### UNITED STATES BANKRUPTCY COURT EASTERN DISTRICT OF MICHIGAN SOUTHERN DIVISION

In re:	Bankruptcy Case No. 13-53846
City of Detroit, Michigan,	Honorable Thomas J. Tucker
Debtor.	Chapter 9

# REPLY IN SUPPORT OF DEBTOR'S THIRTY-THIRD OMNIBUS OBJECTION TO CERTAIN CLAIMS

### (INSUFFICIENT DOCUMENTATION)

The City of Detroit ("<u>City</u>"), by its undersigned counsel, files this reply in support of its *Thirty-Third Omnibus Objection to Certain Claims* ("<u>Objection</u>," Doc. No. 10789), stating as follows:

- 1. On February 26, 2016, the City filed its Objection. The following individuals filed responses to the Objection:<sup>1</sup>
  - (a) Response filed by Raju K. Markose [Doc. No. 10861] ("Markose Response"). Markose's proof of claim and his response to the Objection are attached as Exhibits 1 and 2.
  - (b) Response filed by Robert A. Lukasik [Doc. No. 10900] ("Lukasik Response"; and collectively with the Markose

<sup>&</sup>lt;sup>1</sup> Additional responses were filed, but all other responses were either stricken for filing deficiencies or will be handled via a separate procedure recently approved by the Court. [Doc. No. 10941.] As noted below, both Responses are subject to pending deficiency notices.

<sup>&</sup>lt;sup>2</sup> A deficiency noticed was entered by the Court on March 21, 2016. [Doc. No. 10868]. The deficiency has not yet been cured.

Response, the "<u>Responses</u>").<sup>3</sup> Lukasik 's proof of claim and his response to the Objection are attached as Exhibits 3 and 4.

### **Markose Response**

- 2. The Markose Response should be overruled. The Objection stated that Markose's proof of claim lacked any documentation showing that the City owed him the money claimed.<sup>4</sup> His proof of claim states that he is owed \$500,000 for "Breach the Original Employment Contract." Ex. 1. In response to the Objection, he purportedly provides a breakout of how he arrived at this figure. As discussed below, Markose appears to be trying to justify after the fact a claim amount that was completely unsupported when he filed the claim.
- 3. He first claims \$333,407 for a "Call Back," which the City believes he arrived at by taking his ASF Recoupment and adding 5% compound interest

<sup>&</sup>lt;sup>3</sup> A deficiency noticed was entered by the Court on March 23, 2016. [Doc. No. 10917]. The deficiency has not yet been cured.

<sup>&</sup>lt;sup>4</sup> Indeed, Federal Rule of Bankruptcy Procedure 3001(c)(1) notes that a claim based on writings must be filed with the documentation supporting it.

<sup>&</sup>lt;sup>5</sup> The City believes Markose means "claw back."

<sup>&</sup>lt;sup>6</sup> ASF Recoupment is described in the Confirmation Opinion at pages 41-45. [Doc. No. 8993]. The Plan addresses ASF Recoupment at pages 4 and 40-42. [Doc. No. 8045]. As set forth in the Confirmation Opinion, in the City's long-standing Annuity Savings Fund Program, general retirement system ("GRS") employees could voluntarily contribute a percentage of their gross pay to a separate pension account. The GRS then invested these ASF contributions with the other GRS assets that the City contributed or that GRS earned on its investments. Each participant's ASF account increased in value based on the participant's contributions and the interest that the GRS credited to that account. For many Continued on next page.

for 30 years. Ex. 2. The third claim in his response also appears to relate to ASF Recoupment. These claims are factually impossible. Markose filed his claim on February 20, 2014. Ex. 1. The City filed its first Plan and Disclosure Statement on February 21, 2014, the day after Markose filed his claim. *See* Disclosure Statement, Doc. No. 2708, Art. II.B.3.u.ii.D (page 39 of 1200 in the filing) (discussing Annuity Savings Fund Account restitution). The specific terms of the ASF Recoupment were not agreed upon until a later date. Thus, Markose's reference to the ASF Recoupment appears to be an after-the-fact attempt to justify his \$500,000 round number.

