trust
25 beneficiaries, the former unsecured creditors of Crown.

26 22. In summary, because of the complexity of the numerous matters still pending, I
27 believe it will take at least one more full year and month to wind down the estate and terminate the
28 Liquidating Trust. If the Liquidating Trust's term is not extended, the Liquidating Trust will be

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terminated and the very purpose of the Plan, to ensure distributions to allowed claimants are accomplished pursuant to the provisions of the Plan, would be thwarted.

I declare under penalty of perjury under the laws of Florida, California, and of the United States that the foregoing is true and correct of my own personal knowledge.

Executed this 2nd day of February, 2008, at Boca Raton, Florida.

/s/ Jeffrey H. Beck
Jeffrey H. Beck

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16 THE CROWN PAPER LIQUIDATING TRUST

17 **UNITED STATES BANKRUPTCY COURT**
18 **NORTHERN DISTRICT OF CALIFORNIA**
19 **OAKLAND DIVISION**

20 In re:) Case No.: 00-41584 (RN)
21)
22 CROWN VANTAGE, INC.,) Chapter 11
23 CROWN PAPER CO.,)
24 Debtors.) **NOTICE OF LIQUIDATING**
25) **TRUSTEE'S SECOND MOTION FOR**
26) **ORDER EXTENDING THE TERM OF**
27) **THE LIQUIDATING TRUST**
28) [No hearing requested.]

TO: THE HONORABLE RANDALL J. NEWSOME, UNITED STATES BANKRUPTCY JUDGE, THE U.S. TRUSTEE, AND PARTIES REQUESTING NOTICE

PLEASE TAKE NOTICE THAT Jeffrey H. Beck, as Liquidating Trustee of the Crown Paper Liquidating Trust (the "Liquidating Trust"), has filed the *Liquidating Trustee's Second Motion for Order Extending the Term of the Liquidating Trust* (the "Motion") and the *Declaration of Jeffrey H. Beck in Support of Liquidating Trustee's Second Motion for Order Extending the Term of the Liquidating Trust*.

PLEASE TAKE FURTHER NOTICE THAT the Liquidating Trustee is filing with the Motion an *Ex Parte Application to Shorten Time on Liquidating Trustee's Second Motion for Order*

1 *Extending the Term of the Liquidating Trust* (the “Application”). In the Application, the Liquidating
2 Trustee is requesting that the time to oppose, respond to, or request a hearing on the Motion be set
3 for **Monday, February 18, 2008**. If the Application is granted, you will be required to file and serve
4 such opposition, response, or request for hearing so that undersigned counsel receives such response
5 or opposition no later than **5:00 p.m. on Monday, February 18, 2008**.

6 **PLEASE TAKE FURTHER NOTICE THAT** when the Court decides the Application, the
7 Liquidating Trustee will serve additional Notice of the time for opposing, responding to, or
8 requesting hearing on the Motion, consistent with the Court’s decision.

9 **DATE OF MAILING: FEBRUARY 4, 2008**

10 Dated: February 2, 2008 BILZN SUMBERG BAENA PRICE
& AXELROD LLP

11
12 By /s/ David W. Trench
13 David W. Trench (FBN 202975, admitted *pro hac vice*)
14 2500 Wachovia Financial Center
15 200 South Biscayne Boulevard
16 Miami, Florida 33131-2336
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18 -- and --

19 Dated: February 2, 2008 PACHULSKI STANG ZIEHL & JONES LLP

20 By /s/ Pamela E. Singer
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26 *Co-Counsel for Jeffrey H. Beck, Liquidating Trustee of*
27 *the Crown Paper Liquidating Trust*
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16 THE CROWN PAPER LIQUIDATING TRUST

17 **UNITED STATES BANKRUPTCY COURT**
18 **NORTHERN DISTRICT OF CALIFORNIA**
19 **OAKLAND DIVISION**

20 In re:) Case No.: 00-41584 (RN)
21)
22 CROWN VANTAGE, INC.,) Chapter 11
23 CROWN PAPER CO.,)
24 Debtors.) **EX PARTE APPLICATION FOR**
25) **ORDER SHORTENING TIME TO**
26) **OBJECT TO LIQUIDATING**
27) **TRUSTEE'S SECOND MOTION FOR**
28) **ORDER EXTENDING THE TERM OF**
) **THE LIQUIDATING TRUST**
) [No hearing requested.]
)

29 Jeffrey H. Beck, Liquidating Trustee of the Crown Paper Liquidating Trust (the "Liquidating
30 Trustee"), hereby submits his *ex parte* application (the "Application") pursuant to Rule 9006-1 of the
31 United States Bankruptcy Court for the Northern District of California (the "Local Rules") for an
32 Order shortening the time to oppose, respond to, or request a hearing on the *Liquidating Trustee's*
33 *Second Motion for Order Extending the Term of the Liquidating Trust* (the "Motion").¹ Specifically,
34 the Liquidating Trustee requests that the time to oppose, respond to, or request a hearing on the

35 ///

36 ¹ Unless otherwise defined herein, capitalized terms have the meanings ascribed to them in the Motion.

