IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re: LEISURE INVESTMENTS HOLDINGS LLC, *et al*.,[1] Debtors.	Chapter 11 Case No. 25-10606 (LSS) (Jointly Administered) **Re: Docket Nos. 1382 & 1480**

OBJECTION OF THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS TO CONFIRMATION OF THE [AMENDED] COMBINED DISCLOSURE STATEMENT AND JOINT CHAPTER 11 PLAN OF LEISURE INVESTMENTS HOLDINGS LLC AND ITS AFFILIATED DEBTORS

The Official Committee of Unsecured Creditors (the "**Committee**") appointed in the above-captioned jointly administered chapter 11 cases (the "**Chapter 11 Cases**") of Leisure Investments Holdings LLC and its affiliated debtors and debtors in possession (collectively, the "**Debtors**"), by and through its undersigned counsel, hereby submits this objection (the "**Objection**") to confirmation of the *Combined Disclosure Statement and Joint Chapter 11 Plan of Leisure Investments Holdings LLC and Its Affiliated Debtors* [Docket No. 1382], as amended on September 4, 2026 [Docket No. 1480] (the "**Plan**").[2] In support of the Objection, the Committee respectfully states as follows:

PRELIMINARY STATEMENT

1. The Plan cannot be confirmed. It is a liquidating plan for administratively insolvent estates that (i) does not provide for, and cannot fund, payment in full of Administrative Expense

[1] Due to the large number of Debtors in these chapter 11 cases a complete list of the Debtors is not provided herein. A complete list of the Debtors with the last four digits of their tax identification numbers, where applicable, may be obtained on the website of the Debtors' noticing and claims agent at https://veritaglobal.net/dolphinco, or by contacting counsel for the Debtors. For the purposes of these chapter 11 cases, the address for the Debtors is Leisure Investments Holdings LLC, c/o Riveron Management Services, LLC, 600 Brickell Avenue, Suite 2550, Miami, FL 33131.

[2] Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Plan. Citations to "Plan §" refer to the Plan as filed on August 11, 2026 [Docket No. 1382]; [Docket No. 1480].

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Claims and Priority Tax Claims as section 1129(a)(9) of the Bankruptcy Code requires; (ii) manufactures a single "accepting" impaired class to satisfy section 1129(a)(10); and (iii) gives general unsecured creditors in Class 5 nothing while routing value to the Debtors' secured lenders and releasing them.

2. *Administrative claims are not provided for.* The Plan's Liquidation Trust Waterfall pays the Carve-Out, the DIP Lenders' Expense Reimbursement, a lender-controlled Wind Down Reserve, a $50,000 cash pool for Class 3, and then the DIP Superpriority Claims. Plan § 7.3(e). Ordinary-course and other Administrative Expense Claims, Priority Tax Claims, and Other Priority Claims do not appear in it. The only promise to pay them is a "Wind Down Budget" that has not been disclosed, is "to be agreed" between the Debtors and the Consenting Lenders, and may be changed only with the lenders' consent. Plan § 1.214. The Plan also caps Fee Claims at the Carve-Out. Plan § 5.2(a). The Debtors themselves warn that reconciliation of Administrative Expense Claims may prevent confirmation. Plan § 3.8. And since the Plan was filed, the Delphinus Sale terminated, removing roughly $19 million of the value on which the Plan relied.

3. *Class 3 is a phantom impaired class.* The sole voting class, Class 3, holds Allowed Prepetition First Lien Secured Claims of $35.8 million. Its entire treatment is a $50,000 "Prepetition First Lien Claim Cash Pool," a 0.14% recovery, carved out of collateral that, by the Debtors' own analysis, is worth less than the senior DIP Obligations and therefore secures nothing for Class 3 under section 506(a). Plan §§ 1.146, 3.4. The $50,000 exists only because the DIP Secured Parties "consent" to release it, and the Plan identifies no business reason for it other than producing a ballot. The holders of Class 3, moreover, are the same lending group that rolled $86 million of Prepetition First Lien debt into the DIP Facility, controls the Wind Down Budget and the choice of Liquidation Trustee, may unilaterally "unwind" the roll-up to resize Class 3, and is a Released Party. Plan §§ 1.117, 1.179, 1.214, 7.15(d). An acceptance by that class supplies no

"indicia of support . . . by affected creditors." *In re Combustion Eng'g, Inc.*, 391 F.3d 190, 243–44 (3d Cir. 2004). As this Court held in *In re All Land Investments, LLC*, 468 B.R. 676, 691–92 (Bankr. D. Del. 2012), votes of a class impaired "solely to obtain the requisite vote to permit confirmation by cram down" must be disqualified, and a plan without a genuine accepting impaired class fails section 1129(a)(10). The same conduct demonstrates a lack of good faith under section 1129(a)(3). *Combustion Eng'g*, 391 F.3d at 246; *In re Quigley Co.*, 437 B.R. 102, 125–29 (Bankr. S.D.N.Y. 2010).

4. *Class 5 is unfairly treated.* Because Class 3's collateral is worth nothing after the DIP Obligations, its claim is economically an unsecured deficiency claim of the same rank as Class 5. Yet Class 3 receives cash and Class 5 receives nothing, while administrative and priority creditors in between are skipped. The Plan also releases estate claims against the DIP Secured Parties and Prepetition First Lien Noteholders, including claims relating to the Committee's challenge to liens on the Debtors' marine mammals, and sweeps any unencumbered value into a waterfall in which unsecured creditors rank last behind $145.8 million of DIP debt. That treatment is unfairly discriminatory under section 1129(b)(1), is not in the best interests of creditors under section 1129(a)(7), and cannot be squared with the Bankruptcy Code's priority scheme.

