

IN THE CIRCUIT COURT OF THE 11TH
JUDICIAL CIRCUIT IN AND FOR
MIAMI-DADE COUNTY, FLORIDA

COMPLEX BUSINESS LITIGATION
DIVISION

In re:

CRYSTAL CRUISES LLC, a California
limited liability company,

Case No. 2022-002742-CA-01
Lead Case

CRYSTAL HOLDINGS U.S., LLC, a
Delaware limited liability company,

Case No. 2022-002757-CA-01

CRYSTAL AIRCRUISES, LLC, a Florida
limited liability company, and

Case No. 2022-002758-CA-01

Assignors,
To:

(Jointly Administered Cases)

MARK C. HEALY,

Assignee.

**ASSIGNEE'S MOTION FOR AUTHORIZATION TO MAKE
INTERIM DISTRIBUTIONS TO PRIORITY CREDITORS**

Mark C. Healy (the "Assignee"), solely in his capacity as the Assignee for the benefit of creditors of Crystal Cruises LLC, Crystal Holdings U.S. LLC, and Crystal AirCruises LLC (collectively, the "Assignors"), by and through undersigned counsel and pursuant to Florida Statutes §§ 727.102, 727.108(12), and 727.109(1), (9), and (15), files this *Motion for Authorization to Make Interim Distributions to Priority Creditors* (the "Motion"). In support of the Motion, the Assignee states:

Background

1. On February 10, 2022, the Assignors executed and delivered, and the Assignee accepted, irrevocable assignments for the benefit of creditors to the Assignee (collectively, the "Assignments"). On February 11, 2022 (the "Petition Date"), a *Petition Commencing Assignment*

for the Benefit of Creditors was filed by the Assignee for each of the Assignors, thereby commencing the following assignment for the benefit of creditors cases pursuant to Section 727 of the Florida Statutes, in this Court: *In re Crystal Cruises LLC*, Case No. 2022-002742-CA-01, *In re Crystal Holdings U.S. LLC*, Case No. 2022-002757-CA-01, and *In re Crystal Aircruises LLC*, Case No. 2022-002758-CA-01 (collectively, the “Assignment Cases”). On March 3, 2022, the Court entered orders in each of the Assignment Cases consolidating and jointly administering the Assignment Cases for procedural purposes.

2. Prior to the Petition Date, the Assignors were engaged in the travel and entertainment business, including operating ocean, river, and expedition cruises and conducting related activities around the world.

3. More than 12,400 proofs of claim have been submitted in the Assignment Cases. By this Motion, the Assignee seeks authority to make interim distributions on priority claims for consumers, employee wages, and tax claimants. As explained in more detail below, consumer claimants are entitled to a maximum priority claim of \$2,225 and employee wage claimants are entitled to a maximum priority claim of \$10,000.¹ The balance of any such claims is treated as a general unsecured claim. Tax claimants are entitled to a priority claim with no maximum amount.²

A. Consumer Priority Claims

4. The majority of the proofs of claim submitted in the Assignment Cases - approximately 11,600 - were submitted by individual consumers that made a deposit with Crystal Cruises LLC prior to the Petition Date in connection with a voyage that did not take place or was interrupted. After removing duplicate claims, the total number of proofs of claim submitted by

¹ See Florida Statutes §§ 727.114(d) and (e).

² See Florida Statutes § 727.114(c).

consumer claimants is approximately 9,900, representing the claims of more than 16,000 individuals (certain proofs of claim address multiple individuals).

5. The claims bar date was June 11, 2022 (“Claims Bar Date”), and since that time, the Assignee has diligently sought to analyze and reconcile the proofs of claim filed in the Assignment Cases. In that regard, to date, the Assignee has filed thirty-eight omnibus objections to consumer claims representing objections to 3,800 proofs of claim. As of the filing of this motion, twelve orders have been entered on omnibus objections to consumer claims, and the Assignee anticipates submitting more orders to the Court soon.

