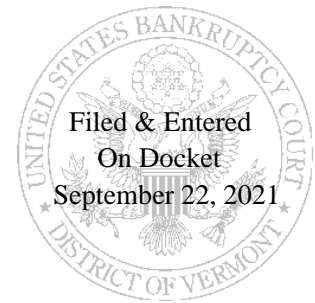


**UNITED STATES BANKRUPTCY COURT
DISTRICT OF VERMONT**



In re:

**Koffee Kup Bakery, Inc.,
Putative Debtor.**

**Involuntary Case # 21-10168
Chapter 7**

**ORDER
Clarifying Scope of Relief from Stay**

This Court entered an order on September 17, 2021, granting limited relief from stay (doc. # 35, the “RFS Order”). The Court assumes the parties’ familiarity with the procedural history of this case, as set forth in the RFS Order and in the earlier order this Court entered on September 15, 2021 (doc. # 30). On September 21, 2021, Ronald Teplitsky, the receiver in the state court KeyBank action, filed a motion for clarification of the RFS Order, requesting the Court clarify:

- (1) whether relief from stay has been granted to allow the State Court to exercise jurisdiction over the turnover of the Companies’ assets upon approval and discharge of a final report and
- (2) upon discharge of his duties as the State Court appointed Receiver, whether turnover should occur pending this Court’s determination on the Turnover Matter and which jurisdiction should determine to whom the turnover occurs.

(doc. # 39, p. 3). On September 22, 2021, Linda Joy Sullivan, the receiver in the state court dissolution action, filed a response in support of the motion, requesting clarification to “provide the State Court with assurance that it can issue an order vesting possession and control of the assets and records ... with the Dissolution Receiver as of the Discharge Date, without violating the automatic stay” (doc. # 40, p. 3).

Taking into account the complexity of this matter, particularly in light of (a) the pending proceedings in both the Vermont Superior Court and this Court; (b) the appointment of two receivers in the state court actions who have certain authority over the Putative Debtor’s assets outside this bankruptcy case; and (c) the possible appointment of a trustee in this case if the Court enters an order for relief adjudicating the Putative Debtor as a chapter 7 debtor, who would then have exclusive authority over the debtor’s assets –

THE COURT FINDS Mr. Teplitsky has shown good cause, and it is in the interest of justice, for this Court to address the questions he has raised in order to clarify how these parallel proceedings may move forward in compliance with the mandates of the Bankruptcy Code.

Accordingly, **IT IS HEREBY ORDERED** the RFS Order is clarified as follows:

1. In the RFS Order, this Court found “the PTO funds are not part of the bankruptcy estate” and Mr. Teplitsky’s “distribution of those funds is now a ministerial act not prohibited – or even encompassed – by the bankruptcy stay described in 11 U.S.C. § 362” (doc. # 35, p. 3, ¶ 1).
2. For the avoidance of doubt, the Court declares the following actions may occur, without violating the automatic stay, on the basis that they are ministerial acts not prohibited by § 362:
 - A. Mr. Teplitsky may
 - i. pay the PTOs;
 - ii. file in the KeyBank action “a final report and accounting ... and ... a motion to formally discharge [him] from his duties” as specified in the state court order appointing him as receiver (doc. # 11-3, p.8, ¶7(d)); and
 - iii. deliver to Ms. Sullivan, “possession of all documents relating to the KeyBank receivership and the Surplus Assets” as specified in the state court order appointing Ms. Sullivan as receiver (doc. # 11-2, pp. 4–6, ¶ 3(c) (“Items to be Delivered by KeyBank Receiver to Dissolution Receiver”).
 - B. Ms. Sullivan may receive, and shall preserve, the items set forth in ¶ 2(A)(iii), above.
 - C. The state court KeyBank and dissolution actions may continue to the extent necessary to effectuate the actions set forth in ¶ 2(A) and (B), above, and for the issuance of an order on Mr. Teplitsky’s final report and accounting and motion seeking discharge from his duties.
3. The automatic stay under 11 U.S.C. § 362 applies – and continues to remain in place absent further order of this Court lifting the stay for such purpose – with respect to:
 - A. any action to process claims or to distribute funds or other assets of the Putative Debtor, other than to effectuate (A) the PTO payment, (B) the turnover of items from Mr. Teplitsky to Ms. Sullivan, and (C) the state court’s discharge of Mr. Teplitsky as receiver, as set forth in ¶ 2, above; including
 - B. the actions set forth in the “Dissolution Procedures” section of the state court order appointing Ms. Sullivan as receiver (doc. # 11-2, pp. 6–7, ¶ 3(d));
 - C. all as consistent with the assertions in Ms. Sullivan’s most recent filing.

IT IS FURTHER ORDERED the parties shall appear at a status conference, as follows:

4. If, by October 19, 2021, Mr. Teplitsky has not filed with this Court copies of his state court final report and accounting and any state court order issued on his final report and accounting and motion seeking discharge from his duties (see ¶ 2(A)(ii) and (C), above), then the parties shall appear at a status conference, at the United States Bankruptcy Court in Burlington, Vermont, at 10:30 a.m. on October 26, 2021.
5. If Mr. Teplitsky files the documents set forth in ¶ 4, before October 19th, then the parties shall appear at a status conference at a date and time the Court shall set once Mr. Teplitsky files those documents.
6. The parties may request an earlier status conference by contacting the contact the courtroom deputy by email at Jody_Kennedy@vtb.uscourts.gov or by telephone at (802) 657-6404.

SO ORDERED.

September 22, 2021
Burlington, Vermont



Colleen A. Brown
United States Bankruptcy Judge