5. *The best interests analysis is not done Debtor by Debtor.* The Plan "constitutes a separate plan for each Debtor," yet the Debtors' Liquidation Analysis is "presented on a consolidated basis for all Debtors," and no party has sought substantive consolidation. Plan, Introduction; Plan Ex. C. A consolidated analysis cannot show what a creditor of a particular Debtor would receive if that Debtor were liquidated under chapter 7. It conceals where unencumbered assets and claims sit, including the claims of trade creditors of the two Debtors the Plan proposes to dismiss, and it treats intercompany claims inconsistently. Meanwhile, the Plan

pools every Liquidating Debtor's assets in a single trust and a single waterfall, effecting a substantive consolidation in all but name.

6. For these reasons and those set forth below, confirmation should be denied.

JURISDICTION AND VENUE

7. The Court has jurisdiction to consider this Objection pursuant to 28 U.S.C. §§ 157 and 1334. Confirmation of a plan is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(L). Venue of the Chapter 11 Cases and this Objection is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409.

BACKGROUND

A. The Chapter 11 Cases and the DIP Facility

8. On March 31, 2025 (the "**Petition Date**"), each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. On May 6, 2025, the Office of the United States Trustee for the District of Delaware appointed the Committee pursuant to section 1102 of the Bankruptcy Code.

9. On September 5, 2025, the Court entered the final DIP Order [Docket No. 508], approving $43 million of new-money DIP Loans and the conversion of $86 million of Prepetition First Lien Secured Obligations into Roll-Up Loans. Plan § 3.3. The DIP Obligations now total approximately $145.8 million.

10. The DIP Order preserved the Committee's right to challenge, among other things, the validity, extent, and priority of the Prepetition First Lien Noteholders' liens on the Debtors' dolphins and other marine mammals, and the Challenge Period was extended through and including August 27, 2026. Plan § 3.3 and continues to be extended via agreement of the parties.

B. The Plan's Classification and Treatment of Claims

11. The Plan is a liquidating plan that transfers the Debtors' remaining assets to a Liquidation Trust whose trustee is designated by the Consenting Lenders, the Required Lenders under the DIP Loan Documents. Plan §§ 1.35, 1.117, 3.4. The Plan classifies claims and interests as follows (Plan § 2.1):

Class	Claims	Est. Allowed Amount	Treatment	Est. Recovery	Voting Status
1	Other Priority Claims	$100,000	Cash in full	100%	Unimpaired; presumed to accept
2	Other Secured Claims	$4,500,000	Cash, collateral, or reinstatement	100%	Unimpaired; presumed to accept
3	Prepetition First Lien Secured Claims	$35,800,000	Pro rata share of $50,000 Cash Pool	0.1%	Impaired; sole voting class
4	Prepetition Second Lien Secured Claims	$142,800,000	Nothing	0%	Impaired; deemed to reject
5	General Unsecured Claims	$16,100,000	Nothing	0%	Impaired; deemed to reject
6	Intercompany Claims	$174,300,000	Extinguished	0%	Impaired; deemed to reject
7	Subordinated Claims	$0	Extinguished	0%	Impaired; deemed to reject
8	Liquidating Debtor Interests	N/A	Adjusted, reinstated, or eliminated	0%	Presumed to accept or deemed to reject

12. *The Class 3 Cash Pool.* The "Prepetition First Lien Claim Cash Pool" is "Cash in an amount equal to $50,000," funded solely from Prepetition First Lien Collateral Proceeds. Plan § 1.146. The Debtors concede that "the value of the Prepetition First Lien Collateral is less than the aggregate amount of the DIP Obligations," and that the Cash Pool is funded "ahead of payment in full of the DIP Superpriority Claims" only because the DIP Secured Parties consent. Plan §§ 3.4, 5.4, 6.3(c). The Plan insists, repeatedly, that the Cash Pool is not a "gift." Plan §§ 6.3(c), 7.3(e).

13. *Control of Class 3.* The Required Lenders may at any time "unwind" any portion of the Roll-Up Loans, which automatically reinstates that amount as Prepetition First Lien Secured

Claims and increases Class 3's Allowed amount "without further order of the Bankruptcy Court." Plan §§ 6.3(b), 7.15(d).

14. *The Liquidation Trust Waterfall.* Liquidation Trust Assets are distributed: (i) to fund the Carve-Out; (ii) to pay the Expense Reimbursement (the DIP Lenders' fees and expenses); (iii) to fund the Wind Down Reserve and other required reserves; (iv) to fund the Class 3 Cash Pool; (v) to the DIP Superpriority Claims; (vi) to the Adequate Protection Superpriority Claims; (vii) to Class 3; (viii) to Class 4; and (ix) to Class 5. Plan § 7.3(e). Administrative Expense Claims, Priority Tax Claims, Other Priority Claims, and Other Secured Claims are not listed.

15. *The Wind Down Budget.* The Wind Down Reserve is funded "in the amount set forth in the Wind Down Budget," a budget "to be agreed between the Debtors and the Consenting Lenders," to be included in the Plan Supplement, and modifiable "only with the prior written consent of the Consenting Lenders." Plan §§ 1.214, 1.216. It is meant to fund, among other things, Allowed Unclassified Claims, Other Priority Claims, and Other Secured Claims. *Id.* No amount has been disclosed.