6. The Assignee projects that after all remaining consumer claims objections have been resolved, there will be approximately 6,400 allowed consumer claims remaining, representing the claims of more than 11,000 individuals. The priority portion of such consumer claims, in the maximum amount of \$2,225 per individual, is estimated to total between \$19,200,000 - \$19,500,000.

B. Employee Wage Priority Claims

7. Approximately 150 proofs of claim were submitted for unpaid employee wages. Following the Claims Bar Date, the Assignee has filed four omnibus objections to wage claims. As of the filing of this motion, three orders have been entered on omnibus objections to employee wage claims, and the Assignee anticipates submitting more orders to the Court soon.

8. The projected priority portion of allowed employee wage claims, in the maximum amount of \$10,000 per employee, is estimated to total between \$550,000-\$650,000.

C. Tax Priority Claims and Secured Claims

9. The Assignee filed an omnibus objection to secured and tax claims. There are two allowed priority tax claims totaling \$32,785.47. All but one of the Assignee’s objections to the

proofs of claim filed as secured have been resolved or the time to respond has lapsed (the only pending secured claim objection is in the amount of \$681,374). The Assignee projects that there will be no allowed secured claims in the Assignment Cases.

D. Recoveries

10. The Assignee has successfully recovered tens of millions of dollars through, *inter alia*, the sale of assets and the recovery of funds from third parties including credit card companies.

11. As of June 30, 2023, the cash balance in the estate is \$35,268,740.39 (the “Estate Funds”).

12. The Assignee continues to pursue additional asset recoveries.

Relief Requested and Basis Therefor

13. By this Motion, the Assignee seeks authority to make an interim distribution from Estate Funds to allowed priority claimants in the maximum priority amounts provided under Florida Statutes § 727.114. Following this interim distribution on priority claims, only general unsecured claims will remain to be paid in the Assignment Cases.

14. The priority scheme for claims in assignment cases is as follows:

- a) Secured claims³
- b) Administrative expenses of the estate⁴
- c) Tax claims⁵
- d) Employee wage claims⁶

³ Fla. Stat. § 727.114(1)(a) (“Creditors with liens on assets of the estate, which liens are duly perfected pursuant to applicable law, shall receive the proceeds from the disposition of their collateral, less the reasonable, necessary expenses of preserving or disposing of such collateral to the extent of any benefit to such creditors ...”)

⁴ Fla. Stat. § 727.114(1)(b) (“Expenses incurred during the administration of the estate, other than those expenses allowable under paragraph (a), including allowed fees and reimbursements of all expenses of the assignee and professional persons employed by the assignee under s. 727.108(7) ...”)

⁵ Fla. Stat. § 727.114(1)(c) (“Unsecured claims of governmental units for taxes that accrued within 3 years before the filing date.”)

⁶ Fla. Stat. § 727.114(1)(d) (“Claims for wages, salaries, or commissions, including vacation, severance, and sick leave pay, or contributions to an employee benefit plan earned by employees of the assignor within 180 days before the filing date or the cessation of the assignor’s business, whichever occurs first, but only to the extent of \$10,000 per individual employee.”)

- e) Consumer deposit claims⁷
- f) General unsecured claims⁸

15. Upon entry of an order approving this Motion, the Assignee intends to begin making such priority payments. First, the Assignee will make payments to allowed claims that the Assignee has not objected to and does not intend to object to, or that were the subject of a prior objection that has been adjudicated allowing a priority claim. After the foregoing payments are made, the Assignee will make payments to claims that are or will be the subject of an objection, to the extent such claims are adjudicated allowing a priority claim.

16. The Assignee estimates that it could take several months to conclude making priority payments given the number of priority claims filed in this case.

17. After payment of the interim distributions to priority claimants, which is estimated to total less than \$21 million, as well as payment of the Assignee's fee and the fees and expenses of the Assignee's professionals in the aggregate amount of approximately \$2.9 million, for which applications for compensation are being filed contemporaneously herewith, the Assignee estimates that he will have a reserve of funds in excess of \$12 million.

