

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

In re:

THQ, INC., *et al.*,

Debtors.

Chapter 11

Case No. 12-13398 (MFW)  
(Jointly Administered)

**Objection Deadline: 1/18/13 at 4:00 p.m.**  
**Hearing Date: 1/23/13 at 9:30 a.m.**

Related to Docket No. 19

**LOS ANGELES COUNTY TREASURER AND TAX COLLECTOR'S  
OBJECTION TO DEBTORS' MOTION FOR ENTRY OF (I) AN ORDER (A)  
AUTHORIZING AND APPROVING BID PROCEDURES IN CONNECTION  
WITH THE SALE OF SUBSTANTIALLY ALL OF THE DEBTORS' ASSETS, (B)  
AUTHORIZING AND APPROVING STALKING HORSE PROTECTIONS, (C)  
AUTHORIZING AND APPROVING PROCEDURES RELATED TO THE  
ASSUMPTION AND ASSIGNMENT OF EXECUTORY CONTACTS AND  
UNEXPIRED LEASES IN CONNECTION WITH THE SALE, (D) SCHEDULING  
AUCTION AND SALE APPROVAL HEARING, (E) APPROVING THE FORM  
AND MANNER OF THE NOTICE OF THE SALE HEARING, AND (F) GRANTING  
CERTAIN RELATED RELIEF, AND (II) AN ORDER (A) APPROVING THE  
SALE OF SUBSTANTIALLY ALL OF THE DEBTORS' ASSETS, (B)  
AUTHORIZING THE ASSUMPTION AND ASSIGNMENT OF CERTAIN  
EXECUTORY CONTRACTS AND UNEXPIRED LEASES IN CONNECTION  
WITH THE SALE, AND (C) GRANTING CERTAIN RELATED RELIEF**

Los Angeles County Treasurer and Tax Collector (the "County"), a creditor and party in interest in these jointly administered chapter 11 cases, by and through its undersigned counsel, hereby submits this Objection (the "Objection") to the above-captioned debtors' ("Debtors") *Motion for Entry of (I) An Order (A) Authorizing and Approving Bid Procedures in Connection with the Sale of Substantially All of the Debtors' Assets, (B) Authorizing and Approving Stalking Horse Protections, (C) Authorizing and Approving Procedures related to the Assumption and Assignment of Executory Contracts and Unexpired Leases in connection with the Sale, (D) Scheduling Auction and Sale Approval Hearing, (E) Approving the Form and Manner of the Notice of the Sale Hearing, and (F) Granting Certain Related Relief, and (II) An Order (A) Approving the Sale of Substantially All of the Debtors' Assets, (B) Authorizing the Assumption*

*and Assignment of Certain Executory Contracts and Unexpired Leases in connection with the Sale, and (C) Granting Certain Related Relief* [Docket No. 19] (the “Sale Motion”), as follows:

**BACKGROUND**

1. On December 19, 2012 (the “Petition Date”), the Debtors filed voluntary petitions pursuant to chapter 11 of Title 11 of the United States Code (the “Bankruptcy Code”).
2. On the Petition Date, the Debtors filed the Sale Motion [Docket No. 19].
3. On or about December 31, 2012, the County timely filed a proof of claim consisting of estimated unsecured priority 2013-2014 taxes in the amount of \$90,635.68 for which the lien date was January 1, 2013 (the “Unsecured Priority Tax Claim”). A true and correct copy of the Unsecured Priority Tax Claim is attached hereto as Exhibit A.

**ARGUMENT**

4. The obligation to pay California property tax fixes on the lien date preceding the fiscal year for which the tax is due. Cal. Rev. & Tax Code §§ 401.3, 2192. Here, the lien date was January 1, 2013. Cal. Rev. & Tax Code §§ 117, 405, 2192. Under the California system, the taxpayer is liable for the taxes on the property he/she/it owns on the lien date even if the taxpayer no longer owns, controls, or possesses the property during the assessment year to which the tax relates and in which the tax is due. For example, in *In re Western States Wire Corp.* 490 F.2d 1065 (9th Cir. 1974), the trustee in bankruptcy owned, possessed, and controlled property on the lien date and thus was obligated to pay the tax on the property, even though property was sold prior to the year corresponding to the taxes. In *Seegmiller v. City of Nevada*, 53 Cal.App.4th 1397, 1402-03 (Cal. Ct. App. 1997) the taxpayer’s possession of property on the lien date made him responsible for the full amount of property taxes; the fact that he and the property being taxed were not in the county or the State for the full tax year to which the taxes related was irrelevant.

