

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

SHARITY MINISTRIES, INC.,¹

Debtor.

Chapter 11 (Subchapter V)

Case No.: 21-11001 (JTD)

Ref. No. 225

MOTION TO SHORTEN TIME FOR NOTICE OF MOTION OF THE DEBTOR FOR ENTRY OF AN ORDER (I) APPROVING THE DISCLOSURE STATEMENT ON AN INTERIM BASIS; (II) SCHEDULING A COMBINED HEARING ON FINAL APPROVAL OF THE DISCLOSURE STATEMENT AND PLAN CONFIRMATION AND DEADLINES RELATED THERETO; (III) APPROVING THE SOLICITATION, NOTICE AND TABULATION PROCEDURES AND THE FORMS RELATED THERETO; AND (IV) GRANTING RELATED RELIEF

The above-captioned debtor and debtor in possession, Sharity Ministries, Inc. (“Sharity” or “Debtor”), by and through its undersigned counsel, hereby files this motion (the “Motion to Shorten”) for entry of an order shortening the time for notice of the hearing to consider the *Motion of the Debtor for Entry of an Order (I) Approving the Disclosure Statement on an Interim Basis; (II) Scheduling a Combined Hearing on Final Approval of the Disclosure Statement and Plan Confirmation and Deadlines Related Thereto; (III) Approving the Solicitation, Notice and Tabulation Procedures and the Forms Related Thereto; and (IV) Granting Related Relief* [D.I. 225] (the “Motion”).² The Motion is being filed and served contemporaneously herewith. The Debtor respectfully requests that the Court hear the Motion at the October 13, 2021 hearing at 1:00 p.m. (ET) (the “October 13 Hearing”) and set an objection deadline of October 12, 2021 at 12:00 p.m. (ET). In support of the Motion to Shorten, the Debtor respectfully represents as follows:

¹The last four digits of the Debtor’s federal tax identification number is 0344. The Debtor’s mailing address is 821 Atlanta Street, Suite 124, Roswell, GA 30075.

² Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Motion or the First Day Declaration (as defined below), as applicable.

JURISDICTION AND VENUE

1. The United States Bankruptcy Court for the District of Delaware (the “Court”) has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157 and 1334, and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware, dated February 29, 2012. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2), and the Court may enter a final order consistent with Article III of the United States Constitution.³

2. The legal predicates for the relief requested herein are section 105(a) of title 11 of the United States Code, 11 U.S.C. §§ 101, *et seq.* (as amended or modified, the “Bankruptcy Code”), rule 9006(c)(1) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) and Local Rule 9006-1(e).

3. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

BACKGROUND

4. On July 8, 2021 (the “Petition Date”), Sharity commenced the above-captioned chapter 11 case (the “Chapter 11 Case”) by filing voluntary petitions for relief under Chapter 11 of the Bankruptcy Code with the Court.

5. Sharity is authorized to continue to operate its business and manage its properties as a debtor in possession pursuant to 11 U.S.C. § 1184.

6. On July 9, 2021, the Office of the United States Trustee for Region 3 appointed Holly S. Miller, Esq. as the Subchapter V Trustee.

³ Pursuant to rule 9013-1(f) of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”), the Debtor hereby confirms its consent to entry of a final order by the Court in connection with this Motion to Shorten if it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments consistent with Article III of the United States Constitution.

7. Additional factual background regarding Sharity, including its charitable mission and the events leading to the filing of this subchapter V, chapter 11 case, is set forth in more detail in the *Declaration of Neil F. Luria in Support of Chapter 11 Petition and First Day Motions* [D.I. 5] (“First Day Declaration”).

8. On or about July 21, 2021, the Debtor decided to cease operations and conduct an orderly wind-down. As a result, the Debtor is no longer accepting contributions from members in connection with its health care sharing ministry (“HCSM”) and is in the process of winding down its business. The board’s decision was based on the Debtor’s business judgment that ceasing operations and winding down would be in the best interests of the members.

9. On August 12, 2021, the Court entered its *Order Holding in Abeyance in Part, and Granting in Part, the United States Trustee’s Motion to Remove the Debtor in Possession Pursuant to 11 U.S.C. § 1185, or Alternatively, Motion to Authorize the Subchapter V Trustee to Investigate the Debtor’s Financial Affairs Pursuant to 11 U.S.C. § 1183 and Ordering the Appointment of an Official Committee of Members Pursuant to 11 U.S.C. §§ 1181(b) and 1102(a)(2)* [D.I. 144]. Among other things, the order directed the appointment of an official committee of members (the “Member Committee”) and directed the Subchapter V Trustee to investigate the financial affairs of the Debtor and certain other matters.