16. *Fee Claims.* The Plan provides that "payment on account of the Fee Claims shall not exceed the Carve-Out." Plan § 5.2(a).

17. *Releases.* The Liquidating Debtors and their Estates release the DIP Secured Parties, the Prepetition First Lien Agent, and the Prepetition First Lien Noteholders from all estate claims, including claims relating to the Prepetition Notes Documents, the DIP Loan Documents, and the DIP Order. Plan §§ 1.179, 12.6.

C. The Debtors' Own Numbers

18. The Debtors' Liquidation Analysis estimates total liquidation proceeds of $19.6 million to $25.1 million against $145.8 million of DIP Claims, a 13% to 17% recovery, and $0 for every other creditor, including $2.0 million of Priority Tax Claims, the $35.8 million of Prepetition

First Lien Secured Claims, and the $16.1 million of General Unsecured Claims. Plan Ex. C. It assumes only $15,000 of Administrative Claims, even though the Debtors continue to operate marine parks with ongoing animal-care, payroll, tax, and regulatory obligations. *Id.* § II.D. The Plan itself acknowledges that the Debtors have used net sale proceeds to fund operations, leaving only approximately $21.5 million available for distribution. Plan § 3.4.

19. After the Plan was filed, the purchaser in the Delphinus Sale terminated the applicable sale agreement. The amended Plan reduces total estimated proceeds from approximately $75.0 million to approximately $56.1 million, and the estimated net proceeds of the Mexican Sale Transactions from $20.9 million to $2.0 million. The Plan had represented that the Mexican sale proceeds would be used to satisfy "significant tax and operational liabilities, including labor obligations." Plan § 3.4 n.7.

OBJECTION

20. The Debtors, as plan proponents, bear the burden of proving by a preponderance of the evidence that the Plan satisfies each applicable requirement of section 1129(a) and, to the extent they seek cramdown, section 1129(b); the objecting party bears only the burden of producing evidence in support of its objections. *All Land*, 468 B.R. at 688 (citing *Matter of Genesis Health Ventures, Inc.*, 266 B.R. 591, 598–99 (Bankr. D. Del. 2001)); *Quigley*, 437 B.R. at 124–25. The Debtors cannot carry that burden.

I. The Plan Does Not Provide for Payment in Full of Administrative and Priority Claims and Is Not Feasible (11 U.S.C. §§ 1129(a)(9), (a)(11))

21. Section 1129(a)(9)(A) requires that, except to the extent a holder agrees otherwise, each holder of an allowed administrative expense claim under section 507(a)(2) "receive on account of such claim cash equal to the allowed amount of such claim" on the effective date of the plan. Section 1129(a)(9)(C) requires that priority tax claims be paid in full in cash, either on the

effective date or in regular installment payments within five years after the petition date. The Debtors acknowledge that these are conditions to confirmation. Plan § 3.8.

A. The Waterfall Omits Administrative and Priority Claims, and Their Only Funding Source Is an Undisclosed, Lender-Controlled Budget

22. The Liquidation Trust Waterfall is the Plan's distribution engine, and it does not mention Administrative Expense Claims, Priority Tax Claims, or Other Priority Claims. Plan § 7.3(e). Every dollar of Liquidation Trust Assets is directed to the Carve-Out, the DIP Lenders' Expense Reimbursement, the Wind Down Reserve, the Class 3 Cash Pool, and then the DIP Superpriority Claims, which, at a 13% to 20% recovery, will absorb everything that remains.

23. The Plan's answer is that the Wind Down Budget will be "sufficient" to pay unclassified and priority claims. Plan § 1.214. But that budget (i) has not been disclosed; (ii) is "to be agreed" with the Consenting Lenders, who are also the DIP Lenders and, upon information and belief, the Class 3 holders; and (iii) may be changed only with their written consent. *Id.* A promise that an unknown sum, set and controlled by the very creditors whose recovery shrinks dollar-for-dollar with every administrative claim paid, will be "sufficient" is not proof of compliance with section 1129(a)(9). It is precisely the kind of "speculative, conjectural or unrealistic" showing that cannot support confirmation. *Quigley*, 437 B.R. at 142 (quoting *In re Leslie Fay Cos.*, 207 B.R. 764, 789 (Bankr. S.D.N.Y. 1997)).

B. The Plan Caps Professional Fee Claims at the Carve-Out

24. Section 5.2(a) of the Plan provides that "payment on account of the Fee Claims shall not exceed the Carve-Out." Fee Claims are Administrative Expense Claims. Plan § 1.3. Section 1129(a)(9)(A) permits less-than-full payment only where "the holder of a particular claim has agreed to a different treatment of such claim." The Committee's professionals have not agreed to have their allowed fees capped. The Committee only agreed to a proposed budget that ran through

December of 2025 and did not count for the case to continue well into 2026. A plan that pays allowed Fee Claims only up to a cap fixed for the DIP Lenders' benefit does not satisfy section 1129(a)(9)(A).

C. The DIP Lenders' "Consent" Binds No One but the DIP Lenders

25. The Plan treats the DIP Secured Parties' agreement to accept Liquidation Trust Beneficial Interests as "less favorable treatment of such Claims for all purposes, including section 1129(a)(9) of the Bankruptcy Code." Plan § 5.4. That consent may satisfy section 1129(a)(9) as to the DIP Superpriority Claims. It does nothing for the trade vendors, taxing authorities, employees, landlords, animal-care providers, and professionals holding administrative and priority claims, none of whom has consented to anything.