4. In any event, Markose cannot file a claim for ASF Recoupment as the handling of this matter is dictated by the confirmed Plan. Plan, Doc. No. 8045, Art. II.B.3.r.ii.D (page 47 of 82 in the filing). He cannot object to the Plan in a response to a claim objection, as that would be an impermissible collateral attack on the Plan and the order confirming it. *See DeLorean v. Gully*, 118 B.R. 932, 935 n.1 (E.D. Mich. 1990) (noting that a collateral attack is a request for relief, which, if granted, "must in some fashion overrule a previous judgment.") (citation and quotation marks omitted). Thus, these portions of his claim are impermissible.

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Continued from previous page.

years, the GRS credited interest in each participant's ASF account at the assumed rate of return even when the actual rate of return was less. Consequently, as part of the global pension settlement, the City and the retiree committee agreed that a certain amount of the excess interest paid to ASF participants would be recouped.

- 5. Markose next claims he is owed \$247,500 because his pension was frozen by operation of the City's bankruptcy and its confirmed Plan. Again, this is by design of the Plan. *See* Plan, Art. II.B.3.r.ii.C. If Markose wished to object to the Plan, he should have done so earlier. He cannot do so now. *DeLorean*, 118 B.R. at 935 n.1.
- 6. Markose's final statement in his response all but confirms that he is simply trying to back into the original claim amount of \$500,000. His would-be claims total to \$624,127, but he affords the City a credit of \$124,127. He attributes this credit to a "life expectancy shortfall," but a more credible explanation is that Markose was unable to retroactively calculate a claim of \$500,000 and thus he is now attempting to find a justification for why he declared "under penalty of perjury" that the City owed him half a million dollars.
- 7. In short, Markose's proof of claim lacks documentation. The Markose Response purports to provide the necessary documentation, but the documentation provided shows that either his original claim was unsupported or was made for amounts that he is not entitled to claim under the confirmed Plan. Either way, the Objection should be sustained as to this claim.

### Lukasik Response

8. The Lukasik Response also should be overruled. The Objection objected to Lukasik's proof of claim because it lacked any documentation showing

that the City owed him \$32,218.82. Lukasik's proof of claim simply states that the

City owes him for "services performed." Ex. 3. The Lukasik Response sheds no

further light on the basis for this claim. In the Lukasik Response, Lukasik merely

acknowledges that he received the Objection and that he opposes it. Ex. 4. He

does not explain how he arrived at the figure he claims or provide supporting

documentation for it. *Id.* Thus, the Lukasik Response fails to respond to the

Objection and the Objection should be upheld as to this claim.

**CONCLUSION** 

For these reasons, the City asks the Court to overrule the Responses and

sustain the City's Objection to these claims.

Dated: March 25, 2016

By: /s/ Marc N. Swanson

Jonathan S. Green (P33140)

Marc N. Swanson (P71149)

MILLER, CANFIELD, PADDOCK AND

STONE, P.L.C.

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and

- 5 -

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ATTORNEYS FOR THE CITY OF DETROIT

B10 (Official Form 10) (94/13) (Modified)		CH ED
UNITED STATES BANKRUPTCY COURT EASTER	RN DISTRICT of MICHIGAN	PROOF OF CLARA
Name of Debior, City of Detroit, Michigan	Case Number: 13-53846	FEB 2 1 2014
NOTE: Do not use this form to make a claim for an administrative expens	e that arises after the bankruptcy filing.	J FED Z I ZUIT
Name of Creditor (the person or other entity to whom the debtor owes money  RATU K. MARKOSE  Name and address whose with the left of the l	or property).	US Bankruptcy Court MI Eastern District
Name and address where notices should be sent.  RATU K. MARKOSE  16929 RYAW, LIVON 16  734 261-8343  Telephone number:  Name and address where payment should be sent (if different from above):		☐ Check this box if this claim amends a previously filed claim.  Court Claim Number:  (If known)  Filed on:
SAME	0 dessdoorg	Check this box if you are aware that anyone else has filed a proof of claim relating to this claim. Attach copy of statement giving the company of the compa
1. Amount of Claim as of Date Case Filed: \$ 500.0	00.00	FEB 2 4 2014
If all or part of the claim is secured, complete item 4. If all or part of the claim is entitled to priority, complete item 5.  Check this box if the claim includes interest or other charges in addition to the charges in the charges in addition to the charges in the charges in addition to the charges in the charges i		
2. Basis for Claim: Breach the Origina (See instruction #2)	1 Employment	Contract
3. Last four digits of any number by which creditor identifies debtor:	3a. Debtor may have scheduled account (See instruction #3a)	nt as: NA
4. Secured Claim (See instruction ear) Check the appropriate box if the claim is secured by a lien on property or a right setoff, attach required reducted documents, and provide the requested information.	t of included in convert date.	ther charges, as of the time case was filed, If any:  \$
Nature of property or right of setoff:	ther Basis for perfection:	
Value of Property: S	Amount of Secured Claim:	\$
Annual Interest Rate (when case was filed) % Fixed or Variab	le Amount Unsecured:	s 500,000 · 00
5. Amount of Claim Entitled to Priority as an Administrative Expense und		\$
5b. Amount of Claim Otherwise Entitled to Priority. Specify Applicable S	ection of 11 U.S.C. §	\$
6. Credits. The amount of all payments on this claim has been credited for the		
7. Documents: Attached are reducted copies of any documents that support the running accounts, contracts, judgments, mortgages, security agreements, or, in that terms the providing the information required by FRBP 3001(c)(3)(A). If the classification of a security interest are attached. (See instruction #7, and ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING. If the documents are not available, please explain:	ne case of a claim based on an open-end or	revolving consumer credit agreement, a
8. Signature: (See instruction # 8) Check the appropriate box.		
or their (See Ba	authorized agent. (See Bankrupt ankruptov Rule 3004.)	antor, surety, indorser, or other codebtor. ley Ruie 3005.)
declare under penalty of perjury that the information provided in this claim is to Print Name:  Print Name:  DEWESSE FIG. T. SUPERVISOR  Company:	rue and correct to the best of my knowledge	e, information, and reasonable belief.
Address and telephone number (if citierent from notice address above).	(Signature)	(Date)
'elephone number: email:		