5. Therefore, even though the Debtors are selling substantially all assets of the estate, the Debtors may be liable for the Unsecured Priority Tax Claim, and thus, the County, out of abundance of caution, makes this limited objection to ensure that the County will be paid.

**RESERVATION OF RIGHTS**


6. The County expressly reserves its rights to supplement and amend this Objection, seek discovery with respect to same, and introduce evidence at any hearing relating to this Objection.

**CONCLUSION**

WHEREFORE, the Los Angeles County Treasurer & Tax Collector respectfully requests that the Court: (i) sustain the Objection and grant the relief requested herein; and (ii) grant such further relief as the Court deems just and proper.

Dated: January 17, 2013

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Tax Collector*

# EXHIBIT A

**DUPLICATE**

ADMINISTRATIVE CLAIM

B 10 (Official Form 10) (12/11)

UNITED STATES BANKRUPTCY COURT		District of Delaware	PROOF OF CLAIM
Name of Debtor: THQ Inc.		Case Number: 12-13398-MFW(Ch#11)	ADMINISTRATIVE CLAIM  NOTE: <i>Do not use this form to make a claim for an administrative expense that arises after the bankruptcy filing. You may file a request for payment of an administrative expense according to 11 U.S.C. § 503.</i>
<b>ADMINISTRATIVE CLAIM</b>			
Name of Creditor (the person or other entity to whom the debtor owes money or property): Los Angeles County Treasurer and Tax Collector			
Name and address where notices should be sent: Los Angeles County Treasurer and Tax Collector PO Box 54110, Los Angeles, CA 90054-0110		Telephone number: (213) 974-7803 email: bankruptcy@ttc.lacounty.gov	COURT USE ONLY  <input type="checkbox"/> Check this box if this claim amends a previously filed claim.  Court Claim Number: _____ (If known)  Filed on: _____
Name and address where payment should be sent (if different from above):		Telephone number: email:	<input type="checkbox"/> Check this box if you are aware that anyone else has filed a proof of claim relating to this claim. Attach copy of statement giving particulars.
1. Amount of Claim as of Date Case Filed: \$ <u>90,635.68</u>  If all or part of the claim is secured, complete item 4.  If all or part of the claim is entitled to priority, complete item 5.  <input type="checkbox"/> Check this box if the claim includes interest or other charges in addition to the principal amount of the claim. Attach a statement that itemizes interest or charges.			
2. Basis for Claim: <u>Estimated Tax</u> (See instruction #2)			
3. Last four digits of any number by which creditor identifies debtor:  2 0 1 3	3a. Debtor may have scheduled account as:  <u>Unknown</u> (See instruction #3a)	3b. Uniform Claim Identifier (optional):  _____ (See instruction #3b)	
4. Secured Claim (See instruction #4) Check the appropriate box if the claim is secured by a lien on property or a right of setoff, attach required redacted documents, and provide the requested information.  Nature of property or right of setoff: <input type="checkbox"/> Real Estate <input type="checkbox"/> Motor Vehicle <input type="checkbox"/> Other Describe:  Value of Property: \$ _____  Annual Interest Rate _____ % <input type="checkbox"/> Fixed or <input type="checkbox"/> Variable (when case was filed)		Amount of arrearage and other charges, as of the time case was filed, included in secured claim, if any:  \$ _____  Basis for perfection: _____  Amount of Secured Claim: \$ _____  Amount Unsecured: \$ _____	
5. Amount of Claim Entitled to Priority under 11 U.S.C. § 507 (a). If any part of the claim falls into one of the following categories, check the box specifying the priority and state the amount.			
<input type="checkbox"/> Domestic support obligations under 11 U.S.C. § 507 (a)(1)(A) or (a)(1)(B).		<input type="checkbox"/> Wages, salaries, or commissions (up to \$11,725*) earned within 180 days before the case was filed or the debtor's business ceased, whichever is earlier – 11 U.S.C. § 507 (a)(4).	
<input type="checkbox"/> Up to \$2,600* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use – 11 U.S.C. § 507 (a)(7).		<input type="checkbox"/> Contributions to an employee benefit plan – 11 U.S.C. § 507 (a)(5).	
		<input checked="" type="checkbox"/> Taxes or penalties owed to governmental units – 11 U.S.C. § 507 (a)(8).	
		<input type="checkbox"/> Other – Specify applicable paragraph of 11 U.S.C. § 507 (a)(____).	
		Amount entitled to priority: \$ <u>90,635.68</u>	
*Amounts are subject to adjustment on 4/1/13 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.			
6. Credits. The amount of all payments on this claim has been credited for the purpose of making this proof of claim. (See instruction #6)			