D. The Debtors' Own Numbers Demonstrate Administrative Insolvency

26. The Liquidation Analysis estimates only $15,000 of Administrative Claims and $2.0 million of Priority Tax Claims, and projects that both receive nothing. Plan Ex. C § II.D. The $15,000 figure cannot be reconciled with the Debtors' continued operation of marine parks housing dolphins, sea lions, and manatees, operations whose costs the Plan describes as comprising animal food, medical, and veterinary care, payroll, rent, and regulatory compliance. Plan § 3.1(a). The Debtors also disclose "significant tax and operational liabilities, including labor obligations" in Mexico that were to be paid from the now-terminated Delphinus Sale. Plan § 3.4 n.7. And the Debtors concede that reconciliation of Administrative Expense Claims "may impact the Debtors' ability to confirm a chapter 11 plan." Plan § 3.8.

27. The termination of the Delphinus Sale removed approximately $19 million of the value on which the Plan depended, while the estates continue to accrue postpetition animal-care and operating costs with no replacement purchaser. The Debtors cannot show that Cash will exist

on the Effective Date to pay Allowed Administrative Expense Claims in full, or that Priority Tax Claims will be paid within the period section 1129(a)(9)(C) allows.

E. The Plan Is Not Feasible

28. For the same reasons, the Plan fails section 1129(a)(11). A plan must be "workable" and offer "a reasonable assurance of success," demonstrated through "reasonable projections, which are not speculative, conjectural or unrealistic, that there will be sufficient cash flow to fund the plan." *Quigley*, 437 B.R. at 142 (quoting *Kane v. Johns-Manville Corp.*, 843 F.2d 636, 649 (2d Cir. 1988), and *Leslie Fay*, 207 B.R. at 789). The Debtors themselves frame feasibility for this liquidating plan as having "sufficient funds to meet their post-Confirmation Date obligations." Plan § 4.4(d). On this record they have not shown sufficient funds for their pre-Effective Date administrative obligations, let alone the post-confirmation wind down. Confirmation "should neither be based on speculation nor the visionary projections" of a plan's proponents. *Quigley*, 437 B.R. at 142 (quoting *In re Repurchase Corp.*, 332 B.R. 336, 343 (Bankr. N.D. Ill. 2005)).

II. Class 3 Is a Phantom Impaired Class Whose Acceptance Cannot Satisfy Section 1129(a)(10), and the Plan Was Not Proposed in Good Faith

A. Section 1129(a)(10) Requires Genuine Support from an Affected, Non-Insider Impaired Class

29. Section 1129(a)(10) requires that "at least one class of claims that is impaired under the plan has accepted the plan, determined without including any acceptance of the plan by any insider." 11 U.S.C. § 1129(a)(10). Before a debtor may cram down dissenting classes under section 1129(b), "it must satisfy §1129(a)(10) by garnering a vote in favor of the plan by at least one class of impaired claims." *All Land*, 468 B.R. at 689.

30. The Third Circuit has explained the provision's purpose: section 1129(a)(10) "requires that a plan of reorganization pass muster in the opinion of creditors whose rights to repayment from the debtor are implicated by the reorganization," thereby ensuring that "the terms

of the reorganization are monitored by those who have a financial stake in its outcome." *Combustion Eng'g*, 391 F.3d at 244. Artificial impairment threatens that function because it "potentially allows a debtor to manipulate the Chapter 11 confirmation process by engineering literal compliance with the Code while avoiding opposition to reorganization by truly impaired creditors." *Id.* at 243. Section 1129(a)(10) "would be seriously undermined if a debtor could gerrymander classes." *Id.* at 244 (quoting *John Hancock Mut. Life Ins. Co. v. Route 37 Bus. Park Assocs.*, 987 F.2d 154, 158 (3d Cir. 1993)).

31. Courts are divided on whether the plain text of section 1129(a)(10) tolerates manufactured impairment. *Compare In re Greate Bay Hotel & Casino, Inc.*, 251 B.R. 213, 240 (Bankr. D.N.J. 2000), *with In re Windsor on the River Assocs.*, 7 F.3d 127, 131–32 (8th Cir. 1993), *and In re Lettick Typografic, Inc.*, 103 B.R. 32, 39 (Bankr. D. Conn. 1989) (engineered impairment "so distorts the meaning and purpose of that subsection that to permit it would reduce (a)(10) to a nullity"). The Third Circuit in *Combustion Engineering* found the practice "troubling" and remanded for further consideration of artificial impairment under section 1129(a)(10). 391 F.3d at 243–45. Applying *Combustion Engineering*, this Court in *All Land* asked whether the accepting classes were "impaired for a proper business purpose or solely to satisfy §1129(a)(10)," placed on the debtor the burden of showing "a valid business purpose," and disqualified the votes of classes impaired "solely to obtain the requisite vote to permit confirmation by cram down." 468 B.R. at 691–92 (citing *Beal Bank, S.S.B. v. Waters Edge L.P.*, 248 B.R. 668, 691 (D. Mass. 2000); *In re Daly*, 167 B.R. 734, 736–37 (Bankr. D. Mass. 1994); *In re Fur Creations by Varriale, Ltd.*, 188 B.R. 754, 760 (Bankr. S.D.N.Y. 1995); *In re W.C. Peeler Co.*, 182 B.R. 435, 437 (Bankr. D.S.C. 1995)).