From

Raju Markose

16929 Ryan Road,

Livonia, MI 48154.

FILED

2016 MAR 21 : A ID: 59

U.S. BANKRUPTCY COURT E.D. MICHIGAN-DETROIT

To

Clerk of the Court

**United States Bankruptcy Court** 

211 W. Fort St., Suite 2100

Detroit, MI 48226.

Honorable Thomas J. Tucker

Sub: Filing objection for the City's claim for relief petition — Bankruptcy case # 13-53846.

Ref : Bankruptcy Case No. 13-53846 – Debtor's Thirty-Third Omnibus Objection to Certain

Claims.

The following are the detailed Claims and City has the all the documents as the living testimony.

Claim # 1: Call Back amount of \$ 75,000.00 with 5% annual interest for 30 more years of life span-

Claim Amount: \$ 333407.00

Claim # 2 : Due to Bankruptcy, my pension calculation for Annual Final Compensation was frozen on June  $30^{th}$ , 2014 resulted in loss of \$15,000.00 AFC- 55% of AFC as the pension loss of \$8250.00/yr for 30 yrs.

Claim Amount: \$247,500.00

Claim # 3 : Recoupment amount taken out all taxes tax paid of \$ 10,000.00 for 30 yrs @ 5% interest

Claim Amount: \$ 43220.00

Total Claim Amount: \$624127.00

Actual Claim Amount: \$500,000.00

An amount of \$ 124127.00 reduced in lieu with life expectancy shortfall.

I hereby requesting to your Honor to approve the claim amount of \$500,000.00 and dismiss the City attorney's request to Modify, Disallow and/or Expunge the claim.

Respectfully yours,

Raju Markose

Copy to: Marc N. Swanson

Miller, Canfiled, Paddock and Stone, PLC

150 W. Jefferson, Suite 2500

Detroit, MI 48226.

General Retirement System City of Detroit

2/16/16 8:08 am

Annuity Savings Fund Recoupment Calculation

#### Name Markose, Raju

GRS Annuity Savings Fund Account Bankruptcy ASF
Adjustment

	CONTRACTOR STATE AND ADDRESS OF THE PARTY OF		THE RESERVE OF THE PARTY OF THE	The state of the s			
fiscal year	begin balance	yearly contribution	yearly interest	yearly adjustment	yearly dividend	end balance	excess interest *1
2003-2004	113,169.74	4,951.73	9,131.28	0.00	0.00	127,252.75	
2004-2005	127,252.75	4,611.03	10,228.30	0.00	1,904.03	142,092.08	1,904.03
2005-2006	143,996.11	4,831.70	11,774.93	0.00	21,639.61	160,602.74	21,639.61
2006-2007	182,242.35	5,072.39	14,593.80	0.00	30,459.32	201,908.54	30,459.32
2007-2008	232,367.86	6,571.24	18,616.08	0.00	0.00	257,555.18	18,616.08
2008-2009	257,555.18	5,622.40	20,564.48	0.00	0.00	283,742.06	20,564.48
2009-2010	283,742.06	4,519.56	22,589.73	0.00	0.00	310,851.35	9707.84
2010-2011	310,851.35	4,307.63	24,720.71	0.00	0.00	339,879.69	
2011-2012	339,879.69	6,097.75	27,592.64	0.00	0.00	373,570.08	25794.68
2012-2013	373,570.08	6,956.58	21,722.24	-400,247.53	0.00	2,001.37	