10. On August 16, 2021, the Debtor filed its initial Subchapter V Status Report [D.I. 151].

11. On August 19, 2021, the Court entered the *Order (I) Approving the Scope of Notice with Respect to the Debtor’s Members, (II) Approving Opt-In Procedure for Additional Notice, and (III) Granting Related Relief* [D.I. 160] (the “Notice Order”). The Notice Order

authorizes the Debtor to provide notice of filings in this case upon the Debtor's members by email unless members complete an opt-in form requesting notice via regular mail.

12. On August 20, the U.S. Trustee filed notice of the appointment of a Member Committee [D.I. 163].

13. Contemporaneously herewith, the Debtor filed the *Combined Disclosure Statement* ("Disclosure Statement") and *Chapter 11 Plan of Liquidation of Sharity Ministries, Inc.* (the "Plan," and together with the Disclosure Statement, the "Combined Plan and Disclosure Statement") [D.I. 223] including all exhibits thereto and as amended, supplemented or otherwise modified from time to time.

14. In addition to the Disclosure Statement and the Plan, the Debtor filed the Motion, which requests, among other things, entry of an order (i) approving the Disclosure Statement on an interim basis; (ii) scheduling a combined hearing (the "Combined Hearing") on final approval of the Disclosure Statement and Plan confirmation and deadlines related thereto; (iii) approving the solicitation, notice and tabulation procedures (the "Solicitation Procedures") and the forms related thereto (the "Interim Approval and Procedures Order"; and (iv) granting related relief.

RELIEF REQUESTED

15. By this Motion to Shorten, the Debtor requests, pursuant to Bankruptcy Code section 105(a), Bankruptcy Rules 9006(c)(1), and Local Rule 9006-1(e), that the Court shorten the notice required for a hearing on the Motion so that it may be heard at the October 13 Hearing, with an objection deadline of 12:00 p.m. (ET) on October 12, 2021. The Subchapter V Trustee, the States and counsel to the Member Committee have advised that they do not object to the relief requested herein. The U.S. Trustee was provided notice of the relief requested herein but advised that it takes no position to it at this time.

BASIS FOR RELIEF

16. Pursuant to Local Rule 3017-2(c)(i), notice of a motion seeking interim approval of a disclosure statement and approval of solicitation procedures and the scheduling of a combined hearing on approval of the adequacy of a disclosure statement and confirmation of a plan must provide at least fourteen (14) days' notice for responses to any such motion. Del. Bankr. L.R. 3017-2(c)(i). Local Rule 3017-2(c)(i) further provides that ordinarily if an objection is timely filed within such notice period, a hearing on the motion may be held no less than seven (7) days after expiration of such notice period. *Id.* However, the Court may order that a motion be heard on less notice than required by the Local Rules upon "written motion (served on all interested parties) specifying the exigencies justifying shortened notice." Del. Bankr. L.R. 9006-1(e). No hearing on such a motion to shorten is required. See *id.* Bankruptcy Rule 9006(c)(1) similarly provides "when an act is required or allowed to be done at or within a specified time by these rules or by a notice given thereunder or by order of court, the court for cause shown may in its discretion with or without motion or notice order the period reduced." Fed. R. Bankr. P. 9006(c)(1). Additionally, Bankruptcy Code section 105(a) provides that the Court "may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title." 11 U.S.C. § 105(a).

17. The Debtor submits that cause exists to shorten notice of the hearing in connection with the Motion. The Debtor has finite resources to fund a plan process, which necessitates an expedited timeframe in order to limit the administrative costs related thereto. Furthermore, the Debtor's creditors, and specifically its members, are further disadvantaged by every additional day it takes for the Plan to be confirmed and distributions made. The Debtors have been actively engaged in extensive negotiations with the Member Committee and other

parties-in-interest to develop and refine the Disclosure Statement and the Plan, which both have now been thoroughly previewed and vetted. Pursuant to Local Rule 3017-2(c)(v), the combined hearing on the adequacy of the Disclosure Statement and confirmation of the Plan is timed off the entry of the Interim Approval and Procedures Order. Additionally, solicitation may not commence until after the Court approves the solicitation procedures set forth in the Interim Approval and Procedures Order. Accordingly, the Debtor requires prompt approval of the Interim Approval and Procedures Order so that it may commence solicitation of the Plan and proceed with the proposed Plan process.

18. Moreover, the Debtor submits that no party in interest will be prejudiced by the shortened notice period. Indeed, the Motion requests only interim approval of the Disclosure Statement for solicitation purposes only. Additionally, the Debtor seek to shorten the objection deadline by only three (3) days and the hearing by nine (9) days. As stated above, the Debtor has worked diligently to provide a satisfactory Disclosure Statement and a Plan that was amenable to various parties-in-interest, however, to the extent any party in interest has an objection to the Motion, the Debtor will work with such party to attempt to consensually resolve any such objection in advance of the hearing on the Motion.