B. The $50,000 Cash Pool Exists Only to Create a Voting Class

32. Strip away the $50,000 and the Plan's architecture is plain. By the Debtors' own admission, the Prepetition First Lien Collateral is worth less than the senior DIP Obligations. Plan § 3.4. Under section 506(a), Class 3's claim is therefore a secured claim only "to the extent of the value of such creditor's interest" in that collateral, which is zero. In a chapter 7 liquidation, Class 3 recovers nothing. Plan Ex. C. Absent the Cash Pool, Class 3 would receive nothing, would be deemed to reject the Plan under section 1126(g), and the Plan would have *no* impaired class entitled to vote, because Classes 4 through 7 are all deemed to reject. The Plan could not be confirmed.

33. The Cash Pool solves that problem and no other. It is a fixed $50,000, not a percentage of collateral value, not a negotiated settlement of any dispute, and not tied to any other distribution under the Plan. It amounts to 0.14 cents on the dollar of a $35.8 million claim. It is funded from proceeds that belong, economically, to the DIP Lenders, who "consent" to its release ahead of their own superpriority claims. Plan §§ 1.146, 5.4, 6.3(c). The Plan's repeated insistence that the Cash Pool is not a "gift," *see* Plan §§ 6.3(c), 7.3(e), only underscores what it is: a token payment designed to convert a class that would be deemed to reject into a class that can vote to accept.

34. The Debtors have not identified, and cannot identify, any business purpose for the Cash Pool. It does not preserve value, fund the wind down, or resolve litigation. It pays no creditor whose acceptance reflects an independent judgment about the Plan. *All Land* is directly on point: there, the debtor offered no "evidence of a valid business purpose" for impairing its accepting classes, and the Court concluded that those classes were "impaired solely to obtain the requisite vote." 468 B.R. at 691. *See also Fur Creations*, 188 B.R. at 760 (debtor failed to show any justifiable business reason for impairing a $2,370 claim and proposed the impairment only to obtain a vote); *W.C. Peeler*, 182 B.R. at 437 (claim of less than $2,000 not truly impaired where debtor

offered no economic justification). Whether the manipulation takes the form of a de minimis impairment of a creditor that would otherwise be paid (as in *Fur Creations*) or a de minimis payment to an out-of-the-money class that would otherwise be deemed to reject (as here), the result is the same: "manufacturing an impaired class for the sole purpose of satisfying § 1129(a)(10)." *Daly*, 167 B.R. at 737. And because the alteration of Class 3's rights "arises solely from the [proponents'] exercise of discretion," it does not count. *Windsor*, 7 F.3d at 132.

C. Class 3 Is the DIP Lenders Voting a Second Time; Its Acceptance Provides No Independent Indicia of Support

35. Class 3 is not a constituency whose acceptance tells the Court anything about creditor support. The DIP Facility was created in part by rolling up $86 million of Prepetition First Lien debt. Plan § 3.3. The Class 3 holders are the DIP Lenders. Those same lenders (i) designate the Liquidation Trustee, Plan § 1.117; (ii) must approve the form of the Confirmation Order, Plan § 1.34; (iii) set, and control any change to, the Wind Down Budget, Plan § 1.214; (iv) may at any time "unwind" Roll-Up Loans to increase Class 3's Allowed amount without further order of the Court, Plan §§ 6.3(b), 7.15(d); and (v) are Released Parties, together with the Prepetition First Lien Agent and the Prepetition First Lien Noteholders, Plan §§ 1.179, 12.6.

36. In substance, the Plan's sponsor is paying itself $50,000 to cast a ballot for its own plan. The "monitoring function" of section 1129(a)(10) is not merely "weakened," as in *Combustion Engineering*, 391 F.3d at 244; it is eliminated. The Third Circuit found it problematic that a privileged group whose favorable pre-petition settlements gave them "little incentive to scrutinize the terms of the proposed Plan" formed the voting majority. *Id.* at 244. It found the problem compounded where those voters stood to receive a release that gave them "a significant financial incentive directly opposed to nonparticipants." *Id.* at 245. Each feature is present here, in starker form: the Class 3 voters' real economic interest lies in maximizing the DIP recovery and

obtaining the estate release of their own liens and claims, including the Committee's challenge to liens on the Debtors' marine mammals, not in the $50,000 Cash Pool.

37. The Plan's assertion that the Class 3 holders are not "insiders," Plan § 4.4, does not answer the objection. First, neither *All Land* nor *Combustion Engineering* turns on insider status; the classes disqualified in *All Land* were held by non-insiders, a municipality and a lot lender. 468 B.R. at 691–92. Second, the definition of "insider" in section 101(31) is inclusive, and a creditor exercising the control the Plan confers on the Consenting Lenders over the Debtors' wind down, distributions, and trustee selection presents at least a serious question of non-statutory insider status. *In re Winstar Commc'ns, Inc.*, 554 F.3d 382 (3d Cir. 2009), and *U.S. Bank N.A. v. Village at Lakeridge, LLC*, 583 U.S. 387 (2018); verify pin cites.

D. The Same Conduct Demonstrates That the Plan Was Not Proposed in Good Faith, and the Class 3 Votes Should Be Designated

38. Independently, manufacturing an accepting class violates section 1129(a)(3). The good faith requirement "provides an additional check on a debtor's intentional impairment of claims." *Combustion Eng'g*, 391 F.3d at 246. The relevant inquiry is "the plan itself and whether such a plan will fairly achieve a result consistent with the objectives and purposes of the Bankruptcy Code." *Id.* at 247 (citation omitted). In *All Land*, even absent evidence of side deals, "the Debtor's attempt to engineer an impaired accepting class" caused the Court to "question the Debtor's good faith." 468 B.R. at 690 n.14.

