

UNITED STATES BANKRUPTCY COURT  
MIDDLE DISTRICT OF FLORIDA  
JACKSONVILLE DIVISION

In re:

SPUDDOG FARM PROPERTIES LLC

Debtor.

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Case No: 3:22-bk-01341-BAJ

Chapter 11

**DEBTOR'S CHAPTER 11 CASE MANAGEMENT SUMMARY**<sup>1</sup>

Spuddog Farm Properties LLC (the "Debtor"), by counsel and pursuant to Local Rule 2081-1(b), hereby files this Case Management Summary as follows:

**I. Description of the Debtor's Business, Locations and Reasons for Filing**

The Debtor is a Virginia limited liability company in good standing with the State of Virginia. While the Debtor's principal address is 8013 Long Lane, Temperanceville, Virginia 23442, the Debtor's "nerve center" and mailing address is the residence of its Managing Members Karen W. Hall ("Ms. Hall")<sup>2</sup> and Benny F. Hall, Sr. ("Mr. Hall"), husband and wife, at 552 Boxwood Place, Saint Augustine, Florida 32086.

The Debtor's primary business is owning and leasing one piece of real property that is identified as having three street addresses (with three separate corresponding purposes). First, 8013 Long Lane, Temperanceville, Virginia 23442 (the "Rental") is used as a VRBO vacation home rental property. Second, 8250 Long Lane, Temperanceville, Virginia 23442 (the "Farm") is used for a chicken house, cold storage shop and office. Third, Grotontown Road, Hallwood, Virginia 23359 (the "Land") is vacant land. Collectively, the Rental, Farm and Land are the "Properties".

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<sup>1</sup> The Debtor files this preliminary case management summary in accordance with the applicable Local Rules and reserves the right to further amend and supplement the same.

<sup>2</sup> Ms. Hall has filed her own affiliated bankruptcy pending before this Court as 3:22-bk-01326-BAJ and the debtors will seek joint administration.

The Debtor's need for filing bankruptcy largely dates back to 2015. In that year one of the companies Benny F. Hall & Sons, LLC lost its seasonal line of credit stemming from litigation between Benny F. Hall, Sr. and his son Benny F. Hall, Jr. over the dissolution of their prior farming operation (which transpired in the lawsuit *Benny F. Hall, Sr. v. Benny F. Hall, Jr.*, Case Number CL13000042-00 before the Circuit Court of the County of Accomack, Virginia). The dissolution litigation lasted for several years, and the fees associated with the litigation were extensive.

After dissolution, the Halls began paying down the debts in excess of their proportionate share since Mr. Hall, Jr., refused to do so. This created a significant strain on the business and personal cash flows. Mr. Hall obtained several additional loans to replace the lost line of credit, many of these being merchant cash advance financing (and at interest rates considerably higher than typical market rates).

Eventually, Mr. Hall engaged Michael Clements to negotiate payments terms for these loans. Mr. Clements then in turn introduced Mr. Hall to Tesh Shere, Vice-President of Kwick Capital. Mr. Shere was represented as a loan broker who could obtain a long-term loan with a working capital component that would not only settle the outstanding loans but provide operating capital for the farming business. Mr. Shere then recommended World Business Lenders, LLC ("WBL"). WBL initially indicated that it was very interested in making the loan, and indeed sent one of its corporate loan officers, Michael John, down to Virginia from New York in order to discuss in person. During that meeting, Mr. John stated that he "was a magician" and could get them **(i)** \$350,000.00 in 2-3 weeks and **(ii)** another \$2,000,000.00 to \$2,500,000.00 in 4-6 weeks. But after reviewing the property Mr. John indicated he could obtain an even larger loan for around 10-13% interest rates.

At the time, the Debtor and its principals made clear that they were running seasonal businesses, and thus could not make daily or even monthly regular payments. Mr. John indicated that he understood the property and would arrange for a loan which was interest only for the “down” months in order to accommodate the seasonal business needs. After completion of a loan application and wire of \$10,000.00 (to cover an “appraisal fee”), WBL provided the Debtor with a term sheet for an undetermined loan amount ranging from 20% to 99% per annum, with a prepayment penalty. The Debtor and its members understandably questioned the transaction. Mr. Shere reassured them the term sheet was only for a bridge loan which would last 6 to 8 months and then WBL would provide a larger loan on ordinary commercial terms to both refinance the bridge loan and provide working capital. Ultimately in May of 2016 WBL closed on a \$350,000.00 note (which based on the interest rate would require repayment of \$605,500.10 no later than 12 months after origination). After closing the Debtor repeatedly inquired as to the larger consolidation loan. WBL made clear that it was working on the permanent loan and in the interim would advance additional funds. Again, relying upon those statements, in June of 2016 WBL closed on a \$935,795.00 note. By January of 2017 the Debtor, and its affiliates, had already repaid \$1,014,000.00 on a loan in the principal amount of \$940,000.00. Yet by the Spring of 2017 when refinancing discussions broke down WBL claimed there was still an outstanding \$1,507,294.07 left on the obligation (meaning, a total repayment of \$2,514,000.00 on a \$940,000.00 loan!). On July 6, 2017, WBL filed its *Complaint* (WBL Doc. No. 1) alleging breach of contract and unjust enrichment. On August 1, 2017, the Debtor (along with others) defended by filing their *Answer to Complaint and Counter-Claim* (WBL Doc. No. 2) (the “Answer”) asserting fraud in the inducement, doctrine of first breaching party and unlawful penalty. The Answer also contained counterclaims for rescission – fraud in the inducement, and, declaratory judgment.