Total ASF Excess Interest	\$128,686.04
High Balance	\$373,570.08
20% of High	\$74,714.02
ASF Recoupment	\$74,714.02
Retiree Adjusted	

<sup>\*1</sup> The "excess interest" is the difference between: (a) the yearly interest and dividend amounts previously credited to your ASF account; and, (b) the GRS net investment return with a CAP of 7.9% and a floor of 0% as limited by the POA.

STATEMENT OF EARNINGS AND DEDUCTIONS CITY OF DETROIT, FINANCE DEPARTMENT, TREASURY DIVISION FOR 12/07/2015 to 12/20/2015 PAID 12/23/2015 ST5003729 212172 PAYROLL B YOUR SOC: SEC. NO: IS THE NUMBER TO WHICH YOUR DEDUCTIONS ARE POSTED AND SHOULD BE NOTED IN ALL INQUIRIES. WEEK ACCOUNT BANK EMPLOYEE NAME 3100025908 52 MARKOSE, RAJU TAXES, DEDUCTIONS AND REIMBURSEMENTS EARNINGS AMOUNT AMOUNT TYPE AMOUNT TYPE AMOUNT TIME UNIT DEFFERED PAY PLAN SURVIVOR BENEFIT 3148532 BENEFIT PLAN 40 00 734700 8000 240000 REGULAR FICA 1168 LIFE INS. <u> 100</u>1 676665 FEDERAL WITHHELD 108483 7130 365700 1400 OVERTIME RET. DET. 9600 MICHIGAN WITHHELD 25349 458081 VACATION 8090 -8899 1600 DETROIT 7619 138979 COMP. TIME BONDS 1600 66100 74400 PRIOR COMP. TIME COLA 50000 00 30012 4140 6831 PREM MEDC 190545 **9011** SICK TIME RESERVE SICK TIME 150 AMOUNT OF CHECK 410160 TOTAL TAXES, DEDUCTIONS AND REIMBURSEMENTS 211270 TOTAL 621430 NOT NEGOTIABLE PAYROLL 62 UNIT 5520 5520 CODE 2014 -STATEMENT OF EARNINGS AND DEDUCTIONS CITY OF DETROIT, FINANCE DEPARTMENT, TREASURY DIVISION FOR 12/08/2014 to 12/21/2014 PAID 12/26/2014 ST5003264 212172 PAYROLL B YOUR SOC. SEC. NO. IS THE NUMBER TO WHICH YOUR DEDUCTIONS ARE POSTED AND SHOULD BE NOTED IN ALL INQUIRIES. WEEK ACCOUNT BANK **EMPLOYEE NAME** 3100025908 52 MARKOSE, RAJU TAXES, DEDUCTIONS AND REIMBURSEMENTS EARNINGS AMOUNT AMOUNT TYPE AMOUNT TYPE DE TIME TIME UNIT TYPE YTD TYPE AMOUNT DEFFERED PAY PLAN SURVIVOR BENEFIT CREDIT UNION BENEFIT PLAN LIFE INS. RET. DET. 40 987 35000 00 725400 7070 212100 FICA FEDERAL WITHHELD MICHIGAN WITHHELD REGULAR 100 508681 48024 3490 160200 OVERTIM 7800 9600 490418 14955 VACATION SHIFT PREM. 63114 5740 1390 1390 61300 70400 1483117 COMP. TIME 4562 DETROIT WITHHELD BONDS COLA PRIOR COMP. TIME 50000 100 30012 3900 COMP 130 HOSPITAL MEDC 5973 188355 SICK TIME 800 24000 FUNR RESERVE SICK TIME PREM 3250 5363 800 SWH AMOUNT 242736