39. *Quigley* shows where that inquiry leads. There, the debtor's parent structured payments so that a favored group of creditors had "the financial incentive to vote for any Quigley plan," and the court held that "the Fourth Plan was proposed in bad faith since it was designed to achieve acceptance through a tainted vote." 437 B.R. at 127–29. The court emphasized that the real proponent of the plan was the entity that served as "the only source of chapter 11 and plan financing

and the principal beneficiary" of the plan's protections, and observed that "'[d]ivide and conquer' is cheaper" than negotiating with an organized class. *Id.* at 126–29. So too here: the DIP Lenders fund the Plan, control its implementation, take its releases, and supply its only accepting vote.

40. *Quigley* also designated the tainted votes under section 1126(e), because that provision reaches votes "procured" in bad faith regardless of the voting creditor's own motive. 437 B.R. at 130–32. It was "sufficient to conclude that rather than leave it to chance, Pfizer bought their votes." *Id.* at 132 (citing *In re Featherworks Corp.*, 25 B.R. 634, 641 (Bankr. E.D.N.Y. 1982)); *see also Century Glove, Inc. v. First Am. Bank of N.Y.*, 860 F.2d 94, 97 (3d Cir. 1988) (section 1126(e) grants the court discretion "to sanction any conduct that taints the voting process"). The Committee requests that the Court designate the Class 3 acceptances, and reserves the right to file a separate motion under section 1126(e) and Bankruptcy Rules 3018 and 9014, served in accordance with Bankruptcy Rule 7004. *See Quigley*, 437 B.R. at 129–30 (addressing service of designation motions).

41. With the Class 3 votes disqualified, no impaired class has accepted the Plan. As in *All Land*, the Debtors "cannot achieve confirmation under the cram down provisions §1129(b), since [they have] not satisfied §1129(a)(10)," and confirmation must be denied. 468 B.R. at 693.

III. The Plan's Treatment of Class 5 General Unsecured Creditors Bars Confirmation

42. Class 5 is impaired and deemed to reject the Plan. The Plan may be confirmed over that rejection only if, as to Class 5, it "does not discriminate unfairly, and is fair and equitable," 11 U.S.C. § 1129(b)(1), and only if each holder in Class 5 receives at least what it would receive in a chapter 7 liquidation, *id.* § 1129(a)(7). The Plan fails each test.

A. Class 3's Claim Is an Unsecured Deficiency Claim, and Paying It While Class 5 Receives Nothing Discriminates Unfairly

43. A claim is secured only to the extent of the value of the creditor's interest in the estate's interest in the collateral; the balance is unsecured. 11 U.S.C. § 506(a). In *All Land*, the Court resolved competing valuations and treated the excess of the secured creditor's claim over collateral value ("no less than $8.2 million") as an unsecured deficiency claim that voted in the general unsecured class. 468 B.R. at 692–93. No valuation hearing is needed here: the Debtors concede that the Prepetition First Lien Collateral is worth less than the senior DIP Obligations, so the value of Class 3's interest in it is zero. Plan § 3.4; Plan Ex. C. Class 3's entire $35.8 million claim is therefore unsecured. The Plan itself defines that unsecured portion as a "Prepetition First Lien Notes Deficiency Claim" to be "treated in accordance with Class 5." Plan § 1.152.

44. Yet the Plan pays Class 3 a $50,000 Cash Pool and pays Class 5, creditors of the same priority, nothing. The Plan offers no justification for that discrimination other than labels: it calls the Cash Pool a distribution "on account of" a secured claim from collateral proceeds. Plan §§ 6.3(c), 7.3(e). But proceeds of collateral that secure nothing for Class 3 are not Class 3's value; they are the DIP Lenders' value, redirected by consent to a class of the DIP Lenders' choosing. A plan that selects which of two same-priority groups receives that value, and then selects the group that will cast the only accepting ballot, discriminates unfairly against the other. *Cf. Quigley*, 437 B.R. at 131 (distinguishing ordinary "gift" plans, in which a secured creditor contributes value for distribution to an entire class, from payments to a favored subclass outside the plan).

B. The Cash Pool Skips Over Administrative and Priority Creditors

45. The Cash Pool is funded at tier (iv) of the Waterfall, ahead of the DIP Superpriority Claims. Administrative Expense Claims and Priority Tax Claims, which rank ahead of any unsecured claim, do not appear in the Waterfall at all, so the Cash Pool is effectively paid ahead of

them as well. Plan § 7.3(e); 11 U.S.C. §§ 507(a)(2), (a)(8). Distributing estate value to an out-of-the-money class while senior priority creditors go unpaid, without their consent, departs from the Bankruptcy Code's priority scheme. *Czyzewski v. Jevic Holding Corp.*, 580 U.S. 451 (2017), and *In re Armstrong World Indus., Inc.*, 432 F.3d 507 (3d Cir. 2005). The Debtors' insistence that the Cash Pool is not a "gift" does not change its effect.

C. The Plan Fails the Best Interests Test as to Class 5

46. Section 1129(a)(7) requires that each non-accepting holder "receive or retain under the plan on account of such claim or interest property of a value, as of the effective date of the plan, that is not less than the amount that such holder would so receive or retain if the debtor were liquidated under chapter 7 of this title on such date." 11 U.S.C. § 1129(a)(7)(A)(ii). The test is not limited to a comparison of nominal distributions; the Court must account for value that the plan takes away. *Quigley*, 437 B.R. at 144–46 (holding that rights a dissenting creditor would retain in a hypothetical chapter 7 case but would lose under the plan must be valued, and denying confirmation on that basis).

