

DREIER LLP
 499 Park Avenue
 New York, New York 10022
 Norman N. Kinel (NK 0474)
 Paul Traub (PT 3752)
 Steven E. Fox (SF 5432)
 Tel. (212) 328-6100

UNITED STATES BANKRUPTCY COURT
 SOUTHERN DISTRICT OF NEW YORK

-----x		
In re:)	
)	
THE 1031 TAX GROUP, LLC, <u>et al.</u> , ¹)	Chapter 11
)	
Debtors.)	Case No. _____ (____)
-----x		
		Jointly Administered

**MOTION FOR ORDER EXTENDING TIME TO FILE
 SCHEDULES, LISTS AND STATEMENTS OF FINANCIAL AFFAIRS**

The above-captioned debtors and debtors-in-possession (the “Debtors”) hereby move this Court for the issuance and entry of an order extending the Debtors’ time to file certain schedules, lists, and statements of financial affairs (the “Motion”). In support of the Motion, the Debtors respectfully set forth and represent as follows:

FACTS

A. Introduction

1. On the date hereof (the “Petition Date”), the Debtors filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code, as amended (the “Bankruptcy Code”), together with various motions and applications seeking certain typical “first day” orders.

¹ The Debtors are: The 1031 Tax Group, LLC; 1031 Advance 132 LLC; 1031 Advance, Inc.; 1031 TG Oak Harbor LLC; Atlantic Exchange Company, Inc.; Atlantic Exchange Company LLC; Exchange Management, LLC; Investment Exchange Group, LLC; National Exchange Accommodators, LLC; National Exchange Services QI, Ltd.; National Intermediary, Ltd.; NRC 1031, LLC; Real Estate Exchange Services, Inc.; Rutherford Investment LLC; Security 1031 Services, LLC; and Shamrock Holdings Group, LLC.



2. The Debtors have continued in possession of their properties and have continued to operate and manage their businesses as debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

3. No request has been made for the appointment of a trustee or examiner, and no official committee(s) has been appointed in this case.

4. This Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157 and 1334. Venue of the Debtors' chapter 11 cases and this Motion is proper in this District pursuant to 28 U.S.C. §§ 1408 and 1409. This is a "core" proceeding under 28 U.S.C. § 157(b)(2). The statutory predicates for the relief sought herein are section 521 of the Bankruptcy Code and Rule 1007 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules").

B. Background

5. The sole member of The 1031 Tax Group, LLC (the "Member") made six (6) acquisitions between August 2005 and December 2006 under a business strategy of "rolling up" regional "qualified intermediary" (also referred to as a "QI," "exchange accommodator titleholder," "EAT," "accommodator," or "facilitator") into a national firm. All of these acquisitions entities are wholly-owned direct or indirect subsidiaries of the 1031 Tax Group, LLC. The first acquisition was in Boston, then New York and Tampa, followed by San Antonio, Denver and finally San Jose. Typically, the former owner stayed on after the acquisition to run the facilitator.

6. The Debtors act as a QI for deferred like kind property exchanges consummated by exchangers pursuant to section 1031 of the Internal Revenue Code, 26 U.S.C. § 1031. A Section 1031 tax deferred exchange, named for the Internal Revenue Code Section to which it refers (also known as a Starker exchange, tax free exchange, or like kind exchange), allows a deferral of the capital gains tax that would otherwise be due.

7. In a typical 1031 exchange, an exchanger (“Exchanger”) sells its business or investment real estate. The Exchanger then has forty-five (45) days from the date of sale of the property to identify a like kind replacement property (which usually takes the form of a signed contract) and 180 days from the date of the sale to close on the purchase of the replacement property. In order to preserve the tax deferral, the Exchanger cannot take title to the proceeds of the first sale, but must instead deposit the proceeds with a QI until such time that the Exchanger is ready to close on the replacement property. Revenue is generated by the Debtors in these transactions in two ways: (i) fees are earned based on the size and complexity of each transaction and (ii) the QI earns a spread on interest received versus interest paid to the Exchanger.

8. Several of the Debtors also acted as a qualified intermediary for “reverse exchanges.” In a reverse exchange, the Exchanger identifies and contracts for the replacement property prior to selling the old property. The Exchanger lends funds or guarantees a bank loan to the QI. The QI uses the funds to purchase and takes title to the replacement property. The replacement property is leased back to the Exchanger at a rent equal to the QI’s carrying cost, including debt service. The Exchanger agrees to acquire the property within 180 days. The Exchanger signs a contract to sell the old property and assigns the rights under the contract to the QI. When the sale closes on the old property, the replacement property is conveyed to the Exchanger in exchange for the proceeds of sale of the old property. The funds are used to repay the loan to the Exchanger and the lease is cancelled. A reverse exchange can also be done where the replacement property is build-to-suit construction or a renovation. Title to the replacement property in a reverse exchange is

held in a Single Purpose Entity (“SPE”), usually an LLC (the “Reverse LLC”). Thus, the Debtors have a significant number of Reverse LLCs existing for this purpose.²

9. As of the Petition Date, there were in excess of three hundred (300) open exchange contracts representing an estimated liability of \$151 million. By the nature of the exchanges, the estimated liability matures within 180 days. The size of each exchange ranges from the tens of thousands to more than \$10.5 million and averaged approximately \$550,000.

