

OFFICE OF THE UNITED STATES TRUSTEE

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**IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN MARIANA ISLANDS  
BANKRUPTCY DIVISION**

In re

IMPERIAL PACIFIC INTERNATIONAL  
(CNMI), LLC,

Debtor and  
Debtor-in-Possession.

Case No. 24-00002  
(Chapter 11)

Date: December 16, 2025

Time: 9:00 a.m.

Judge: Hon. ROBERT J. FARIS

**UNITED STATES TRUSTEE'S STATEMENT REGARDING  
JOINT MOTION FOR ORDER APPROVING DISCLOSURE STATEMENT  
FOR JOINT CHAPTER 11 PLAN OF LIQUIDATION BY DEBTOR AND  
OFFICIAL COMMITTEE OF GENERAL UNSECURED CREDITORS, AND  
BALLOTING PROCEDURES AND SCHEDULING DEADLINES**

The Acting United States Trustee, by and through counsel, submits this objection to the Joint Motion For Order Approving Disclosure Statement For Joint Chapter 11 Plan Of Liquidation By Debtor And Official Committee Of General Unsecured Creditors, and Balloting Procedures And Scheduling Deadlines ("Motion"). The United States Trustee has authority and standing to make this statement since its responsibilities include, among other things, supervising "the administration of cases ... under Chapter 11" of the Bankruptcy Code. 28 U.S.C. § 586(a)(3). The United States Trustee has standing under 11 U.S.C. § 307.



**A. The Disclosure Statement Must Provide A Liquidation Analysis And Include The Plan's Proposed Distribution To Unsecured Creditors.**

1. The Disclosure Statement should disclose the proponent's Liquidation Analysis (rather than state that the liquidation analysis is "to be filed.") The Disclosure Statement should also clearly and prominently disclose what general unsecured creditors can expect to receive under the proposed joint plan. *Compare In re Affordable Med Scrubs, LLC*, 2016 WL3693978 at \*2 (Bankr. N.D. Ohio 2016) (holding that disclosure statement was inadequate since it did not inform general unsecured creditors of possibility that they would receive no distribution).

**B. The Disclosure Statement Does Not Provide Adequate Information about the Liquidation Trustee and the Liquidation Trust.**

2. The proponent of a plan must disclose the identity and affiliations of "any individual proposed to serve, after confirmation of the plan, as a director, officer, or voting trustee of the debtor, an affiliate of the debtor participating in a joint plan with the debtor, or a successor to the debtor under the plan." *See* 11 U.S.C. § 1129(a)(5)(A)(1); *In re Go-Go's Greek Grille, LLC*, 617 B.R. 394, 396 (Bankr. M.D. Fla. 2020). Section 1129(a)(5) contains a "blend of disclosure and substantive requirements." *See In re Beyond.com Corp.*, 289 B.R. 138, 144 (Bank. N.D. Cal. 2003).

3. Here, neither the Plan nor the Disclosure Statement disclose the identity of the Liquidation Trustee. Rather, the Plan Proponents intend to provide this information in a plan supplement to be filed no later than seven days before the confirmation hearing. *See* Dkt. No. 490, p 30 of 63. *See also* Dkt. No. 489, p 16 of 56. That date is after the proposed voting deadline of fourteen days prior to the confirmation hearing. *See* Dkt. No. 497, p 5 of 14.

4. The Plan Proponents should similarly provide the Liquidation Trust Agreement to creditors with the Disclosure Statement. *See id.* ("[p]roviding ... a form of the Liquidating

1 Trust Agreement in a plan supplement before a hearing on confirmation as contemplated in the  
2 Disclosure Statement is inadequate.).

3 **C. The Disclosure Statement Does Not Provide Adequate Information About**  
4 **Quarterly Fees.**

5 5. The Plan and Disclosure Statement could be read to require the U.S. Trustee to  
6 file a request for payment of quarterly fees. This is inappropriate.

7 6. Fees assessed pursuant to 28 U.S.C. § 1930(a)(6) are not synonymous with  
8 administrative expenses allowed pursuant to 11 U.S.C. § 503(b). *See In re Endy*, 104 F.3d  
9 1154, 1157 (9th Cir. 1997); *In re Juhl Enters.*, 921 F.2d 800, 803 (8th Cir. 1990). Therefore,  
10 U.S. Trustee quarterly fees are not subject to an allowance procedure, which the Plan and  
11 Disclosure Statement could be read to contemplate. *Id.* To the extent that the Plan seeks to  
12 subject such fees to an allowance procedure by grouping such fees into the category of  
13 “Administrative Expense Claim” as set forth in the Plan, this provision violates 28 U.S.C.  
14 §1930(a)(6), and the Plan cannot be confirmed under 11 U.S.C. §1129(a)(1) and (a)(12).  
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16 7. The Disclosure Statement and Plan should be amended to remove any  
17 requirement for the United States Trustee to file a request for payment of outstanding quarterly  
18 fees or otherwise have quarterly fees subjected to an allowance procedure under 11 U.S.C. §  
19 503(b).  
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21 **D. The Injunction Clause Is Overbroad.**

22 8. The Plan and Disclosure Statement include an injunction clause which  
23 permanently enjoins, “all Entities who have held, hold, or may hold Claims or other debt or  
24 Interests . . . from . . . (iv) asserting a setoff, right of subrogation or recoupment of any kind  
25 against any debt, liability or obligation.” Dkt. No. 490, p 48 of 63; *see also* Dkt. No. 489, pp  
26 33-34 of 56.  
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1           9.       A discharge does not eliminate a creditor's right to defensive setoff or  
2 recoupment. *See In re De Laurentiis Ent. Grp. Inc.*, 963 F.2d 1269, 1276 (9<sup>th</sup> Cir. 1992) (ruling  
3 Section 553 must take precedence over Section 1141); *In re Harmon*, 188 B.R. 421, 425 (9th Cir.  
4 BAP 1995) (stating that because recoupment only reduces a debt as opposed to constituting an  
5 independent basis for a debt, it is not a claim in bankruptcy, and is therefore unaffected by the  
6 debtor's discharge); *In re Hicks*, 2002 WL 32332548, at \*3 (Bankr. D. Hawaii May 17, 2002)  
7 (noting discharge does not affect the right of a creditor to setoff).  
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9           10.     The Plan and Disclosure Statement provisions which improperly enjoin entities  
10 from exercising rights of setoff or recoupment should be removed.

11           For the foregoing reasons, the United States Trustee opposes approval of the Joint  
12 Disclosure Statement.

13           DATE: Honolulu, Hawaii, December 8, 2025.  
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15                           Tiffany L. Carroll  
16                           Acting United States Trustee

17                           By /s/ CURTIS CHING  
18                           Assistant U.S. Trustee  
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