47. Here, a chapter 7 trustee would hold, and could pursue for the benefit of the estates, (i) the Committee's challenge to the validity, extent, and priority of the Prepetition First Lien Noteholders' liens on the Debtors' marine mammals; (ii) any other estate claims against the DIP Secured Parties, the Prepetition First Lien Agent, and the Prepetition First Lien Noteholders; and (iii) any assets not subject to valid, perfected liens, including avoidance actions and commercial tort claims to the extent not encumbered under the DIP Order. Any recovery would be distributed under sections 507 and 726: to administrative and priority creditors and then to general unsecured creditors. The Plan instead releases every estate claim against those parties, Plan § 12.6, and directs all Liquidation Trust Assets, encumbered or not, through a Waterfall in which Class 5 sits ninth, behind $145.8 million of DIP debt. Plan § 7.3(e).

48. The Debtors' Liquidation Analysis does not address any of this. It assigns no value to litigation against former directors and officers, expressly excludes avoidance actions, and assigns no value to the released claims against the lenders. Plan Ex. C § I.J & Statement of Limitations. The Debtors also rest on the premise that Classes 4 and 5 hold "no economic interest" in the Prepetition First Lien Collateral, Plan § 3.4, which assumes the very question the Committee's lien challenge presents. Having omitted the value that Class 5 would receive or retain in chapter 7, the Debtors cannot carry their burden under section 1129(a)(7). *See Quigley*, 437 B.R. at 146.

D. Equity May Retain Its Interests While Class 5 Is Unpaid

49. To be fair and equitable as to a rejecting unsecured class, a plan must provide that "the holder of any claim or interest that is junior to the claims of such class will not receive or retain under the plan on account of such junior claim or interest any property." 11 U.S.C. § 1129(b)(2)(B)(ii). The Plan permits Liquidating Debtor Interests to be "adjusted, reinstated, or eliminated" in the Debtors' or the Liquidation Trustee's discretion. Plan § 2.1 (Class 8). To the extent any such interest is reinstated, its holder retains property on account of that interest while Class 5 receives nothing, in violation of the absolute priority rule. At a minimum, the Plan must be modified to require cancellation of all Liquidating Debtor Interests.

E. The Release of the Lenders Compounds the Harm

50. The Plan's release of the DIP Secured Parties and the Prepetition First Lien Noteholders is part of the same structure: the parties that fund the Cash Pool and cast the Class 3 vote receive releases extinguishing the estates' claims against them, claims that are the most plausible source of any recovery for administrative, priority, and unsecured creditors. *See Combustion Eng'g*, 391 F.3d at 245 (release given to voting creditors created an incentive "directly opposed to nonparticipants"). Absent a valid accepting class, a demonstrated basis for the releases, and payment in full of senior claims, the releases cannot be approved.

IV. The Liquidation Analysis Is Not Prepared on a Debtor-by-Debtor Basis, and the Plan Effects an Unauthorized De Facto Substantive Consolidation

51. The Plan states that it "constitutes a separate plan for each Debtor." Plan, Introduction. The Debtors' Liquidation Analysis, by contrast, "is presented on a consolidated basis for all Debtors." Plan Ex. C. No party has moved for substantive consolidation, and the Plan does not propose it. The Debtors cannot have it both ways: if the Plan is a separate plan for each Debtor, each must satisfy section 1129(a) as to that Debtor's own creditors, on that Debtor's own assets and liabilities.

A. Section 1129(a)(7) Requires a Debtor-by-Debtor Comparison

52. Section 1129(a)(7) compares what a non-accepting holder receives under the plan with what it would receive "if *the debtor* were liquidated under chapter 7." 11 U.S.C. § 1129(a)(7)(A)(ii) (emphasis added). Each Debtor has its own estate, its own assets, and its own creditors. 11 U.S.C. § 541(a). A consolidated analysis averages away the differences among them. It therefore cannot establish what a creditor holding a claim against a particular Debtor would receive in that Debtor's chapter 7 case, and the Debtors, who bear the burden on every element of section 1129(a), have offered nothing else. *All Land*, 468 B.R. at 688; *Quigley*, 437 B.R. at 124–25.

53. The omission matters. A Debtor-level analysis would show where the estates' assets actually sit, including avoidance actions, the Retained Litigation Claims against the Excluded D&Os, commercial tort claims, intercompany receivables, and the marine mammals subject to the Committee's lien challenge. Whether any of those assets is unencumbered is a Debtor-specific question, and the answer determines whether the general unsecured creditors of a particular Debtor would receive a distribution in that Debtor's chapter 7 case. A Debtor-level analysis would likewise

show where the claims sit, so that the Court can compare each creditor's plan treatment with its liquidation recovery against the entity that actually owes it.

B. The Consolidated Analysis Masks the Treatment of the Dismissed Debtors' Creditors

54. The Plan proposes to dismiss the chapter 11 cases of Controladora Dolphin, S.A. de C.V. and Ejecutivos de Turismo Sustentable, S.A. de C.V. (the "**Dismissed Debtors**"). Plan §§ 1.65, 7.2. Upon information and belief, approximately $10.9 million, or roughly 54%, of the trade claims asserted in these cases are asserted against the Dismissed Debtors. Those creditors receive nothing under the Plan. Upon dismissal, the DIP Secured Parties and Prepetition Secured Parties are expressly authorized to pursue the Dismissed Debtors and their property, and their liens and claims against the Dismissed Debtors are preserved, while every prior order, release, and settlement entered in these cases survives dismissal notwithstanding section 349. Plan §§ 6.3(c), 7.2(a)–(b), 7.15(c).

