

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA**

In re:

**Jointly Administered under
Case No. 08-45257**

Petters Company, Inc., et al.,

Court File No. 08-45257

Debtors.

Court Files No.'s:

(includes:

Petters Group Worldwide, LLC;

08-45258 (GFK)

PC Funding, LLC;

08-45326 (GFK)

Thousand Lakes, LLC;

08-45327 (GFK)

SPF Funding, LLC;

08-45328 (GFK)

PL Ltd., Inc.;

08-45329 (GFK)

Edge One LLC;

08-45330 (GFK)

MGC Finance, Inc.;

08-45331 (GFK)

PAC Funding, LLC;

08-45371 (GFK)

Palm Beach Finance Holdings, Inc.)

08-45392 (GFK)

Chapter 11 Cases
Judge Gregory F. Kishel

**NOTICE OF HEARING AND (I) MOTION FOR EXPEDITED HEARING, (II) MOTION
TO REJECT LEASE OF NONRESIDENTIAL REAL PROPERTY UNDER 11 U.S.C.
§ 365 AND (III) MOTION TO SELL PERSONAL PROPERTY FREE AND CLEAR OF
LIENS AND OUTSIDE THE ORDINARY COURSE OF BUSINESS UNDER 11 U.S.C.
§ 363**

TO: The entities specified in Local Rule 9013-3

1. Petters Group Worldwide, LLC ("PGW" or "Debtor"), through its undersigned attorneys, move the Court for the relief requested and give notice of hearing.

2. The Court will hold a hearing this Motion before the Honorable Gregory F. Kishel, United States Bankruptcy Judge, at 1:30 p.m. on December 9, 2008, in Courtroom 2A, at the United States Courthouse, 316 N. Robert Street, St. Paul, Minnesota.

3. Any response to this motion must be filed and served by delivery not later than Tuesday, December 2, 2008, which is five days before the time set for the hearing, or filed and served by mail not later than Friday, November 28, 2008, which is seven days before the time set for the hearing (excluding Saturdays, Sundays and holidays). However, given the expedited nature of the relief sought, the Debtors do not object to written responses being served and filed no later than Thursday, December 4, 2008, which is three days before the time set for the hearing (excluding Saturdays, Sundays, and holidays). **UNLESS A RESPONSE OPPOSING THE MOTION IS TIMELY FILED, THE COURT MAY GRANT THE MOTION WITHOUT A HEARING.**

4. This Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157 and 1334, Bankruptcy Rule 5005 and Local Rule 1070-1. This is a core proceeding. Petitions commencing the Chapter 11 cases of Petters Company, Inc. (“PCI”) and PGW were filed on October 11, 2008. Petitions commencing the Chapter 11 cases of PC Funding, LLC (“PC Funding”), Thousand Lakes, LLC, (“Thousand Lakes”), SPF Funding, LLC (“SPF Funding”), PL Ltd., Inc. (“PL Ltd.”), Edge One, LLC (“Edge One”) and MGC Finance, Inc. (“MGC Finance”) were filed on October 15, 2008. The petition commencing the Chapter 11 case of PAC Funding, LLC (“PAC Funding”), was filed on October 17, 2008. The petition commencing the Chapter 11 case of Palm Beach Finance Holdings, Inc. (“Palm Beach Finance”) was filed on October 19, 2008 (collectively, the “Debtors” or the “Cases”). Venue of these cases and this motion in this district are proper pursuant to 28 U.S.C. §§ 1408 and 1409. The cases are now pending before this Court.

5. This Motion arises under 11 U.S.C. §§ 363 and 365 and Federal Rules of Bankruptcy Procedure 2002, 6004 and 6006. This Motion is filed under Fed. R. Bankr. P. 9014

and Local Rules 2002-1, 2002-4(a), 6004-1(e) and 9013-1 through 3. Debtors request an order approving Debtor's rejection of a certain lease between Petters Group Worldwide, LLC and Flagler Center Properties, LLP ("Flagler Center") pursuant to 11 U.S.C. § 365(a) and authority to sell property of the estate free and clear of liens and outside the ordinary course of business pursuant to 11 U.S.C. § 363(b).

