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Resort Owner Seeks Ch. 15 Amid Misconduct Probe

By [Rick Archer](#)

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Law360 (May 24, 2019, 8:31 PM EDT) -- A British Virgin Islands-based resort owner on Friday asked a New York bankruptcy court to give Chapter 15 protection to its U.S. assets while it investigates what it called “misconduct” by members of its management team.

Limora Investments Ltd. asked the court for Chapter 15 recognition of the insolvency proceedings it says it began in the British Virgin Islands in February after discovering “unusual” cash flow problems with the subsidiaries that manage its flagship Spanish properties.

According to court papers, Limora has more than 100 subsidiaries with interests in resorts, timeshares, hotels and other businesses in the United Arab Emirates, Spain, the U.K., Singapore, Thailand and the U.S. Two of its subsidiaries — Online Distribution Co. and American Resort Coalition Inc. — are incorporated in the U.S., it said.

The company said its primary source of income has been resorts and timeshares in Spain, but that in mid-2018 the company began receiving requests for emergency funding from its Spanish subsidiary.

In a declaration filed with the petition, Ian Tucker, one of the company's British Virgin Islands attorneys, said the requests caught the company by surprise, but because there was apparently a "substantial risk" of some subsidiaries collapsing for lack of liquidity, Limora provided the Spanish subsidiary with €5.3 million (\$5.9 million) in financing.

Tucker said a subsequent investigation raised concerns about misconduct by "certain incumbent members" of the management of some subsidiaries and the "uncertain financial position" of the group as a whole. He said a reorganization of some of the subsidiaries was needed to end the uncertainty, but that there were concerns a "piecemeal" reorganization would leave other parts of the group vulnerable to further misconduct.

"Accordingly, it was decided that there were real benefits to appointing insolvency professionals at the Limora level, who could then oversee the conduct of the wider group and give effect to the necessary steps so as to ensure the best possible outcome for creditors and stakeholders," he said.

Counsel for Limora declined to comment Friday.

Limora is represented by Madlyn Gleich Primoff and Alexander Rich of [Freshfields Bruckhaus Deringer LLP](#).

The case is In re: Limora Investments Ltd., case number 19-11678 in the [United States Bankruptcy Court for the Southern District of New York](#).

--Editing by Alanna Weissman.

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