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December 26, 2010

Bankruptcy Judge Scuttles Plan to Sell Martin Cadillac

The Newark US Bankruptcy Court Judge Rosemary Gambardella rejected a plan to sell the Martin Cadillac dealership in Eaglewood Cliffs to a company headed by Jonathan Sobel, once a managing partner at Goldman Sachs. The selling price was to have been \$2.25 million. Instead, the judge ordered a bankruptcy trustee to oversee the finances of the dealership.

The attorney for Martin Cadillac, Gregory S. Kinoian, confirmed that the judge disapproved the sale because of 'unresolved issues' with the main creditor, General Motors. Judge Gambardella expects the bankruptcy trustee to recommend to her whether to lift the blockage to the sale. General Motors, Martin Cadillac's biggest creditor, made its own bid to buy over the ailing dealership but its bid was lower than that of DTF Holdings LLC headed by Sobel. When Sobel, who was the chief risk officer at Goldman Sach's investment management division up to 2008, made his bid, General Motors complained that the sale would not sufficiently repay them what they were owed. Bankruptcy court papers

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showed that the debt Martin Cadillac owed General Motors was about \$1.9 million.

Besides GM, other creditors namely Ally Financial Inc. and landlord Argonaut Holdings Inc. also objected to the sale to DTF. DTF won the auction on Dec 3 when its bid of \$2.25 million beat that of Platinum Holdings LLC's of \$2.2 million.

In August, the US bankruptcy trustee had filed a motion seeking to convert Martin Cadillac's case from Chapter 11 reorganization bankruptcy to a Chapter 7 liquidation bankruptcy because they were unable to keep up with their payments while their owner Timothy Martin looked for a buyer.

Martin Cadillac has been in business for the last 6 years before they filed for bankruptcy protection in June and closed down their operations in October this year citing the effects of the economic recession, the squeeze of the credit crunch and overwhelming debt as the main reasons for their financial problems.

It was only in 2009 that the Cadillac dealer was ranked among the top 5 dealers in the country and was top in the US for the sales of the Escalade Sport Utility Vehicle. Their customers included famous rap singers like Diddy, Fat Joe and Jay-Z.

The court granted Ally Financial, formerly known as GMAC Financial Services the permit to repossess an inventory of 60 of Martin Cadillac's vehicles on October 18.