BACKGROUND

6. Debtor filed a voluntary petition for relief pursuant to Chapter 11 of Title 11 of the United States Code (the "Bankruptcy Code"). Debtor continues to operate its business as a debtor-in-possession pursuant to §§ 1107 and 1108 of the Bankruptcy Code. No bankruptcy trustee or examiner has been appointed in the Debtor's case; Debtor is presently under the control of Douglas A. Kelley, a court-appointed receiver. A committee of unsecured creditors (the "Committee") was appointed on November 21, 2008 pursuant to § 1102 of the Bankruptcy Code.

7. Petters Company, Inc., founded in 1987, is a privately held Minnesota limited liability company. It is owned 100% by Thomas J. Petters. PCI, in turn, is the sole member and owns 100% of the membership interests of PC Funding, Thousand Lakes, SPF Funding, PL Ltd., Edge One and MGC Finance, and PAC Funding. The operations and management decisions of PCI and its subsidiary entities were all conducted at the company's headquarters, located at 4400 Baker Road, Minnetonka, Minnesota. PCI served as a venture capital arm of the Petters enterprises, utilizing single purpose entities to obtain billions of dollars of funding, and purportedly to acquire merchandise for sale to wholesalers and retailers nationwide, which purchase and sale business may have not ever existed.

8. Petters Group Worldwide, LLC, founded in 1988, is a privately held Delaware limited liability company. It is owned 100% by Thomas J. Petters. The management decisions

of PGW and its subsidiary entities were conducted at the company's headquarters, located at 4400 Baker Road, Minnetonka, Minnesota. PGW has investments in companies worldwide, which include 100% ownership of Polaroid (products include cameras, PoGo printers, LCD TVs, portable DVD players), among others. PGW obtained funding from investors/lenders and from PCI.

9. On or about September 24, 2008, the Federal Bureau of Investigation ("FBI"), together with the Internal Revenue Service – Criminal Investigation Division ("IRS") and the United States Postal Inspection Service ("USPI"), based on claims made of fraud or other wrongdoing on the part of PCI, publicly announced an investigation of, and took actions, including seizure of records, against PCI, its sole owner, Thomas J. Petters, and other employees allegedly involved in a fraudulent Ponzi scheme. On October 3, 2008, Thomas J. Petters was arrested on charges of mail and wire fraud, money laundering, and conspiracy. Other Petters executives implicated in this scheme have also been arrested on various charges and have plead guilty to certain crimes. The United States alleges that more than 20 lenders and lending groups may have been bilked out of more than \$3 billion.

10. As a result of the investigation and arrests, numerous other employees voluntarily terminated their employment with the Debtors, including the main law firm providing overall corporate counsel, the two senior in-house counsel, the CEO, the CFO, and others with knowledge of the financial transactions among the Debtors and with outside lenders and creditors.

11. In addition, several lenders have commenced actions against the Debtors in several courts, both in Minnesota as well as in other states. On October 6, 2008, the Honorable Ann D. Montgomery, United States District Court, District of Minnesota, issued an Order for

Entry of Preliminary Injunction, Order Appointing Receiver and Other Equitable Relief, a true and correct copy of which is attached as Exhibit A. Judge Montgomery appointed Douglas A. Kelley as receiver for the Debtors. In addition, Judge Montgomery's Order specifically granted Mr. Kelley authority to file "any bankruptcy petitions for any of the [Debtors] to protect and preserve the assets of any of the [Debtors] and acting as management or Debtor in Possession of any of the [Debtors] so filed by the Receiver, and to appear and be heard in any bankruptcy of any of the [Debtors] not filed by the Receiver." See Order Appointing Receiver, Sect. IV, paragraph (b)(4).

12. As a result of the investigation, subsequent arrests and litigation by numerous creditors, Debtors sought relief under Chapter 11 of the Bankruptcy Code in order to reorganize and/or preserve their operations, sell assets and preserve potential avoidance claims and other actions. Debtors continue to operate their businesses as debtors-in-possession. Except for PGW, PIC and the remaining Debtors' operations will be, for the most part, limited to reconstructing accounting records and analyzing and pursuing potential claims. PGW will conduct these activities as well, but will also be involved in the ongoing management, operations and sales (as the case may be) of its subsidiaries and their respective assets.

RELIEF REQUESTED

Rejection of Lease

13. In 2005, Debtor PGW entered into a lease with Flagler Center for commercial office space at the Flagler Center in West Palm Beach, Florida (the "Flagler Center Location"). The lease term is 7 years, with the option for two five-year renewals. Upon entering the lease, Debtor made a security deposit of \$40,000, which is currently being held by Flagler Center. Under the terms of the lease, the current monthly base rent is \$18,207.70, which does not include common area charges and taxes, with these amounts scheduled to increase annually. Debtor was

current on its payments under the lease through September 30, 2008.