55. Because Exhibit C folds the Dismissed Debtors into a single consolidated presentation, the Court cannot determine what the Dismissed Debtors' creditors would receive in a chapter 7 liquidation of those Debtors, as compared with dismissal and lender enforcement. Nor does the Plan supply the findings section 1112(b) requires before a case may be dismissed. Indeed, the Plan's dismissal mechanism is triggered "[f]ollowing the closing of the sale of the Mexican Assets to Delphinus," Plan § 7.2(a), a sale that has since terminated. The Plan provides no mechanism for the Dismissed Debtors' cases on the facts as they now stand.

C. The Liquidation Analysis Treats Intercompany Claims Inconsistently

56. Exhibit C assigns a 0% recovery to $215.9 million of intercompany receivables, yet counts $174.3 million of intercompany claims as general unsecured claims sharing pari passu with trade creditors. Plan Ex. C §§ I.I, II.E. That is internally inconsistent. On a genuinely consolidated basis, intercompany receivables and payables eliminate one another and dilute no one. On a Debtor-

by-Debtor basis, a receivable owed to one Debtor is an asset available to that Debtor's creditors. Exhibit C adopts the worst of both approaches (zero value on the asset side and full dilution on the claim side), which depresses the hypothetical chapter 7 recovery of general unsecured creditors and makes the Plan's treatment of them appear more favorable than it is. The inconsistency is sharpened by the Plan itself, which extinguishes the very intercompany claims that Exhibit C counts against trade creditors. Plan § 2.1 (Class 6).

D. The Plan Effects a De Facto Substantive Consolidation Without the Required Showing

57. Although it disclaims consolidation, the Plan transfers the assets of every Liquidating Debtor into a single Liquidation Trust, defines its classes without regard to which Debtor owes a claim, and distributes all proceeds through a single Waterfall with no allocation of assets, claims, or proceeds by Debtor. Plan §§ 2.1, 7.3(e). That is substantive consolidation in all but name. Substantive consolidation is an extraordinary remedy that requires a showing that the debtors disregarded their separateness prepetition or that their affairs are so entangled postpetition that separating them is prohibitively costly and would harm all creditors. *See In re Owens Corning*, 419 F.3d 195 (3d Cir. 2005). The Debtors have made no such showing and have not sought that relief.

58. At a minimum, the Court should require the Debtors to file Debtor-by-Debtor liquidation analyses, together with an allocation of assets, claims, and Liquidation Trust proceeds by Debtor, before any confirmation hearing proceeds. Absent that showing, the Debtors cannot carry their burden under section 1129(a)(7), and confirmation must be denied.

RESERVATION OF RIGHTS

59. The Committee reserves all rights to supplement or amend this Objection, including following review of the Plan Supplement, the Wind Down Budget, the voting declaration, and discovery regarding the identity of the Class 3 holders, accrued and unpaid Administrative Expense

Claims, and the Debtors' cash position; to file a motion under section 1126(e) of the Bankruptcy Code to designate the Class 3 votes; to object to the release, exculpation, and injunction provisions of the Plan on additional grounds; and to present evidence and argument at the confirmation hearing. Nothing herein shall be construed as a waiver of the Committee's rights under the DIP Order, including with respect to the Challenge Period.

CONCLUSION

WHEREFORE, the Committee respectfully requests that the Court (i) deny confirmation of the Plan; (ii) designate the Class 3 acceptances pursuant to section 1126(e) of the Bankruptcy Code or otherwise disregard them for purposes of section 1129(a)(10); (iii) in the alternative, require the Debtors to file Debtor-by-Debtor liquidation analyses and an allocation of assets, claims, and Liquidation Trust proceeds by Debtor; and (iv) grant such other and further relief as the Court deems just and proper.

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Dated: October 30, 2026

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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re: LEISURE INVESTMENTS HOLDINGS LLC, *et al.*,[1] Debtors.	Chapter 11 Case No. 25-10606 (LSS) (Jointly Administered)

CERTIFICATE OF SERVICE

I, Thomas J. Francella, Jr. certify that on October 30, 2026, I caused a copy of the foregoing document to be served via NEF upon all parties receiving such service.

Dated: October 30, 2026

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[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number are as follows: Leisure Investments Holdings LLC (7260); Triton Investments Holdings LLC (6416); MS Leisure Company (7257); Icarus Investments Holdings LLC (2636); Ejecutivos de Turismo Sustentable S.A. de C.V. (5CA4); Dolphin Capital Company, S. de R.L. de C.V. (21H8); Dolphin Leisure, Inc. (7073); Dolphin Austral Holdings, S.A. de C.V. (6A13); Aqua Tours, S.A. de C.V. (6586); Viajero Cybernetical, S.A. de C.V. (1CZ7); Promotora Garrafón, S.A. de C.V. (0KA2); Marineland Leisure, Inc. (7388); GWMP, LLC (N/A); Gulf World Marine Park, Inc. (0348); and The Dolphin Connection, Inc. (0322). For the purposes of these chapter 11 cases, the address for the Debtors is Leisure Investments Holdings LLC, c/o Riveron Management Services, LLC, 600 Brickell Avenue, Suite 2550, Miami, FL 33131.