TOTAL TAXES, DEDUCTIONS AND REIMBURSEMENTS

5520

TOTAL

MAIL 5520

411877

AGENCY 62

169141

NOT NEGOTIABLE DETACH AND RETAIN FOR YOUR RECORDS PAYROLL

1 TEM #3

Retirement Systems City of Detroit 2/16/16 8:07 am 2013-2014 Fiscal Year Annuity Summary Report Pension Number 212172 MARKOSE, RAJU Revenue Group Water Payroll Status Active **Annuity Status** Active 03/17/1986 WComp Status Birth Date Vested? No 11/25/1954 Start Date 16929 RYAN LIVONIA, MI 48154 Address **CONTRIBUTIONS INTEREST ADJUSTMENTS Up To 1962** Pre-Tax \$0.00 Up To 8/1982 \$0.00 Post-Tax \$0.00 **Up To 1967 Up To 1970** Pre-Tax 87-Last \$0.00 \$0.00 Interest \$0.00 Post-Tax 82-Last \$1,981.59 70/71 To Last \$19.78 **Total Adjusments** \$0.00 Up To Last Year \$1,981.59 Up To Last Year Total Last Year \$19.78 \$2,001.37 **CURRENT FISCAL YEAR AMOUNTS** 06/27/2014 Last Annuity Date **Pre-Tax Contribution** \$0.00 Interest \$0.00 Net Total Annuity \$10,172.16 Post-Tax Contribution \$8,170.79 Fiscal Total \$8,170.79 **Total Conbtribution** \$8,170.79

Retirement Systems City of Detroit  2/16/16 8:07 am  2014-2015 Fiscal Year Annuity Summary Report					
MARKOSE,RAJU Pension Number 212172					
Revenue Group Water	Payroll Status Active		Annuity Status A	Active	
<u>Vested?</u> No <u>Birth Dat</u>	e 11/25/1954 <u>Start Date</u>	03/17/1986	WComp Status		
Address 16929 RYAN LIVONI	A, MI 48154				
<b>CONTRIBUTIONS</b>	INTEREST		ADJUST	<u>rments</u>	
	<u>Up To 1962</u>		Pre-Tax	\$0.00	
<u>Up To 8/1982</u> \$0.00	<u>Up To 1967</u>		Post-Tax	(\$10,854.02)	)
<u>Pre-Tax 87-Last</u> \$0.00	<u>Up To 1970</u>	\$0.00	<u>Interest</u>	(\$324.88)	)
Post-Tax 82-Last \$10,152.38	70/71 To Last	\$19.78	Total Adjusm	<u>ents</u> (\$11,178.90)	)
Up To Last Year \$10,152.38	Up To Last Year	\$19.78	Total Last Ye	<u>sar</u> \$10,172.16	
		<del></del>			
	CURRENT FISCAL YEAR A	MOUNTS	Last Annuity )	Date 06/26/2015	
Pre-Tax Contribution \$0.00	Interest \$305	.10	NT AMPLACEA.		Φ0.00
Post-Tax Contribution \$701.64  Total Conbtribution \$701.64	Fiscal Total \$1,006	.74	Net Total Annui	<u>ty</u>	\$0.00

Telephone number: 53846-tit 1970: 10959 Filed 03/25/16 Entered 03/25/16 Intered 03/25/16 Fine of up to \$500,000 or imprisonme

15511 Mc Guire St. Taylor M748180 213627 1127 cm2ubob@wowlay.com

March 11, 2016

ROBERT A. LUKASIK 15511 Mc Guire Street Taylor, MI 48180



MARC N. SWANSON

ATTN: PERSON IN CHARGE OF RESPONSES TO City of Detroit Bankruptcy Case no. 13-53846

Mailers that were sent to persons affected

Miller, Canfield, Paddock and Stone, PLC

150 West Jefferson, Suite 2500

Detroit, MI 48226

CLERK OF THE COURT VINITED STATES BANKRUPTCY COURT 211 W. Fort Street, Suite 2100 Detroit, MI 48226

To Whom It May Concern:

Please be advised that I am in receipt of the information regarding "Debtor's Thirty-Third Omnibus Objection to Certain Claims" and how it affects monies still owing to me.

I Do Oppose the objection to my claim. A copy of this letter will be sent to the Clerk of the Court, US Bankruptcy Court, and I will be attending the court date of March 30, 2016 at 1:30, unless a notice of excused attendance is sent to me by the attorney.

Thank you,