14. Subsequent to the federal investigation, PGW's operations have been reduced and it no longer has a need for, and will no longer utilize, the Flagler Center Location. As a result, the lease has become a burden to the estate and rejection of the lease is in the best interest of the estate and its creditors because this location is no longer beneficial or necessary to Debtor's operations.

15. Debtor vacated the premises and turned all keys over to Flagler Center on November 25, 2008. Flagler Center is able to release the Debtor's Flagler Center Location as of this date. Therefore, Debtor seeks an order approving rejection of the lease effective as of November 25, 2008.

16. Due to Debtor's rejection of this lease, Flagler Center has the right to assert a claim for damages resulting from the rejection of this lease. Debtor believes that the maximum amount of that claim, as limited by § 502(b)(6) is approximately \$241,000. Debtor and Flagler Center have reached an agreement whereby Debtor relinquishes its interest in its security deposit being held by Flagler Center in exchange for Flagler Center's agreement that all remaining obligations under the lease are deemed satisfied, including Flagler Center right to assert a claim for damages as the result of rejection of this lease.

Sale of Property Free and Clear of Liens

17. In order to utilize the Flagler Center Location, Debtor purchased and installed numerous items of personal property at that location, which include desks, chairs, workstations, book cases, file cabinets, conference tables, a microwave, a refrigerator, and televisions (collectively, the "Office Furniture"), as well as a Shoretel IP Shoregear Model SG-T1 Telephone System and related Shoretel Model 230 telephones (collectively, the "Phone

System”). Since Debtor will no longer utilize the Flagler Center Location, Debtor no longer has a need for the Office Furniture and Phone System.

18. Debtor inquired as to the value it could obtain for the Office Furniture if it were removed from the Flagler Center Location and sold. Debtor obtained a bid from an office furniture liquidator to purchase the Office Furniture for \$10,500. A true and correct copy of the bid is attached hereto as Exhibit A.

19. Flagler Center has offered to purchase Debtor’s Office Furniture for \$10,500, as well as purchase the Phone System for \$2,000, for a total cash payment to the estate of \$12,500.

20. Debtor, in the exercise of its business judgment, believes the sale of its Office Furniture and Phone System to Flagler Center is for the best price that could be obtained for these items.

21. Debtor believes that the sale of its Office Furniture and Phone System is in the best interest of the estate and creditors and that sound business justification exists for the sale as proposed herein.

22. Debtor seeks authority to sell the Office Furniture and Phone System free and clear of all liens, claims, and encumbrances under 11 U.S.C. § 363(f). Debtor does not believe that there are currently any liens or other security interests attached to the Office Furniture and Phone System, other than potentially security interests in all assets of debtor granted by PGW to affiliated entities Petters Company, Inc. and Petters Capital, LLC. Such liens, if effective, would not preclude approval of this sale.

EXPEDITED RELIEF

23. Debtor requests that relief be granted on an expedited basis to avoid unnecessary expenses for the estate that will be detrimental to creditors, as the December monthly rent will be due on December 1, 2008 and the premises has been vacated.

24. Debtor may offer the testimony of Douglas A. Kelley, Court Appointed Receiver, or Thomas Hay, Executive Vice President, Real Estate of PGW, if necessary.

CONCLUSION

Wherefore, Debtor respectfully requests that the Court grant the motion for expedited hearing, approve Debtor's rejection of the lease effective November 25, 2008, authorize the sale of its Office Furniture and Phone System to Flagler Center Properties, LLP free and clear of all liens, claims and encumbrances, as well as granting such other relief as may be just and equitable.

DATED: November 25, 2008

LINDQUIST & VENNUM P.L.L.P.

