

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

IN RE:) **Chapter 11**
)
SENTINEL MANAGEMENT, INC.) **Case No. 07 B 14987**
)
Debtor.) **Judge John H. Squires**

NOTICE OF MOTION

PLEASE TAKE NOTICE that on **November 13, 2008** at **9:30 a.m.**, or as soon thereafter as counsel may be heard, we shall appear before the Honorable John H. Squires or any Judge sitting in his stead, in room 680 of the United States District Court for the Northern District of Illinois, Eastern Division, Everett McKinley Dirksen Building, 219 South Dearborn Street, Chicago, Illinois 60604, to present **LEE B. STERN TRUSTS' MOTION TO DISMISS CLAIMANTS' OBJECTIONS TO CLAIMS 27, 28, 29, AND 30**, a copy of which is attached hereto and herewith served upon you.

Dated: November 13, 2008

LEE B. STERN TRUSTS

By: /s/ Zhiyuan Xu
Eugene J. Geekie, Jr. (ARDC # 6195060)
Zhiyuan Xu (ARDC # 6292094)
SCHIFF HARDIN LLP
6600 Sears Tower
Chicago, Illinois 60606-6473
(312) 258-5500
(312) 258-5700 (Fax)

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

IN RE:) **Chapter 11**
)
SENTINEL MANAGEMENT, INC.) **Case No. 07 B 14987**
)
Debtor.) **Judge John H. Squires**

**LEE B. STERN TRUSTS'
MOTION TO DISMISS CLAIMANTS' OBJECTIONS TO CLAIMS 27, 28, 29, AND 30**

LEE B. STERN EPSILON TRUST, LEE B. STERN DELTA TRUST, LEE B. STERN REVOCABLE TRUST, and LBS LIMITED PARTNERSHIP HOUSE FUNDS ACCOUNT (collectively, the "Stern Trusts"), by and through its counsel, Schiff Hardin LLP, hereby move to dismiss the Objections (the "Objections") by Country Hedging, Inc., Frontier Futures, Inc., FC Stone, LLC, Fortis Clearing Americas, LLC, Cadent Financial Services, LLC, Rand Financial Services, Inc., Velocity Futures, LP, Crossland Customer Segregated, Peregrine Financial Group, Inc., Penson GHCO, Penson Financial Futures, Inc., Farr Financial, Inc. and IPGL Ltd. (collectively, the "Objecting Claimants") to Claims 27, 28, 29, and 30 as follows:

INTRODUCTION

1. On or about October 11, 2007, pursuant to section 501(a) of the Bankruptcy Code, the Stern Trusts properly filed Proofs of Claim (the "Claims") in the Debtor's case in the amount of \$64,176.38.
2. On or about October 14, 2008, the Objecting Claimants filed Objections to all of the Stern Trusts' Claims.
3. The Objecting Claimants allege that since the Trustee has initiated adversary proceedings against them, seeking the return of preferential transfers and disallowance of their

claims, the Stern Trusts' Claims should also be disallowed because they too have failed to return alleged preferential transfers. *See* Objections, p. 6.

4. This Court should deny the Objections because they are not properly plead, and were not brought in good faith.

I. The Objections Should be Dismissed Because They are Not Sufficiently Plead, and Lack the Specific Facts Necessary to Properly Challenge the Claims.

5. Bankruptcy courts have determined that in order “to properly object to a claim, the objector must present evidence sufficient to refute at least one of the allegations that is essential to the claim’s legal sufficiency.” *In re Hight*, 393 B.R. 484, 495 (Bankr. S.D. Tex. 2008). Moreover, objections to claims must contain sufficient factual allegations so that the claimant may “assess the basis of the objection.” *In re Chalakee*, 385 B.R. 771, 777 (Bankr. N.D. Okla. 2008).

6. Similarly, “federal pleading rules require the plaintiff to give the defendant fair notice of what the . . . claim is and the grounds upon which it rests.” *Bell Atlantic Corp. v. Twombly*, 127 S.Ct. 1955, 1964 (2007).