B 10 (Official Form 10) (12/11)

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7. Documents: Attached are redacted copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. If the claim is secured, box 4 has been completed, and redacted copies of documents providing evidence of perfection of a security interest are attached. (See instruction #7, and the definition of "redacted".)

DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING.

If the documents are not available, please explain:

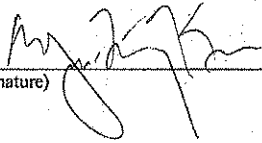
8. Signature: (See instruction #8)

Check the appropriate box.

- I am the creditor.  I am the creditor's authorized agent.  I am the trustee, or the debtor, or their authorized agent.  I am a guarantor, surety, indorser, or other codebtor.
- (Attach copy of power of attorney, if any.) (See Bankruptcy Rule 3004.) (See Bankruptcy Rule 3005.)

I declare under penalty of perjury that the information provided in this claim is true and correct to the best of my knowledge, information, and reasonable belief.

Print Name: ManLing Kuo  
 Title: Tax Services Clerk I  
 Company: Los Angeles County Tax Collector  
 Address and telephone number (if different from notice address above):  
 \_\_\_\_\_  
 \_\_\_\_\_

  
 \_\_\_\_\_  
 (Signature) (Date) 12/31/2012

Telephone number: \_\_\_\_\_ email: \_\_\_\_\_

Penalty for presenting fraudulent claim: Fine of up to \$500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 3571.

**INSTRUCTIONS FOR PROOF OF CLAIM FORM**

The instructions and definitions below are general explanations of the law. In certain circumstances, such as bankruptcy cases not filed voluntarily by the debtor, exceptions to these general rules may apply.

**Items to be completed in Proof of Claim form**

**Court, Name of Debtor, and Case Number:**  
 Fill in the federal judicial district in which the bankruptcy case was filed (for example, Central District of California), the debtor's full name, and the case number. If the creditor received a notice of the case from the bankruptcy court, all of this information is at the top of the notice.

**Creditor's Name and Address:**  
 Fill in the name of the person or entity asserting a claim and the name and address of the person who should receive notices issued during the bankruptcy case. A separate space is provided for the payment address if it differs from the notice address. The creditor has a continuing obligation to keep the court informed of its current address. See Federal Rule of Bankruptcy Procedure (FRBP) 2002(g).

**1. Amount of Claim as of Date Case Filed:**  
 State the total amount owed to the creditor on the date of the bankruptcy filing. Follow the instructions concerning whether to complete items 4 and 5. Check the box if interest or other charges are included in the claim.

**2. Basis for Claim:**  
 State the type of debt or how it was incurred. Examples include goods sold, money loaned, services performed, personal injury/wrongful death, car loan, mortgage note, and credit card. If the claim is based on delivering health care goods or services, limit the disclosure of the goods or services so as to avoid embarrassment or the disclosure of confidential health care information. You may be required to provide additional disclosure if an interested party objects to the claim.

**3. Last Four Digits of Any Number by Which Creditor Identifies Debtor:**  
 State only the last four digits of the debtor's account or other number used by the creditor to identify the debtor.

**3a. Debtor May Have Scheduled Account As:**  
 Report a change in the creditor's name, a transferred claim, or any other information that clarifies a difference between this proof of claim and the claim as scheduled by the debtor.

**3b. Uniform Claim Identifier:**  
 If you use a uniform claim identifier, you may report it here. A uniform claim identifier is an optional 24-character identifier that certain large creditors use to facilitate electronic payment in chapter 13 cases.

**4. Secured Claim:**  
 Check whether the claim is fully or partially secured. Skip this section if the claim is entirely unsecured. (See Definitions.) If the claim is secured, check the box for the nature and value of property that secures the claim, attach copies of lien documentation, and state, as of the date of the bankruptcy filing, the annual interest rate (and whether it is fixed or variable), and the amount past due on the claim.