By /e/ James A. Lodoen
James A. Lodoen (#173605)
George H. Singer (#262043)
William P. Wassweiler (# 232348)

4200 IDS Center
80 South Eighth Street
Minneapolis, MN 55402-2274
(612) 371-3211
(612) 371-3207 (facsimile)

ATTORNEYS FOR DEBTORS



USED FURNITURE EVALUATION WORKSHEET

Date: 11.13.08

Company Name: Pettters Group Worldwide

Address: 505 S Flagler Dr, Suite 700

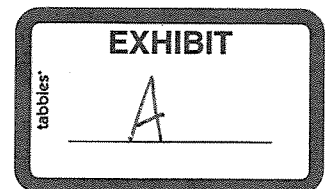
City: West Palm Beach State: FL Zip: 33401

Phone #: 952-292-6315 Alt. Phone #: john.jordan@pettersgroup.com

Contact: John Jordan

QTY	SIZE	DESCRIPTION
9	36"	5-Drawer Lateral, Steelcase
1		Life Fitness 8500 (Cycle)
18		Guest Chair, Beige/Blk Frame
3	96"	Folding Table
3	36"	Round Table, Metal Base (Lunch Room)
25		Mid back Leather Chair, Beige
6		"B" Size Herman Miller Aeron, Lumbar Support
15		"B" Size Herman Miller Aeron, Posturefit Support
1	48"x48"	Bookcase, Cherry Veneer
4	20"	Plasma T.V.
2	42"	4-Drawer Lateral, Medium Tone
6		Black Leather Chair (Presedents Office)
3	42"	Plasma T.V.
1		Video Conferencing Set Poly Com w/Screen
1		High-Back Leather Chair
1		High-Back Leather Chair, Beige
1		Refigerator (From Kitchen)
1		Microwave (From Kitchen)
8		Stack Chair
3	60"x42"W	Storage Cabinet, Metal
3		Passage U-Shape, Wood Veneer, Right
2		Passage U-Shape w/ Hutch, Wood Veneer, Left
1		Passage U-Shape, Wood Veneer, Left
1		Passage U-Shape w/ Hutch, Wood Veneer, Right
11		Herman Miller AO2 47"H Workstations as per attached Plan

2099 W. Atlantic Blvd. ~ Pompano Beach, FL 33069
954-968-4700 ~ FAX 954-968-4897 ~ 800-783-4797
www.ofwfl.com





USED FURNITURE EVALUATION WORKSHEET

Date: 11.13.08

Company Name: Petters Group Worldwide

Address: 505 S Flagler Dr, Suite 700

City: West Palm Beach State: FL Zip: 33401

Phone #: 952-292-6315 Alt. Phone #: john.jordan@pettersgroup.com

Contact: John Jordan

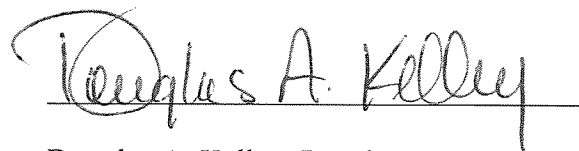
QTY	SIZE	DESCRIPTION	
4	96"	Racetrack Conference Table, Cherry	
2		Paoli Guest Chair	
3	24"x24"	Paoli Lamp Table	
1		Nevers Board Room Table	
1		Nevers Credenza	
1	48"x16"	Paoli Sofa Table	
1	42"x42"	Paoli Cocktail Table	
2		Paoli Guest Chair	
4		Paoli Chair w/No Brass Nails	
3		Paoli Settee w/No Brass Nails	
1	50"x24"	Paoli Cocktail Table	
1	44"H	Paoli Bookcase	
1	96"W	Paoli Table Desk w/Center Drawer	
1	60"	Paoli Round Table, Prominence	
2	29"H	Paoli Bookcase	
1	72"x25"	Left Return	
1	75"x17"	Right Return, Storage Credenza Config	UNIT
1	48"x48"	Corner Unit	
1		Paoli Sofa w/No Brass Nails	
1	24"x24"	Magazine Table	
OFW OFFER: \$10,500.00			

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VERIFICATION

I, Douglas A. Kelley, Court Appointed Receiver of these Debtors, declare under penalty of perjury that the facts set forth in the preceding motion are true and correct according to the best of my knowledge, information and belief.

Executed on: November 29, 2008

A handwritten signature in cursive script that reads "Douglas A. Kelley". The signature is written in black ink and is positioned above a solid horizontal line.

Douglas A. Kelley, Receiver

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA**

In re:

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Palm Beach Finance Holdings, Inc.)

