

**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF ILLINOIS
EASTERN DIVISION**

IN RE: :
 : **CHAPTER 11**
CAESARS ENTERTAINMENT OPERATING :
COMPANY, INC., et al., : **Case No. 15-01145 (ABG)**
 : **(Jointly Administered)**
DEBTORS. :

**OBJECTION OF INTERNATIONAL PAINTERS AND ALLIED TRADES INDUSTRY
PENSION FUND TO THE ADEQUACY OF THE DISCLOSURE STATEMENT FOR
THE DEBTORS’ SECOND AMENDED JOINT PLAN OF REORGANIZATION
PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE**

The International Painters and Allied Trades Industry Pension Fund (“Pension Fund” or “Fund”), by and through their undersigned attorneys, hereby submits this objection with respect to the adequacy of the Disclosure Statement for the Debtors’ Second Amended Joint Plan of Reorganization pursuant to Chapter 11 of the Bankruptcy Code. In support of its objection, the Fund avers as follows:

BACKGROUND

1. The Fund is a trust fund established under 29 U.S.C. §186(c)(5) and “multiemployer plan” and “employee benefit [pension] plan” within the meaning of 29 U.S.C. §1002(37), (2) and (3).
2. Prior to its bankruptcy filing, several of the Debtor entities (“Debtor(s)”) were parties to collective bargaining agreements (“Labor Contracts”) with one or more local labor unions or district councils affiliated with the International Union of Painters and Allied Trades (“Union”). The Labor Contracts remain in effect and have not been terminated.
3. The Labor Contracts require Debtors to make certain fringe benefit contributions

to the Fund for hours worked by or paid to its covered employees.

4. On May 26, 2015, the Pension Fund filed a proof of claim for estimated, contingent statutory withdrawal liability in the amount of \$6,419,844.00 pursuant to 29 U.S.C. §§1301(b), 1381 et seq., jointly and severally amongst all Debtors.

5. On April 4, 2016, Debtors filed the Notice of Filing of Debtors' Second Amended Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code ("Second Amended Plan") (Docket # 3483).

6. On April 4, 2016, Debtors filed the Notice of Filing of the Disclosure Statement for the Debtors' Second Amended Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code ("Disclosure Statement") (Docket # 3484).

7. The Disclosure Statement does not provide for the rejection of any labor contracts relating to Pension Fund contributions. As a result, the Pension Fund does not expect a cessation of contributions and actual withdrawal from the Pension Fund during the bankruptcy.

8. The Disclosure Statement however fails to contain any information regarding treatment of the contingent withdrawal liability proof of claims on which there is a split in the case law.¹

9. While the Fund welcomes ongoing employer contributions, the contingent claim is estimated at \$6,419,844.00. Allocating on a year-by-year basis, the Fund has a \$19,295.00 pre-petition priority claim and a potential administrative expense claim of \$482,757.00. Other pension plans likely have contingent claims.

10. The Pension Fund infers that the Debtors wish to continue contributions with no

¹ *CPT Holdings, Inc. v. Industrial & Allied Employees Union Pension Plan, Local 73*, 162 F.3d 405 (6th Cir. 1998) (holding the contingent withdrawal liability is not a claim that is affected by a bankruptcy); *contra In re CD Realty Partners*, 205 B.R. 651, 659 (Bankr. D. Mass. 1997) (holding that an employer's bankruptcy that preceded the employer's withdrawal from a pension plan discharged the employer's withdrawal liability).

withdrawal liability claims. The Debtors should indicate their approach to this issue. Without this omitted material information, the Fund does not know the status of its proof of claim for estimated, contingent withdrawal liability or the value of the proposed plan to the Pension Fund and other creditor.

OBJECTION

11. The Fund objects to the inadequacy of the information contained in the Disclosure Statement because the Fund does not know how the Second Amended Plan is going to treat its contingent withdrawal liability proof of claim, as a result the Fund is unable to intelligently decide whether to vote for or against the Second Amended Plan.

WHEREFORE, the Fund respectfully requests that the court deny Debtor's motion for approval of the Disclosure Statement for the Second Amended Plan.

Respectfully submitted,

BAUM SIGMAN AUERBACH
& NEUMAN, LTD

Dated: May 17, 2016

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