The Debtor believes in its business model and reputation. However, the significant amount of energy and time the Debtor has been forced to spend dealing with the above-mentioned concerns has taken its toll on the Debtor and therefore necessitated the instant filing. On July 5, 2022 (the “Petition Date”), the Debtor filed its *Voluntary Petition for Non-Individuals Filing for Bankruptcy* (Doc. No. 1).

## **II. List of Officers, Directors and Insiders**

The Debtor is a limited liability company and its two managing members are Ms. Hall and Mr. Hall. The Debtor’s insiders are Ms. Hall and Mr. Hall. The Debtor, through the Halls, has formally resolved to file bankruptcy. A copy of the *Resolution* is attached hereto as **Exhibit A**.

## **III. Debtor’s Annual Gross Revenues**

The Debtor’s annual gross revenues for the past several years is still being compiled.

## **IV. Amounts Owed to Various Classes of Creditors<sup>3</sup>**

### **A. Obligations Owed to Priority Creditors**

The Debtor believes it is current on all priority claims.

### **B. Obligations Owed to Secured Creditors**

The Debtor essentially has three secured creditors, the first two secured as to real property. First, the County of Accomack, Virginia Tax Collector (“ACTC”) may claim a secured interest on the Properties by virtue of real property taxes. Second, World Business Lenders, LLC (“WBL”) has a disputed mortgage on the Properties. These liens can be summarized as follows:

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<sup>3</sup> In making this case management summary the Debtor neither acknowledges nor consents to any creditor’s amount, perfection, position, priority, validity or any other characteristics of the purported debts; and, expressly reserves the right to later object or otherwise challenge the same.

<b>Property</b>	<b>Value<sup>4</sup></b>	<b>ACTC</b>	<b>WBL</b>
Rental	\$264,600.00	\$7,763.54	\$1,507,294.07
Farm	\$1,221,800.00	\$34,029.23	\$1,507,294.07
Land	\$57,000.00	\$1,704.19	\$1,507,294.07
<b>Totals</b>	<b>\$1,543,400.00</b>	<b>\$43,496.96</b>	<b>\$1,507,294.07</b>

Third, a creditor believed to be WBL also filed a UCC-1 Financing Statement with the Virginia State Corporation Commission on June 9, 2021 as 202106090093057 (the “UCC”). The UCC encumbers:

The Collateral includes, collectively, all personal property now owned or hereafter acquired by the Debtor, including, but not limited to, all goods (except consumer goods), farm products, inventory, equipment, furniture, money, instruments, accounts, accounts receivable, contract rights, documents, chattel paper, general intangibles, including, but not limited to, all products and proceeds of Collateral and all additions and accessions to, replacements of, insurance proceeds of, and documents covering Collateral, all property received wholly or partly in trade or exchange for Collateral, all leases of Collateral and all rents, revenues, issues, profits and proceeds arising from the sale, lease encumbrance, collection, or any other temporary or permanent disposition, of the Collateral or any interest therein.

**C. Obligations Owed to General Unsecured Creditors**

The Debtor estimates its general unsecured creditors are approximately 5 creditors in the aggregate amount of \$62,617.98.

**V. General Description and Approximate Value of the Debtor’s Current and Fixed Assets**

The Debtor’s assets primarily consist of the Properties valued, according to the ACTC’s records, at \$264,600.00; \$1,221,800.00 and \$57,000.00, respectively.

**VI. Number of Employees and Amounts of Wages Owed as of Petition Date**

While the Debtor is a limited liability company it does not have any employees and therefore does not owe any wages as of the Petition Date.

**VII. Status of Debtor’s Payroll and Sales Tax Obligations**

The Debtor believes it is current on payroll and sales tax obligations.

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<sup>4</sup> Values are derived from the ACTC’s records.

**VIII. Anticipated Emergency Relief to be Requested Within 14 Days from the Petition Date**

While the Debtor does not anticipate all of the following matters will be on an “emergency” basis, to best advise the Court and interested parties the Debtor anticipates requesting relief within 14 days of the Petition Date on the following items:

- *Debtor’s Application for Interim and Final Orders Authorizing Employment of David Jennis, P.A. d/b/a/ Jennis Morse Etlinger as Counsel for the Debtor; and,*
- *Debtor’s Motion for Joint Administration of Affiliated Case.*

**IX. Strategic Objectives**

Through bankruptcy, the Debtor shall continue to operate its businesses to preserve their going concern value, good will and reputation; and, shall seek to file a proposal plan of reorganization that the Debtor believes will be for the benefit of its creditors in an efficient and equitable and orderly manner.

