

Trustee for the Debtor's bankruptcy estate. By Order entered January 29, 2009 (Docket No. 56), the Court approved the appointment of Jeffrey K. Kerr as Chapter 11 Trustee.

4. Prior to the Petition Date, the Debtor's business consisted of serving as a "Qualified Intermediary" in connection with tax-deferred exchanges of real estate authorized under section 1031 of the Internal Revenue Code (the "Tax Code"). Section 1031 contemplates that a seller of property, the relinquished property, may assign its sales contract prior to closing to a qualified intermediary such as the Debtor. At closing, the cash portion of the seller's proceeds are received and held by the qualified intermediary pending the acquisition of a replacement property by the seller. Within forty-five (45) days of the closing, the seller must designate a replacement property and close the acquisition of that property within one hundred and eighty (180) days from the closing of the relinquished property in order for the exchange to qualify under section 1031 of the Tax Code.

5. The Debtor has no ongoing business activities. There is an absence of a reasonable likelihood of rehabilitation and there would be no purpose to be served by the Trustee's preparation and confirmation of a plan of liquidation. Administration of this case will be more effective and efficient under Chapter 7. The elimination of certain expenses unique to Chapter 11, such as U.S. Trustee fees and expenses of counsel for a committee of unsecured creditors, will ensure a maximum return to unsecured creditors. Furthermore, conversion of the case will result in the setting of a bar date for the filing of claims and thereby permit the Trustee to begin the process of establishing final claim amounts. Accordingly, the Trustee shows that conversion of these cases to cases under Chapter 7 is in the best interests of creditors and the estate.

BASIS FOR RELIEF

6. 11 U.S.C. § 1112(b) provides that “the court shall convert a case under this chapter to a case under chapter 7 . . . if the movant establishes cause”.

7. Based on the circumstances of this case, the Trustee shows that there is no reasonable likelihood of rehabilitation.

8. The Trustee further shows that administration of this case will be more effective and more efficient under Chapter 7. The elimination of certain expenses unique to Chapter 11, such as U.S. Trustee fees and expenses related to the filing of monthly financial reports, should minimize expenses and ensure a maximum recovery to the estate.

9. Furthermore, conversion of the case will result in the setting of a bar date for the filing of claims and thereby permit the Trustee to begin the process of establishing final claim amounts.

10. Accordingly, it is in the best interests of creditors and the estate that this case be converted to a case under Chapter 7.

WHEREFORE, the Trustee requests that this Court (a) schedule a hearing on this Motion; (b) convert this case to Chapter 7 pursuant to 11 U.S.C. §1112(b); (c) appoint a Chapter 7 trustee for the bankruptcy estate of Real Estate Exchange Services, Inc.; and (d) grant such other and further relief as the Court deems just and proper.

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Respectfully submitted this 6th day of February, 2009.

LAMBERTH, CIFELLI, STOKES,
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CERTIFICATE OF SERVICE

This is to certify that I have this day served a true and correct copy of the foregoing Motion of Chapter 11 Trustee to Convert Case to a Case under Chapter 7 upon all those parties listed below by depositing same in the U. S. mail in a properly addressed envelope with adequate postage affixed thereon to assure delivery to:

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This 6th day of February, 2009.

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