7. However, the Objections in the present case do not contain the requisite factual allegations, or give the Stern Trusts fair notice.

8. The Objections simply allege that the Stern Trusts received preferential transfers as defined by Section 547 of the Bankruptcy Code.

9. The Objections do not contain the amounts of these alleged preferential transfers, or the dates upon which the Stern Trusts allegedly received such transfers.

10. Moreover, the Objections also fail to provide any rationale or reasons as to why the alleged transfers were preferential.

11. Finally, although the Objecting Claimants state that their allegations are based upon the Debtor's Statement of Financial Affairs, the Objecting Claimants failed to attach any of these documents as exhibits to the Objections. *See* Objections, p. 4.

12. Therefore, the Objections should be dismissed because they do not provide the Stern Trusts with any factual basis to respond, and are not sufficiently plead as required by federal pleading rules.

II. The Objections Should be Dismissed Because the Objecting Claimants Lack the Required Good Faith Basis for Objecting to a Proof of Claim.

13. Bankruptcy courts have held that pursuant to Federal Rule of Bankruptcy Procedure 9011, “[o]bjections [to proofs of claim] must be made in good faith.” *In re Atcall*, 284 B.R. 791, 800 (Bankr. E.D. Va. 2002). Moreover, “it is not proper for a creditor to object to a proof of claim simply to obtain a greater distribution for himself.” *Id.*

14. The Objecting Claimants do not have a good faith basis for objecting to the Stern Trusts' Proofs of Claim.

15. By their own admission, the Objecting Claimants only filed the Objections as a method of opposing the Trustee's plan for redistribution. Objections, p. 5.

16. Furthermore, the Objecting Claimants lack of good faith is demonstrated by their offer to withdraw all of the Objections so long as the Trustee “dismisses with prejudice Count II of the adversary complaints filed against [them].” Objections, p. 7 n.10. Thus, the Objecting Claimants only filed the Objections as an attempt to gain leverage with the Trustee.

17. Therefore, the Objections should be dismissed because they lack the requisite good faith basis necessary for challenging Proofs of Claim.

III. Trustee's Motion To Dismiss

18. The Trustee has also filed a motion to dismiss the Objections.

19. As such, the Stern Trusts join in the Trustee's Motion to Dismiss, and any other motions that have been filed to dismiss the Objecting Claimants Objections.

WHEREFORE, the Stern Trusts respectfully request that this Court deny and dismiss the Objecting Claimants' Objections to Claims 27, 28, 29, and 30, and award such other relief as this Court deems just and proper.

Dated: November 13, 2008

SCHIFF HARDIN LLP

By: /s/ Zhiyuan Xu
Eugene J. Geekie, Jr. (ARDC # 6195060)
Zhiyuan Xu (ARDC # 6292094)
Schiff Hardin LLP
6600 Sears Tower
Chicago, Illinois 60606-6473
(312) 258-5500
(312) 258-5700 (Fax)

CH2\2791873.3

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

IN RE:) Chapter 11
)
SENTINEL MANAGEMENT, INC.) Case No. 07 B 14987
)
Debtor.) Judge John H. Squires

ORDER DISMISSING CLAIM OBJECTIONS

Upon consideration of the motion (the “Motion”) of the Stern Trusts, for entry of an order dismissing the objections to proof of claim nos. 27, 28, 29, 30, filed by various creditors, the relief requested in the Motion being in the best interests of the Debtor’s estate, its creditors and other parties in interest, and may be authorized pursuant to sections 105 and 502 of the Bankruptcy Code; and after due deliberation and sufficient cause appearing therefor;

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED in its entirety.
2. All objections to the Motion or the relief requested therein that have not been made, withdrawn, waived, or settled, and all reservations of rights included therein, hereby are overruled on the merits.
3. The Claim Objections are dismissed.
4. This Court shall retain jurisdiction to hear and determine all matters arising from the implementation of this Order.

Dated: Chicago, Illinois

_____, 2008

THE HONORABLE JOHN H. SQUIRES
UNITED STATES BANKRUPTCY JUDGE