08-45392 (GFK)

Chapter 11 Cases
Judge Gregory F. Kishel

**MEMORANDUM IN SUPPORT OF (I) MOTION FOR EXPEDITED HEARING, (II)
MOTION TO REJECT LEASE OF NONRESIDENTIAL REAL PROPERTY UNDER 11
U.S.C. § 365 AND (III) MOTION TO SELL PERSONAL PROPERTY FREE AND
CLEAR OF LIENS AND OUTSIDE THE ORDINARY COURSE OF BUSINESS UNDER
11 U.S.C. § 363**

Petters Group Worldwide, LLC (“PGW”), Debtor in the above-captioned Chapter 11 cases, respectfully submits this Memorandum in support of its Motion for Expedited Hearing, Motion to Reject Lease of Nonresidential Real Property under 11 U.S.C. § 365 and Motion to Sell Personal Property Free and Clear of Liens Outside the Ordinary Course of Business under 11 U.S.C. § 363.

FACTS

The factual basis for this memorandum is set forth in the attached Motion and

incorporated herein as if fully set forth herein.

LEGAL ARGUMENT

Lease Rejection

The proposed rejection of this lease is in the best interest of creditors and the estate. Under 11 U.S.C. § 365(a), “[T]he trustee, subject to the court’s approval, may assume or reject any executory contract or unexpired lease of the Debtor.” The Debtor has the right, subject to court approval, to reject the lease referenced in the motion at any time before confirmation of a plan. 11 U.S.C. §§ 1107(a) and 365(d)(2).

In order to obtain court approval of assumption or rejection of a lease under § 365, the Debtor must establish that, in its best judgment, assumption or rejection is in the best interest of its creditors and the bankruptcy estate. *In re Food Barn Stores, Inc.*, 107 F.3d 558, 567 (8th Cir. 1997); *In re Crystalin, L.L.C.*, 293 B.R. 455, 463 (8th Cir. B.A.P. 2003); *In re Audra-John Corp.*, 140 B.R. 752, 755 (Bankr. D. Minn. 1992) (citing *N.L.R.B. v. Bildisco and Bildisco*, 465 U.S. 513, 520 (1984)).

Under this business judgment test, Debtor must demonstrate that rejecting the contract will benefit the estate not that continued performance would result in actual loss of value from the estate. *In re Audra-John Corp.*, 140 B.R. at 755; *In re Food Barn Stores*, 107 F.3d at 567 n. 16. (citing *Richmond Leasing Co. v. Capital Bank, N.A.* 762 F.2d 1303, 1309 (5th Cir. 1985) (Where the Debtor’s request is not “manifestly unreasonable or made in bad faith, the court should normally grant approval as long as the proposed action appears to enhance the debtor’s estate.”). “The test embodies considerable deference to the proponent of the rejection, so long as it can articulate sound business reasons for repudiating the contract.” *In re Audra-John Corp.*, 140 B.R. at 756.

Here, the lease is for office space in West Palm Beach, Florida. Debtor’s operations are

headquartered in Minnesota, and due to reduced operations resulting from the recent federal investigation, Debtor has no ongoing need for office space in Florida. By not rejecting this lease, administrative expenses will continue to accrue against the estate without any corresponding benefit to the estate for those expenses. Therefore, rejection of this lease is in the best interest of the estate and creditors.

Sale of Property Outside the Ordinary Course

In pertinent part, § 363(b) provides that “[t]he trustee, after notice and a hearing, may use, sell or lease, other than in the ordinary course of business, property of the estate.” 11 U.S.C. § 363(b). In determining whether to authorize the use, sale or lease of property of the estate under this section, courts require the debtor to show that a sound business purpose justifies such actions. *See, e.g., In re Schipper*, 933 F.2d 513, 515 (7th Cir. 1991); *In re Channel One Communications*, 117 B.R. 493 (Bankr. E.D. Mo. 1990) (applying the sound business purpose test of *In re Lionel Corp.*, 722 F.2d 1063 (2d Cir. 1983).

In evaluating whether a sound business purpose justifies the use, sale or lease of property under § 363(b), courts consider a variety of factors, which essentially represent a “business judgment test.” *See Collier on Bankruptcy* § 363.02 (15th rev. ed. 2008). In *In re Lionel Corp.*, the Court of Appeals for the Second Circuit listed several factors which a bankruptcy court may consider in its § 363(b) analysis. Specifically confronted with the sale of assets under § 363(b), the Second Circuit stated:

In fashioning its findings, a bankruptcy judge must not blindly follow the hue and cry of the most vocal special interest groups; rather, he should consider all salient factors pertaining to the proceeding and, accordingly, act to further the diverse interests of the debtor, creditors and equity holders, alike. He might, for example, look to such relevant factors as the proportionate value of the asset to the estate as a whole, the amount of elapsed time since the filing, the likelihood that a plan of reorganization will be proposed and confirmed in the near future, the effect of the proposed disposition on future plans of reorganization, the proceeds to be

obtained from the disposition vis-a-vis any appraisals of the property, which of the alternatives of use, sale or lease the proposal envisions, and most importantly perhaps, whether the asset is increasing or decreasing in value.

