

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF MISSOURI  
EASTERN DIVISION**

In re:	)	In Proceedings Under Chapter 11
	)	Hon. Kathy A. Surratt-States
Midwest Christian Villages, Inc.,	)	
et. al.,	)	
	)	Case No. 24-42473-659
Debtors.	)	(Jointly Administered)
	)	
	)	

**RESPONSE TO OBJECTION TO CLAIM**

**COMES NOW**, Karl Koenig, responsible party f/b/o/ Liliane Koenig (hereinafter "Creditor") and for his response to *Debtors' Third Omnibus Objection to Claims* (the "Objection")[Doc. No. 735] states to this honorable court as follows:

1. Creditor is the holder of a proof of claim (the "Claim") timely filed with this Court in the case of Crown Point Christian Village, Inc. (Case No. 24-42481); said Claim has been designated as proof of claim number 18 in said case.

2. Creditor's Claim is based upon that certain Indiana Life Time Right Agreement dated on or about July 16, 2005 (the "2005 Agreement") as amended by that certain Residential Care Facility Admission Agreement dated on or about March 30, 2021 (the "2021 Agreement" and together with the 2005 Agreement, the "Koenig Agreements") pursuant to which Ms. Koenig became a resident at the Jointly Administered Debtors' facility in Crown Point, Indiana (the "Facility"). The Koenig Agreements were attached to the Claim and said Claim was filed in accordance with all applicable rules. Creditor incorporates the Koenig Agreements herein.



3. Pursuant to Rule 3001(f) of the FEDERAL RULES OF BANKRUPTCY PROCEDURE, the Claim is *prima facie* evidence of its validity and amount. This Court has held that the mere filing of an objection to a proof of claim does not deprive the creditor of the *prima facie* validity of its claim unless the objecting party comes forward with substantial evidence. In re Austin, 538 B.R. 543, 545 (Bankr. E.D. MO 2015); *see also*, In re Dorlaque, 658 B.R. 489, 499-500 (Bankr. E.D. MO 2024).

4. As this Court is no doubt aware, there are no fewer than twenty-one (21) Chapter 11 cases which are being jointly administered in these proceedings. Further, in the lead case of Midwest Christian Villages, Inc., there are approximately 750 docket entries (many with multiple exhibits, some of which comprise hundreds of pages). The Jointly Administered Debtors engaged in a long sale process during which their assets were sold in several groups to multiple buyers pursuant to voluminous sale documents.

5. By contrast, the Jointly Administered Debtors neither exhibit nor refer to any specific document in support of their Objection to the Claim. In fact, the only argument asserted by the Jointly Administered Debtors in support of disallowance of the Claim is set out in one sentence in paragraph four (4) of the Objection. In that sentence the Jointly Administered Debtors assert, without citation to any document or order, that their liability under the Koenig Agreements was "assumed by the applicable facility purchaser" and that the Jointly Administered Debtors are not liable under the Claim.

6. The Jointly Administered Debtors do not provide any further information, and do not reference any particular order or agreement, whether by title, date, or docket number. The Jointly Administered Debtors do not exhibit any document or order to the Objection or cite any evidence in support of their Objection to the Claim. Further, the Jointly Administered Debtors do not even identify the particular "applicable facility purchaser" who assumed liability for the Claim, and do not identify any provision under 11 U.S.C. §502 which allegedly supports disallowance of the Claim. In short, the Jointly Administered Debtors' Objection simply does not overcome the *prima facie* effect of the properly filed Claim of Creditor and the Objection should be overruled on that basis.

7. Pursuant to the Koenig Agreements, Ms. Koenig bargained for, and paid for, a particular dwelling at a particular price, and Debtor was required to hold the sum of \$87,480.00 in escrow for the benefit of Ms. Koenig, with a guaranteed payment to Ms. Koenig of not less than \$65,610.00 (the "Deposit").