1 Motion be shortened to fourteen days from the date of service of the Motion, which is Monday,
2 February 18, 2008.

3 In support of this Application, the Liquidating Trustee respectfully represents as follows:

4 **I.**

5 **STATEMENT OF FACTS**

6 The facts set forth in the Motion are incorporated herein by reference. Specifically, the term
7 of the Liquidating Trust is currently set to expire on March 1, 2008. Although the Liquidating
8 Trustee has efficiently and diligently accomplished a great deal of progress, additional time is
9 necessary to maximize recovery to the Liquidating Trust's creditors. Therefore, the Liquidating
10 Trust's term should be extended for one year and one month.

11 **II.**

12 **NECESSITY FOR EXPEDITED SCHEDULE**

13 Expedited consideration of the Motion is appropriate in order to allow the Motion to be
14 heard, if necessary, before the Crown Paper Liquidating Trust expires on March 1, 2008.

15 **III.**

16 **PREVIOUS TIME MODIFICATIONS**

17 There have been no previous time modifications with respect to the Motion. Previously, on
18 February 28, 2007, the Court extended the term of the Liquidating Trust to March 1, 2008, pursuant
19 to that *Order Granting Amended Motion by Liquidating Trustee for Entry of an Order Extending the*
20 *Term of the Liquidating Trust*, entered on February 28, 2007 (Docket No. 1819).

21 **IV.**

22 **EFFECT OF REQUESTED SHORTENING OF TIME**

23 If this Application is granted, the period to oppose, respond to, or request a hearing on the
24 Motion will be shortened from twenty days, as provided by Rule 9014-1(b)(3) of the United States
25 Bankruptcy Court for the Northern District of California, to fourteen days. Thus, if the Application
26 is granted, the deadline to oppose, respond to, or request a hearing on the Motion will be Monday,
27 February 18, 2008.

28 ///

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16 THE CROWN PAPER LIQUIDATING TRUST

17 **UNITED STATES BANKRUPTCY COURT**
18 **NORTHERN DISTRICT OF CALIFORNIA**
19 **OAKLAND DIVISION**

20 In re:) Case No.: 00-41584 (RN)
21)
22 CROWN VANTAGE, INC.,) Chapter 11
23 CROWN PAPER CO.,)
24 Debtors.) **DECLARATION OF PAMELA E.**
25) **SINGER IN SUPPORT OF EX PARTE**
26) **APPLICATION FOR ORDER**
27) **SHORTENING TIME TO OBJECT TO**
28) **LIQUIDATING TRUSTEE'S SECOND**
) **MOTION FOR ORDER EXTENDING**
) **THE TERM OF THE LIQUIDATING**
) **TRUST**
) [No hearing requested.]

29 I, Pamela Egan Singer, declare:

30 1. I am an attorney at law duly licensed to practice in the State of California and before
31 this Court. I am employed by Pachulski Stang Ziehl Young & Jones LLP, co-counsel for Jeffrey H.
32 Beck, Liquidating Trustee of the Crown Paper Liquidating Trust, in the above-captioned case. The
33 following is true of my personal knowledge and, if called as a witness, I could and would testify
34 competently thereto.

35 ///

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16 THE CROWN PAPER LIQUIDATING TRUST

17 **UNITED STATES BANKRUPTCY COURT**
18 **NORTHERN DISTRICT OF CALIFORNIA**
19 **OAKLAND DIVISION**

20 In re:) Case No.: 00-41584 (RN)
21)
22 CROWN VANTAGE, INC.,) Chapter 11
23 CROWN PAPER CO.,)
24 Debtors.) **ORDER SHORTENING TIME TO**
25) **OBJECT TO LIQUIDATING**
26) **TRUSTEE'S SECOND MOTION FOR**
27) **ORDER EXTENDING THE TERM OF**
28) **THE LIQUIDATING TRUST**
_____) [No hearing requested.]

29 Jeffrey H. Beck, the Liquidating Trustee for the Crown Paper Liquidating Trust in the above-
30 captioned bankruptcy case, has filed his *Ex Parte Application for Order Shortening Time to Object*
31 *to Liquidating Trustee's Second Motion for Order Extending the Term of the Liquidating Trust* (the
32 "Application").

33 Based upon the Court's review of the Application, the declaration of Pamela E. Singer in
34 support thereof, and good cause appearing therefore, the Court ORDERS as follows:

- 35 1. The Application is granted.

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37 ///

COURT SERVICE LIST

Service shall be effected pursuant to that *Order Authorizing the Retention and Employment of Logan & Company, Inc. as Claims Agent for Debtors and as Noticing Agent for Clerk of the Bankruptcy Court Pursuant to 28 U.S.C. § 156(c) Nunc Pro Tunc*, entered on April 5, 2000 [Docket No. 62].

PACHULSKI STANG ZIEHL & JONES LLP
ATTORNEYS AT LAW
SAN FRANCISCO, CALIFORNIA

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