DATED this 6<sup>th</sup> day of July, 2022.

/s/ Daniel E. Etlinger  
David S. Jennis  
Florida Bar No. 775940  
Daniel E. Etlinger  
Florida Bar No. 77420  
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**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished, via CM/ECF electronic service to United States Trustee and to any other parties receiving notices via CM/ECF on this 6<sup>th</sup> day of July, 2022.

/s/ Daniel E. Etlinger  
Daniel E. Etlinger

## RESOLUTION OF SPUDDOG FARM PROPERTIES LLC

WHEREAS, the undersigned managing members of Spuddog Farm Properties LLC, a Virginia limited liability company (the "Company"), do hereby adopt, approve and consent to in writing the following actions having properly noticed or waived a meeting, voted on the same, and certified these resolutions are in full force and have not been amended or rescinded, in their corporate capacities for the Company.

### RECITAL I – CORPORATE EXISTENCE

WHEREFORE, the Company was formed on February 17, 2016 as a Virginia limited liability company. The Company is in good standing with the State of Virginia.

### RECITAL II – OFFICERS

WHEREFORE, the Company's managing members are Benny F. Hall, Sr. ("Mr. Hall") and Karen W. Hall ("Ms. Hall"), husband and wife.

### RESOLUTION I – BANKRUPTCY

RESOLVED, that in the judgment of the Company it is desirable and in the best interests of the Company, its creditors, and other interested parties that a petition be filed by the Company seeking relief under the provisions of Chapter 11 of Title 11, United States Code. Furthermore, that Mr. and/or Ms. Hall are authorized and directed on behalf of the Company to execute and verify a petition in the name of the Company under Chapter 11 of Title 11, United States Code and to cause the same to be filed in the United States Bankruptcy Court for the Middle District of Florida, Jacksonville Division (the "Bankruptcy Case") in such form and at such time as Mr. and/or Ms. Hall on behalf of the Company shall determine. Finally, that Mr. and/or Ms. Hall is authorized and directed to execute and file or cause to be executed and filed all necessary documents including without limitation affidavits, applications, lists, motions, notices, papers, petitions, plans, pleadings, schedules and statements as deemed necessary and proper in connection with the Bankruptcy Case. For the sake of clarity, only one signature is required.

### RESOLUTION II – BANKRUPTCY COUNSEL

RESOLVED, that David Jennis, P.A. d/b/a Jennis Morse Etlinger ("Bankruptcy Counsel"), located at 606 E. Madison Street, Tampa, Florida 33602, shall hereby be employed and retained as bankruptcy counsel for the Company in the Bankruptcy Case. Furthermore, that Mr. and Ms. Hall were authorized and directed on behalf of the Company to execute an *Engagement Agreement* with Bankruptcy Counsel to employ and retain the Bankruptcy Counsel for filing of and representation in the Bankruptcy Case. In addition, that Bankruptcy Counsel is authorized (i) to accept and rely upon all oral and written instructions from Mr. and/or Ms. Hall, or their authorized proxy, without the need to determine the authority or correctness or otherwise investigate the instructions, as the instructions of the Company; and, (ii) to communicate, both orally and in writing, with Mr. and Ms. Hall regarding the Bankruptcy Case.

For the sake of clarity, Bankruptcy Counsel is authorized to accept instructions from either or both representatives, and, communications to one representative shall be deemed as if made to both representatives.

**RESOLUTION III – BANKRUPTCY COUNSEL RETAINER AND FEES**

**RESOLVED**, that the Company, directly or by way of third party, was authorized to pay Bankruptcy Counsel a Bankruptcy Case retainer of \$11,738.00. The Company will pay Bankruptcy Counsel its allowed administrative claim pursuant to the terms identified in the Bankruptcy Case or as otherwise agreed upon between the Company and Bankruptcy Counsel.

**RESOLUTION IV – RATIFICATION OF ACTIONS**

**RESOLVED**, that the Company does hereby adopt, approve, confirm, consent and ratify in all respects the deeds taken by Mr. Hall, Ms. Hall and Bankruptcy Counsel **(i)** to seek relief under Chapter 11 of Title 11, United States Code; **(ii)** in connection with the Bankruptcy Case; or, **(iii)** any matter related thereto.

**IN WITNESS WHEREOF**, the undersigned in their corporate capacities for the Company have signed this Resolution on this 5<sup>th</sup> day of June, 2022.

**SPUDDOG FARM PROPERTIES LLC**

By: Benny F. Hall, Sr., managing member

Print Name: Benny F. Hall, Sr.

Capacity: Managing Member

By: Karen W. Hall, managing member

Print Name: Karen W. Hall

Capacity: Managing Member