**5. Amount of Claim Entitled to Priority Under 11 U.S.C. § 507 (a):**  
 If any portion of the claim falls into any category shown, check the appropriate box(es) and state the amount entitled to priority. (See Definitions.) A claim may be partly priority and partly non-priority. For example, in some of the categories, the law limits the amount entitled to priority.

**6. Credits:**  
 An authorized signature on this proof of claim serves as an acknowledgment that when calculating the amount of the claim, the creditor gave the debtor credit for any payments received toward the debt.

**7. Documents:**  
 Attach redacted copies of any documents that show the debt exists and a lien secures the debt. You must also attach copies of documents that evidence perfection of any security interest. You may also attach a summary in addition to the documents themselves. FRBP 3001(c) and (d). If the claim is based on delivering health care goods or services, limit disclosing confidential health care information. Do not send original documents, as attachments may be destroyed after scanning.

**8. Date and Signature:**  
 The individual completing this proof of claim must sign and date it. FRBP 9011. If the claim is filed electronically, FRBP 5005(a)(2) authorizes courts to establish local rules specifying what constitutes a signature. If you sign this form, you declare under penalty of perjury that the information provided is true and correct to the best of your knowledge, information, and reasonable belief. Your signature is also a certification that the claim meets the requirements of FRBP 9011(b). Whether the claim is filed electronically or in person, if your name is on the signature line, you are responsible for the declaration. Print the name and title, if any, of the creditor or other person authorized to file this claim. State the filer's address and telephone number if it differs from the address given on the top of the form for purposes of receiving notices. If the claim is filed by an authorized agent, attach a complete copy of any power of attorney, and provide both the name of the individual filing the claim and the name of the agent. If the authorized agent is a servicer, identify the corporate servicer as the company. Criminal penalties apply for making a false statement on a proof of claim.



**COUNTY OF LOS ANGELES  
TREASURER AND TAX COLLECTOR**



**MARK J. SALADINO**  
TREASURER AND TAX COLLECTOR

KENNETH HAHN HALL OF ADMINISTRATION  
225 NORTH HILL STREET, ROOM 122  
P.O. BOX 54110  
LOS ANGELES, CALIFORNIA 90054-0110  
TELEPHONE: (213) 893-7909 FAX: (213) 633-5013

December 31, 2012

**TO:** Bankruptcy Claim Court

**FROM:** Los Angeles Treasurer and Tax Collector

**SUBJECT:** THQ Inc  
Estimated Taxes for 2013

Enclosed please find the above named claim forms. Upon receiving the forms would you kindly send a copy of the stamped claim form to:

**Los Angeles County Treasurer and Tax Collector**  
P.O. Box 54110  
Los Angeles, CA 90054-0110

**ATTN: B. SANDOZ**

## CLAIM ATTACHMENT SHEET

This claim is an unsecured tax secured by a statutory lien under California state law. This claim is secured under 11 U.S.C. Section 503(b)(1)(B)

This claim is subject to interest under California Revenue and Taxation Code Section 4103, 11 U.S.C. Section 506 (b) and 11 U.S.C. Section 511 as well as costs, fee and attorney fees.


The claim will continue to increase and interest will continue to accrue until it is paid.

Taxes for 2013-2014 in the amount of \$90,635.68 due to statutory lien date of January 1<sup>st</sup> per the California Revenue and Taxation Code Section 2192. The amount of taxes is to be determined. An Amended claim will be filed once the exact dollar amount is available.



**CERTIFICATE OF SERVICE**

I, Marc J. Phillips, hereby certify that on the 17<sup>th</sup> day of January, 2013, I caused a true and correct copy of the foregoing **Los Angeles County Treasurer and Tax Collector's Objection to Motion for Entry of (I) An Order (A) Authorizing and Approving Bid Procedures in Connection with the Sale of Substantially All of the Debtors' Assets, (B) Authorizing and Approving Stalking Horse Protections, (C) Authorizing and Approving Procedures related to the Assumption and Assignment of Executory Contracts and Unexpired Leases in connection with the Sale, (D) Scheduling Auction and Sale Approval Hearing, (E) Approving the Form and Manner of the Notice of the Sale Hearing, and (F) Granting Certain Related Relief, and (II) An Order (A) Approving the Sale of Substantially All of the Debtors' Assets, (B) Authorizing the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases in connection with the Sale, and (C) Granting Certain Related Relief** to be served on the parties on the attached list as indicated:

  
\_\_\_\_\_  
Marc J. Phillips (No. 4445)

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