

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

IN RE: :
: Chapter 11
MORTGAGE LENDERS NETWORK :
USA, INC.¹, : Case No. 07-10146 (PJW)
: :
Debtor :

MORTGAGE LENDERS NETWORK :
USA, INC., :
: :
Plaintiff :
: :
vs. : Adv. Pro. No.
: :
UNION CAPITAL MORTGAGE :
BUSINESS TRUST :
45 BRAINTREE HILL PARK, SUITE 400 :
BRAINTREE, MA 02184-8730 :
: :
Defendant :

**COMPLAINT FOR AVOIDANCE AND
RECOVERY OF PREFERENTIAL TRANSFERS**

Mortgage Lenders Network USA, Inc. (the “Plaintiff” or “Debtor”), by and through its undersigned counsel, and pursuant to Sections 547 and 550 of Title 11 of the United States Code, 11 U.S.C. §§ 101 et seq. (the “Bankruptcy Code”), hereby files the within Complaint, and in support thereof avers as follows:

¹ Debtor’s EIN: XX-XXX7394, Debtor’s address: Middlesex Corporate Center, 146 New Britain Ave., Plainville, CT 06062-2019.

JURISDICTION AND VENUE

1. This adversary proceeding is brought pursuant to and under Rule 7001 et seq. of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) seeking relief in accordance with Sections 547 and 550 of the Bankruptcy Code.

2. This Court has jurisdiction over this adversary proceeding by virtue of 28 U.S.C. Sections 1334(b) and 157(a) and (b).

3. This adversary proceeding is a “core” proceeding pursuant to 28 U.S.C. Section 157(b)(2)(A), (F) and (O).

4. Venue of this adversary proceeding in this district is proper pursuant to 28 U.S.C. Section 1409(a).

PARTIES

5. On February 5, 2007 (the “Petition Date”), the Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Debtor continues in possession of its property and manages and operates its business as debtor-in-possession pursuant to §§ 1107(a) and 1108 of the Bankruptcy Code.

6. On February 20, 2007, the Office of the United States Trustee appointed an Official Committee of Unsecured Creditors (the “Committee”) in the Debtor’s case.

7. No request has been made for the appointment of a trustee or an examiner in this case.

8. Plaintiff is a privately held Delaware corporation that was licensed, prepetition, to do business in 47 states and the District of Columbia.

9. Union Capital Mortgage Business Trust (the “Defendant”) has, upon information and belief, a principle place of business at the above address.

COUNT I - PREFERENTIAL TRANSFERS

10. The allegations asserted in the above paragraphs are incorporated herein by reference hereto as though the same were set forth at length herein.

11. During the ninety (90) days immediately preceding the Petition Date, Debtor issued check(s) drawn to the order of the Defendant in the total amount of \$32,949.00 (collectively, the "Transfer(s)").

12. The Transfer(s) was made:

- (a) to or for the benefit of the Defendant;
- (b) for or on account of an antecedent debt owed by the Debtor before the Transfer was made;
- (c) on or within ninety (90) days before the Petition Date; and
- (d) while the Debtor was insolvent.

13. The Transfer(s) to the Defendant enabled the Defendant to receive more than it would have received if (i) the Debtor's Chapter 11 case was a case under Chapter 7 of the Bankruptcy Code, (ii) the Transfer(s) had not been made and (iii) the Defendant received payment of such antecedent debt to the extent permitted by the provisions of the Bankruptcy Code.

14. The payments to the Defendant in the amount of the Transfer(s) in consideration for and in repayment of the Debtor's indebtedness constitutes a voidable preference pursuant to Section 547(b) of the Bankruptcy Code, and the amount of the Transfer(s) must be repaid by the Defendant to the Debtor.

15. The Defendant has not repaid the Transfer(s).

16. Accordingly, the Debtor is entitled to avoid and recover the Transfer(s) to the Defendant pursuant to Sections 547 and 550 of the Bankruptcy Code.

COUNT II – POST-PETITION TRANSFERS

17. Plaintiff repeats and realleges the allegations in the above paragraphs as though fully set forth herein.

18. Plaintiff, upon information and belief, alleges that the Debtor made one or more transfers to the Defendant on account of one or more obligations that arose prior to the Petition Date, but that cleared after the Petition Date, and that such transfers were unauthorized post-petition transfers avoidable under 11 U.S.C. §549.

COUNT III – RECOVERY OF PREFERENTIAL TRANSFERS

19. Plaintiff repeats and realleges the allegations in the above paragraphs as though fully set forth herein.

20. As alleged above, Plaintiff is entitled to avoid the Transfers under 11 U.S.C. §§ 547 and 549. As the Defendant is the initial transferee of the Transfers, Plaintiff is entitled to recover the proceeds or value of the Transfers under 11 U.S.C. § 550.

21. Plaintiff is entitled to an order and judgment under 11 U.S.C. § 550 that states that the Transfers are recoverable, and shall be immediately paid, to the Debtor.

WHEREFORE, the Debtor respectfully requests the entry of a judgment against the Defendant, and an Order (i) declaring that the Transfer(s) are avoidable pursuant to Section 547 and/or Section 549 of the Bankruptcy Code, and that the Plaintiff is entitled to recover the Transfers under Section 550 of the Bankruptcy Code, (ii) compelling the Defendant to return the full amount of the Transfer(s), together with interest, (iii)

awarding the Debtor its costs and reasonable attorneys' fees incurred in connection with the investigation and prosecution of the instant action, and (iv) awarding such other and further relief as this Court deems just and proper.

Respectfully Submitted,

BENESCH, FRIEDLANDER, COPLAN &
ARONOFF, LLP

By: /s/ Bradford J. Sandler

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