RELIEF REQUESTED

10. The voluntary chapter 11 petitions filed by the Debtors were accompanied by, among other things, a consolidated list of the Debtors’ twenty (20) largest unsecured creditors and a consolidated list of all of the Debtors’ creditors (in non-matrix form). Due to the exigencies surrounding the Debtors’ commencement of these chapter 11 cases, the schedules of assets and liabilities, statements of financial affairs, lists of equity security holders and list of executory contracts and leases (collectively, the “Schedules”) required by Bankruptcy Rule 1007(b) were not filed with the Debtors’ chapter 11 petitions.

11. Due to the complexity of the Debtors’ businesses, the diversity of the operations and assets, and the limited staffing available to gather, process and complete the required Schedules in the limited time available prior to the commencement of these cases, the Debtors do not believe the 15 day automatic extension of time to file the Schedules provided for by the Bankruptcy Rule 1007(c) will be sufficient to permit completion of the Schedules. The Debtors require additional time to bring their books and records up to date and to collect the data needed for the preparation and filing of the Schedules.

² As of the Petition Date, there were over one hundred (100) open reverse exchange contracts, at an undetermined total value. As of the Petition Date, none of the Reverse LLC entities have filed petitions for relief under chapter 11.
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12. At this juncture, the Debtors estimate that an extension of 30 additional days (for a total of 45 days from the Petition Date) pursuant to Bankruptcy Rule 1007(c) will provide the Debtors with sufficient time to prepare and file the Schedules. Accordingly, the Debtors are requesting such an extension, without prejudice to their right to seek any further extension(s) from this Court, or to seek a waiver of the requirement for filing certain Schedules.

NOTICE

13. Notice of this Motion has been provided to the Office of the United States Trustee and those creditors listed on the Debtors' Consolidated List of Creditors Holding the 20 Largest Unsecured Claims. In light of the nature of the relief requested, the Debtors submit that no further notice is required.

14. No previous motion for the relief requested herein has been made by the Debtors to this or any other court.

15. In light of the non-extraordinary nature of the relief requested herein, the Debtors respectfully request that the Court waive the separate memorandum of law requirement contained in the Local Bankruptcy Rules.

WHEREFORE, the Debtors respectfully request entry of an order, substantially in the form annexed hereto as Exhibit "A", *inter alia*, granting the Debtors an additional 30 days (for a total of 45 days from the Petition Date) within which to file the

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Schedules and such other and further relief as this Court may deem just and proper.

Dated: New York, NY
May 13, 2007

Respectfully submitted,

DREIER LLP

By: /s/ Norman N. Kinel
Norman N. Kinel (NK 0474)
Paul Traub (PT 3752)
Steven E. Fox (SF 5432)
499 Park Avenue
New York, New York 10022
Tel. (212) 328-6100

Proposed Counsel for the Debtors and
Debtors-in-Possession

EXHIBIT "A"

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

-----X
In re:

THE 1031 TAX GROUP, LLC, et al.,¹

Debtors.
-----X

Chapter 11

Case No. _____ (____)
Jointly Administered

**ORDER EXTENDING TIME TO FILE
SCHEDULES, LISTS AND STATEMENTS OF FINANCIAL AFFAIRS**

Upon the motion (the “Motion”)² of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) for entry of an order extending the Debtors’ time to file the Schedules; and it appearing that the Court has jurisdiction over this matter pursuant to 28 U.S.C. sections 157 and 1334, and that this is a “core” proceeding pursuant to 28 U.S.C. section 157(b)(2); and that venue of this proceeding and the Motion is proper in this Court pursuant to 28 U.S.C. sections 1408 and 1409; and notice of the Motion and an opportunity for a hearing on the Motion having been appropriate under the circumstances and that no other notice need be given; and sufficient cause appearing therefor, it is hereby

ORDERED, that the Motion is granted to the extent provided herein; and it is further

ORDERED, that the Debtors are granted an additional 30 days to file the Schedules pursuant to Rule 1007(c) of the Federal Rules of Bankruptcy Procedure, which will provide the Debtors with a total of 45 days after the Petition Date to file the Schedules; and it is further

ORDERED, that such an extension is without prejudice to the Debtors’ right to file a motion seeking a further extension; and it is further

¹ The Debtors are: The 1031 Tax Group, LLC; 1031 Advance 132 LLC; 1031 Advance, Inc.; 1031 TG Oak Harbor LLC; Atlantic Exchange Company, Inc.; Atlantic Exchange Company LLC; Exchange Management, LLC; Investment Exchange Group, LLC; National Exchange Accommodators, LLC; National Exchange Services QI, Ltd.; National Intermediary, Ltd.; NRC 1031, LLC; Real Estate Exchange Services, Inc.; Rutherford Investment LLC; Security 1031 Services, LLC; and Shamrock Holdings Group, LLC.

² Terms not defined in this order have the meaning ascribed to them in the Motion.
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ORDERED, that the Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this order in accordance with the Motion; and it is further

ORDERED, that the terms and conditions of this order shall be immediately effective and enforceable upon its entry; and it is further

ORDERED, that the Court shall retain jurisdiction with respect to all matters arising from or related to the implementation of this order.

Dated: May __, 2007

UNITED STATES BANKRUPTCY JUDGE