18. Florida Statutes § 727.108(12) provides that the Assignee shall "pay dividends and secured or priority claims as often as is compatible with the best interest of the estate." Further, as set forth in Florida Statute § 727.109(9), the Court has the power to approve the Assignee's interim distributions to creditors.

19. This case has been pending for nearly 18 months and the Assignee believes an interim distribution to priority creditors is reasonable and appropriate at this time.

⁷ Fla. Stat. § 727.114(1)(e) ("Allowed unsecured claims, to the extent of \$2,225 for each individual, arising from the deposit with the assignor before the filing date of money in connection with the purchase, lease, or rental of property or the purchase of services for personal, family, or household use by such individuals that were not delivered or provided.")

⁸ Fla. Stat. § 727.114(1)(f) ("Unsecured claims.")

WHEREFORE, the Assignee respectfully requests the entry of an Order, in the form attached hereto as **Exhibit “1”**, (i) granting this Motion; (ii) authorizing the Assignee to make interim distributions to priority creditors as set forth herein from Estate Funds; and (iii) granting such other and further relief as the Court deems just and proper.

Dated: July 31, 2023

Respectfully submitted,

BERGER SINGERMAN LLP
Counsel for Assignee
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By: /s/ Samuel J. Capuano
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY a true and correct copy of the foregoing was served via the Florida Court’s e-Filing Portal on July 31, 2023 to all parties that have entered an appearance in this case; on counsel for the Assignors, Adam Losey, Esq., Losey PLLC, 1420 Edgewater Drive, Orlando, FL 32804, via email to alosey@losey.law; via email to cbl44@jud11.flcourts.org pursuant to CBL Rule 2.2; and via e-mail to all creditors and interested parties on the e-mail service list pursuant to the Notice Procedures Order.

By: /s/ Samuel J. Capuano
Samuel J. Capuano

EXHIBIT 1
(Proposed Order)

IN THE CIRCUIT COURT OF THE 11TH
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In re:

COMPLEX BUSINESS LITIGATION
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CRYSTAL CRUISES LLC, a California
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Assignors,
To:

(Jointly Administered Cases)

MARK C. HEALY,

Assignee.

**ORDER GRANTING ASSIGNEE'S MOTION FOR AUTHORIZATION
TO MAKE INTERIM DISTRIBUTION TO PRIORITY CREDITORS**

THIS CAUSE came before the Court for hearing on _____, 2023 at ___ a.m./p.m.
upon the *Assignee's Motion for Authorization to Make Interim Distributions to Priority Creditors*
(the "Motion"), filed by Mark C. Healy (the "Assignee"), solely in his capacity as the Assignee
for the benefit of creditors of Crystal Cruises LLC, Crystal Holdings U.S. LLC, and Crystal
AirCruises LLC (collectively, the "Assignors"). The Court, having considered the Motion and the
record in this proceeding, having heard argument of counsel, noting that no objection to the Motion
was filed by any party, finding that notice of the Motion and the hearing was sufficient, finding
that the relief requested in the Motion is in the best interests of the Assignors' estates, and
otherwise finding that good and sufficient cause exists for granting the relief set forth herein, it is
hereby

ORDERED that:

1. The Motion is **GRANTED**.
2. The Assignee is authorized to make interim distributions to priority creditors as described in the Motion.
3. The Assignee is authorized to take all actions necessary or appropriate to give effect to this Order.
4. The terms, conditions, and provisions of this Order shall be immediately effective and enforceable upon entry hereof.
5. The Court shall retain jurisdiction to resolve any dispute arising from or relating to this Order.

DONE AND ORDERED in Chambers, at Miami-Dade County, Florida on this ___ day of _____, 2023.

HONORABLE LISA S. WALSH
Circuit Court Judge

Copies furnished to:

Counsel of record