19. Consistent with its obligations under Local Rule 9006-1(e), undersigned counsel notified the U.S. Trustee, the Subchapter V Trustee, the States and counsel to the Member Committee of its intent to request shortened notice and requested their consent to do so. The Subchapter V Trustee, the States and counsel to the Member Committee have advised that they do not object to the relief requested herein. The U.S. Trustee was provided notice of the relief requested herein but advised that it takes no position to it at this time. Nonetheless, for the reasons stated above, the Debtor respectfully requests the Court shorten notice as set forth herein.

20. Together, Bankruptcy Code section 105(a), Bankruptcy Rule 9006(c)(1) and Local Rule 9006-1(e) provide ample authority for the Court to afford the relief requested in the Motion to Shorten. Therefore, the Debtor respectfully requests that the Motion to Shorten be granted at the Court's earliest convenience.

NOTICE AND NO PRIOR REQUEST

21. The Debtor has provided notice of the Motion to Shorten to the following entities or, in lieu thereof, their counsel: (a) the U.S. Trustee; (b) the Internal Revenue Service; (c) the Subchapter V Trustee; (d) the Member Committee; (e) the United States Attorney for Delaware; and (f) all parties who have requested notice in this Chapter 11 Case pursuant to Bankruptcy Rule 2002. The Debtor submits that, in light of the nature of the relief requested, no other or further notice need be given.

22. No previous request for the relief requested herein has been made to this or any other court.

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WHEREFORE, the Debtor respectfully requests that this Court enter an order granting the relief requested herein and such other and further relief as is just and proper.

Dated: October 1, 2021
Wilmington, Delaware

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**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

SHARITY MINISTRIES, INC.,¹

Debtor.

Chapter 11 (Subchapter V)

Case No.: 21-11001 (JTD)

Ref. No. ____

**ORDER GRANTING MOTION TO SHORTEN TIME FOR NOTICE OF
MOTION OF THE DEBTOR FOR ENTRY OF AN ORDER (I) APPROVING
THE DISCLOSURE STATEMENT ON AN INTERIM BASIS; (II) SCHEDULING
A COMBINED HEARING ON FINAL APPROVAL OF THE DISCLOSURE
STATEMENT AND PLAN CONFIRMATION AND DEADLINES RELATED
THERE TO; (III) APPROVING THE SOLICITATION, NOTICE AND
TABULATION PROCEDURES AND THE FORMS RELATED THERETO;
AND (IV) GRANTING RELATED RELIEF**

Upon consideration of the motion of the above-captioned debtor and debtor in possession, Sharity Ministries, Inc. (“Sharity” or “Debtor”), for entry of an order shortening the time (the “Motion to Shorten”) for notice to consider the *Motion of the Debtor for Entry of an Order (I) Approving the Disclosure Statement on an Interim Basis; (II) Scheduling a Combined Hearing on Final Approval of the Disclosure Statement and Plan Confirmation and Deadlines Related Thereto; (III) Approving the Solicitation, Notice and Tabulation Procedures and the Forms Related Thereto; and (IV) Granting Related Relief* (the “Motion”); and the Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware, dated February 29, 2012; and the Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2), and the Court may enter a final order consistent with Article III of the United States Constitution; and the Court having found that venue of this proceeding and this Motion to Shorten in this District is proper pursuant to 28 U.S.C. §§ 1408 and 1409; pursuant to

¹ The last four digits of the Debtor’s federal tax identification number is 0344. The Debtor’s mailing address is 821 Atlanta Street, Suite 124, Roswell, GA 30075.

Rule 9006-1(e) of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware; and the Court having determined that granting the relief requested in the Motion to Shorten is appropriate; and it appearing that due and adequate notice of the Motion to Shorten has been given under the circumstances, and that no other or further notice need be given; and after due deliberation and sufficient cause appearing therefor, it is hereby:

ORDERED, ADJUDGED, AND DECREED THAT:

1. The Motion to Shorten is GRANTED with respect to the Motion.
2. The Motion shall be heard at the hearing on October 13, 2021 at 1:00 p.m. (ET).
3. Objections to the relief requested in the Motion, if any, shall be filed by October 12, 2021 at 12:00 p.m. (ET).
4. The Court shall retain jurisdiction with respect to all matters arising from or related to implementation or interpretation of this Order.

Dated: October __, 2021
Wilmington, Delaware

THE HONORABLE JOHN T. DORSEY
UNITED STATES BANKRUPTCY JUDGE