UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY

**Caption in Compliance with D.N.J. LBR 9004-1(b)**

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| In re:<br><br>SKYLINE TOWER RESORT VACATION CONDOMINIUM ASSOCIATION, INC.,[1]<br><br>Debtor. | Case No. 25-22156 (ABA)<br><br>Judge: Hon. Andrew B. Altenburg, Jr.<br>Chapter 11 (Subchapter V)<br><br>Hearing Date: June 18, 2026<br>Hearing Time: 10:00 a.m. |

**DEBTOR'S REPLY TO OBJECTION TO MOTION FOR AN ORDER DETERMINING DEBTOR IS IN COMPLIANCE WITH OR ALTERNATIVELY WAIVING REQUIREMENTS OF 11 U.S.C. § 345(b) REGARDING DEBTOR'S MERRILL LYNCH ACCOUNTS**

[1] The last four digits of Debtor's tax identification number are 5824. Debtor's primary place of business is 100 S. North Carolina Ave, Atlantic City, NJ 08401.

Skyline Tower Resort Vacation Condominium Association, Inc.(“Debtor”), through its attorneys, Forman Holt, submits this reply to the objection of the of United States Trustee [ECF No. 235] (the “Objection”) to the Debtor’s motion for an order determining Debtor is in compliance with or alternatively waiving requirements of 11 U.S.C. § 345(b) regarding Debtor’s Merrill Lynch accounts [ECF No. 221] (the “Motion”), and respectfully represents the following:

1. The gist of the Objection is the United States Trustee’ mistaken belief that the funds held in the Debtor’s Merrill Lynch accounts are at risk because they are not “bonded, insured, or otherwise protected….” *See* Objection ¶ 29. That is incorrect. The vast majority of the funds in the Merrill Lynch accounts are invested in US Treasury Notes and are backed by the full faith and credit of the United States. U.S. Const. amend. XIV § 4 (“The validity of the public debt of the United States, authorized by law, … shall not be questioned.”). Those funds could not be more secure.

2. In support of its position, the United States Trustee argues that the account statements attached to the Debtor’s monthly operating reports reflect that the investments have lost money year to date. That too is incorrect. The Merrill Lynch statements reflect both unrealized gains and unrealized losses. If the current estimated market value of any of the Treasury Notes is less than the adjusted cost basis for that Note, it will be reflected on the account statement as a loss, although there has been no actual loss.

3. Indeed, the only way the Treasury Notes can lose value is if they are liquidated before maturity. *See* 31 C.F.R. § 356.30(a) (“We will pay principal on bills, notes, and bonds on the maturity date as specified in the auction announcement.”). So, although the current market value fluctuates based on current interest rates, market demand, or other external factors, if the Treasury Notes are held to maturity, they cannot lose value. In the meantime, the Debtor is earning

interest on the investments. Conversely, if the Debtor is required to liquidate those investments now to transfer the funds to the DIP account, there is a risk that they will lose principal (because the Notes will have been sold before maturity), and the DIP account will pay little or no interest on the funds.

4. The only other sizeable investment in the Merrill Lynch accounts is a $130,000 certificate of deposit (CD) with Valley Bank, which is insured by the FDIC.

5. The United States Trustee also argues that the Merrill Lynch accounts are not subject to the same monitoring as collateralized accounts. However, the Debtor is current with its reporting obligations in this case and will continue to remain current.

6. The Debtor's investments in Treasury Notes are compliant with Bankruptcy Code section 345(b). 11 U.S.C. § 345(b) ("Except with respect to a deposit or investment that is …backed by the full faith and credit of the United States, the trustee shall require … a bond….").

7. Regarding the other investments, such as the CD, they either are of negligible amounts or are FDIC insured. Thus, if the accounts are not compliant, sufficient cause exist to waive the requirements of section 345(b).

8. Bankruptcy Courts generally consider the "totality of the circumstances" in determining whether cause exists under section 345(b). *See In re Serv. Merch. Co.,* 240 B.R. 894, 896 (Bankr. M.D. Tenn 1999); *see also In re Ditech Holding Corp.,* 605 B.R. 10, 20 (Bankr. SD N.Y. 2019) ("The Court will apply a totality of the circumstances test.").

9. Given the totality of the circumstances, it is clear a waiver is appropriate. First, most of the funds are invested in US Treasury Notes. Second, the $130,000 CD at Valley Bank is FDIC insured. Third, the investments are earning interest. And finally, if the Treasury notes were

liquidated now and the funds transferred to the DIP account, the Debtor would not only lose the interest it is earning, but it would also risk losing principal.

WHEREFORE, Debtor respectfully requests that the Court overrule the Objection and enter an order determining that the Debtor is in compliance with the requirements of 11 U.S.C. § 345(b) regarding the Debtor's Merrill Lynch accounts, or, alternatively, waiving the requirements of 11 U.S.C. § 345(b) with respect to those accounts.

FORMAN HOLT
Attorneys for Debtor and Debtor-in-Possession

Dated: June 15, 2026

*/s/ Michael E. Holt*
Michael E. Holt

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| UNITED STATES BANKRUPTCY COURT<br>DISTRICT OF NEW JERSEY<br>**Caption in Compliance with D.N.J. LBR 9004-1(b)**<br><br>**FORMAN HOLT**<br>365 West Passaic Street, Suite 400<br>Rochelle Park, NJ 07662<br>Telephone: (201) 857-7110<br>Facsimile: (201) 665-6650<br>Charles M. Forman, Esq. (CMF-8937)<br>cforman@formanlaw.com<br>Michael E. Holt, Esq. (MEH-8735)<br>mholt@formanlaw.com<br>*Counsel for Debtor* | |
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**CERTIFICATION OF SERVICE**

1. I, Jennifer Kisla,

☐ represent the____________________________ in the above-captioned matter.

☒ am the secretary/paralegal for Forman Holt, who is counsel to the Debtor in the above captioned matter.

☐ am the ______________________ in the above case and am representing myself.

2. On June 15, 2026, I sent a copy of the following pleadings and/or documents to the parties listed in the chart below:

- Debtor's Reply to Objection to Motion for an Order Determining Debtor in Compliance with or Alternatively Waiving Requirements of 11 U.S.C. § 345(b) Regarding Debtor's Merrill Lynch Accounts.

3. I hereby certify under penalty of perjury that the above documents were sent using the mode of service indicated.

Dated: June 15, 2026 *___/s/ Jennifer Kisla___*
Jennifer Kisla

[1] The last four digits of Debtor's tax identification number are 5824. Debtor's primary place of business is 100 S. North Carolina Ave, Atlantic City, NJ 08401.

| Name and Address of Party Served | Relationship of Party to the Case | Mode of Service |
|---|---|---|
| Jeffrey M. Sponder, Esq.<br>Samantha Lieb, Esq.<br>Office of the United States Trustee<br>One Newark Center, Suite 2100<br>1085 Raymond Boulevard<br>Newark, NJ 07102<br>Jeffrey.m.sponder@usdoj.gov<br>Samantha.lieb2@usdoj.gov | United States Trustee | ☐ Hand-delivered<br>☐ Regular Mail<br>☐ Certified mail/RR<br>☒ E-mail<br>☒ Notice of Electronic Filing (NEF)<br>☐ Other ________________________<br>(as authorized by court*) |