722 F.2d at 1071. In delineating these factors, the Second Circuit cautioned that “this list is not intended to be exclusive, but merely to provide guidance to the bankruptcy judge.” *Id.*

Here, the Debtor believes sound business justification exists to sell its Office Furniture and Phone System as set forth in the Motion. Debtor’s operations are headquartered in Minnesota, and due to reduced operations, Debtor has no need for such office space in Florida, or the furniture and phone system it purchased for that location. Debtor obtained independent bids to remove and sell the Office Furniture and Debtor believes the value being paid by Flagler Center is the best value that could be obtained for this property. As a result, Debtor believes the sale of PGW’s Office Furniture and Phone System to Flagler Center for \$12,500 is in the best interest of the estate and its creditors.

Sale of Property Free and Clear of Liens

Debtor also seeks authority to sell the Office Furniture and Phone System free and clear of liens and encumbrances. Section 363 of the Bankruptcy Code provides that:

The trustee may sell property under subsection (b) or (c) of this section free and clear of any interest in such property of an entity other than the estate, only if--

- (1) applicable nonbankruptcy law permits sale of such property free and clear of such interest;
- (2) such entity consents;
- (3) such interest is a lien and the price at which such property is to be sold is greater than the aggregate value of all liens on such property;
- (4) such interest is in bona fide dispute; or
- (5) such entity could be compelled, in a legal or equitable proceeding, to accept a money satisfaction of such interest.

11 U.S.C. § 363(f). Any one of the five conditions provides authority to sell free and clear of liens. *In re Elliot*, 94 B.R. 343, 345 (E.D. Pa. 1988). To the extent a secured creditor or

lienholder that receives notice of the sale and does not file an objection to the motion, that creditor should be deemed to have consented to the sale. *In re Shary*, 152 B.R. 724, 725-26 (Bkrcty. N.D. Ohio 1993).

Here, Debtor has obtained the consent of affiliated entities holding potential security interests the Office Furniture and Phone System. Additionally, such affiliated entities could be compelled to accept money satisfaction of such interest. Therefore, Debtor has met the conditions required by Section 363(f).

EXPEDITED HEARING

Fed. R. Bankr. P. 2002(a)(2) provides that written notice of a motion regarding the “proposed use, sale, or lease of property of the estate other than in the ordinary course of business” is to be served not less than twenty days before the hearing on such motion, “unless the court for cause shown shortens the time...” Fed. R. Bankr. P. 9006(c) provides that the Court, on request of a party and for cause shown, may order a notice period reduced. Local Rule 9006-1(d) provides that if expedited relief is necessary, the party seeking such relief must request an expedited hearing and take all reasonable steps to provide the most expeditious service and notice possible and file an affidavit specifying the efforts made.

Cause exists for shortening the notice period in this case. Here, sale of Debtor’s Office Furniture and Phone System to Flagler Center is integrally related to rejection of Debtor’s lease for the Flagler Center Location. Without such rejection of the lease and sale of the Office Furniture and Phone System, another month’s rental charges will become due and payable on December 1, 2008. It is likely such additional charges will be entitled to administrative claim status under 11 U.S.C. § 503, entitled to priority treatment under 11 U.S.C. § 507. To incur such additional administrative claim without any benefit to the estate would be detrimental to creditors and the estate. Debtor served this Motion via facsimile to Flagler Center. The United

States Trustee, as well as all parties that have requested electronic notice, have been served by the filing of this Motion via CM/ECF. All other parties were served by first class U.S. Mail with at least 14 days notice, sufficient time to review the merits of the proposed transactions.

CONCLUSION

Debtor respectfully requests the court grant its motion for expedited relief and enter an order authorizing rejection of the lease of nonresidential real property in Florida effective November 25, 2008 as being in the best interest of creditors and the estate. Debtor also seeks an order authorizing the sale of the Office Furniture and Phone System to Flagler Center under terms outlined in the Motion and such further relief as the Court deems just and equitable.