8. The undersigned counsel for Creditor contacted counsel for the Jointly Administered Debtors in late March of 2025 after Creditor received a communication from the alleged new operator of the Facility purporting to: (a) increase the monthly obligation of Ms. Koenig from the approx. \$730 per month provided for under the Koenig Agreements (which the Jointly Administered Debtors say were assumed by the "applicable facility purchaser") to over \$4,000 per month; and (b) assess a "one time community fee" of \$2,500<sup>1</sup>.

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<sup>1</sup>Creditor does not know how many residents of the Jointly Administered Debtors' facilities have faced such demands from the "applicable facility purchasers" after their contracts were assumed and assigned.

9. The undersigned noted to counsel for the Jointly Administered Debtors that the foregoing demands were entirely inconsistent with assumption and assignment of the Koenig Agreements, but counsel for the Jointly Administered Debtors eventually responded that he was unable to discuss the matter, suggesting the "applicable facility purchaser" was the proper person for such discussions.

10. At the suggestion of counsel for the Jointly Administered Debtors, the undersigned then approached counsel for the "applicable facility purchaser" (the undersigned understands this entity is Kesser Property, LLC or "Kesser") to discuss the matter. After several attempts over a month to get a response, counsel for Kesser responded to the undersigned by saying that he was not retained for the matter.

11. Understandably, Creditor expected that the Jointly Administered Debtors and Kesser intended that the Court and the residents of the Facility rely on their multiple representations that contracts (including the Koenig Agreements) would be assumed and assigned and that Kesser would be bound by and would perform its obligations under the assumed contracts (including the Koenig Agreements).

12. Instead, almost immediately after closing on the sale and assuming the rights and responsibilities of the Koenig Agreements, Kesser immediately disregarded their terms. Kesser has not provided confirmation of its escrow of the Deposit, has sought to increase the monthly fee for Ms. Koenig by more than a factor of 5 (from \$730 to over \$4,000), and has sought to impose of \$2,500 "one time community fee". None of these actions is consistent with an assumption of the Koenig Agreements, the representations made by both the Jointly

Administered Debtors and by Kesser to the Court in connection with the sale of the Facility, or this Court's order approving the sale of the Facility and approving the assumption of contracts.

13. To the extent that Kesser has a contractual obligation with the Jointly Administered Debtors to assume the Koenig Agreements (and other agreements) in connection with the purchase of the Facility, and to the extent that the Jointly Administered Debtors sought and obtained approval of this Court to sell the Facility to Kesser in a transaction including assumption of the Koenig Agreements and presented orders to this Court for entry which included the aforementioned assumptions, the Jointly Administered Debtors should be required to seek an order compelling Kesser to comply with those contracts and orders and to perform the obligations under the Koenig Agreements.

14. If the Jointly Administered Debtors fail to enforce said contracts and orders, they should be required to escrow funds for the Deposit and tender same to Creditor pursuant to the Claim.

15. In the event that the Jointly Administered Debtors do not see fit to enforce the transactions they entered into, to enforce the orders they sought, and to confirm that their representations made to the Court to obtain said orders are consistent with their actions after obtaining the approval of the Court, Creditor intends to file its own motion to compel and seeks leave of this Court to do so. Alternatively, if Kesser indeed will honor the Koenig Agreements, then Creditor would likely be in a position to enter into an agreed order with the Jointly Administered Debtors and Kessler to resolve the Objection.

WHEREFORE, Creditor respectfully submits that the Objection is entirely insufficient as a matter of law to overcome the *prima facie* validity of the Claim and requests that the Court overrule the Objection. Further, Creditor requests that the Court grant it leave to pursue its own motion to compel Kesser to comply with the Court's order approving the sale of the Facility and to comply with and to perform its obligations under the Koenig Agreements. Creditor further requests that the Court grant Creditor such additional and further relief as is just and proper.

**GOLDSTEIN & PRESSMAN, P.C.**

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### **Certificate of Service**

The undersigned certifies that a copy of the foregoing was mailed, postage prepaid this 13th day of June, 2025 to the parties identified below unless said parties received service by electronic means, and that the foregoing document was served upon parties entering an appearance in these matters by the court's CM/ECF system:

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