DATED: November 25, 2008

LINDQUIST & VENNUM P.L.L.P.

By /e/ James A. Lodoen
James A. Lodoen (#173605)
George H. Singer (#262043)
William P. Wassweiler (# 232348)

4200 IDS Center
80 South Eighth Street
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(612) 371-3211
(612) 371-3207 (facsimile)

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08-45392 (GFK)

Chapter 11 Cases
Judge Gregory F. Kishel

**ORDER GRANTING EXPEDITED HEARING, AUTHORIZING DEBTOR TO REJECT
NONRESIDENTIAL REAL PROPERTY LEASE UNDER 11 U.S.C. 365 AND
APPROVING SALE OF PROPERTY FREE AND CLEAR OF LIENS AND OUTSIDE
THE ORDINARY COURSE OF BUSINESS UNDER 11 U.S.C. 363**

This case came on for hearing before the Court on December 9, 2008 on the Debtor's motions for expedited hearing, authorization to reject nonresidential real property lease, and to approve the sale of property free and clear of liens and outside the ordinary course of business. James A. Lodoen appeared for the Debtors. Other appearances were noted on the record. Based on the arguments of counsel, moving documents and the record made at the hearing,

IT IS HEREBY ORDERED:

1. The Motion for expedited relief is granted.
2. Debtor is authorized to reject its lease of nonresidential real property with Flagler

Center Properties, LLP effective November 25, 2008.

3. Debtor is authorized to relinquish its interest in its security deposit being held by Flagler Center in exchange for Flagler Center's agreement that all remaining obligations under the lease are deemed satisfied, including Flagler Center right to assert a claim for damages as the result of rejection of this lease.

4. Debtor is authorized to sell its Office Furniture and Phone System to Flagler Center Properties, LLP for \$12,500 and under the terms and conditions outlined in the Motion.

5. Debtor and Flagler Center Properties, LLP are authorized to take such actions as necessary to complete the sale the Office Furniture and Phone System without the necessity of further order of this Court.

6. Pursuant to Section 363(f) of the Bankruptcy Code, Debtor's Office Furniture and Phone System shall be sold free and clear of any and all liens, claims, interests and encumbrances. Such liens, encumbrances and other interests in the Office Furniture and Phone System, if any, shall attach to the sales proceeds in a manner with the same dignity, priority, validity and effect as existed in the assets prior to the sale.

7. Notwithstanding Fed. R. Bankr. P. 6004(h), this Order shall take effect immediately upon entry.

Dated: _____

Gregory F. Kishel
United States Bankruptcy Judge

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA**

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08-45326 (GFK)

Thousand Lakes, LLC;

08-45327 (GFK)

SPF Funding, LLC;

08-45328 (GFK)

PL Ltd., Inc.;

08-45329 (GFK)

Edge One LLC;

08-45330 (GFK)

MGC Finance, Inc.;

08-45331 (GFK)

PAC Funding, LLC;

08-45371 (GFK)

Palm Beach Finance Holdings, Inc.)

08-45392 (GFK)

Chapter 11 Cases
Judge Gregory F. Kishel

CERTIFICATE OF SERVICE

Gretchen Luessenheide of the City of New Hope, County of Hennepin, State of Minnesota, being first duly sworn on oath, states that on November 25, 2008 she served the following documents:

1. Notice of Hearing and (I) Motion for Expedited Hearing, (II) Motion to Reject Lease of Nonresidential Real Property Under 11 U.S.C. § 365 and (III) Motion to Sell Personal Property Free and Clear of Liens and Outside the Ordinary Course of Business Under 11 U.S.C. § 363;
2. Memorandum in Support of (I) Motion for Expedited Hearing, (II) Motion to Reject Lease of Nonresidential Real Property Under 11 U.S.C. § 365 and (III) Motion to Sell Personal Property Free and Clear of Liens and Outside the Ordinary Course of Business Under 11 U.S.C. § 363;
3. Proposed Order Granting Expedited Hearing, Authorizing Debtor to Reject Nonresidential Real Property Lease Under 11 U.S.C. § 365 and Approving Sale of Property Free and Clear of Liens and Outside the Ordinary Course of Business Under 11 U.S.C. § 363.

electronically by Notice of Electronic Filing, and upon all parties who have requested service in these cases by filing the same via ECF with the Bankruptcy Court in the District of Minnesota.

/e/ Gretchen Luessenheide
Gretchen Luessenheide