

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

Not For Publication

In re:	:	Chapter 11
	:	
ENRON CORP., <i>et al.</i> ,	:	Case No. 01-16034 (AJG)
	:	(Jointly Administered)
Reorganized Debtors	:	(Confirmed)
	:	

OPINION REGARDING PROOF OF CLAIM NO. 7682

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ARTHUR J. GONZALEZ
United States Bankruptcy Judge

Before the Court is proof of claim No. 7682, filed by Paul D. McKnight, Inc., d/b/a as Mac's Carpet Cleaning Service ("Mac's Carpet").¹ The Reorganized Debtors ("Enron") objected to the claim in their Seventy-Fourth Omnibus Objection ("the Objection").² A hearing was held regarding the claim on June 23, 2005.

Integrated Process Technologies LLC ("IPT"), an indirect subsidiary of Enron (Reply ¶ 4-5, Ex. 1), "was formed to facilitate the provision of building maintenance and related services, by operating a call center or by providing services such as glass repairs, HVAC services, and painting." (Id. ¶ 5). On May 8, 2000, "IPT agreed with [Payless ShoeSource, Inc. ("Payless")] to provide outsourcing management services for various [Payless] store locations including management of most, if not all, of the maintenance and cleaning requirements for several of its stores." (Id. ¶ 7.)

On December 1, 2000, Mac's Carpet and Payless entered into a contract under which Mac's Carpet agreed to provide carpet-cleaning services to various Payless stores. (Id. Ex. 2.) On July 6, 2001, Giovanni Orsini, an IPT employee, sent a letter to Mac's Carpet. (Id. Ex. 3.) The letter, sent on behalf of Payless, advised Mac's Carpet of the termination of the December 1, 2000, contract. (Id.)

¹ Proof of claim # 7682 is attached as Exhibit 4 to the Reorganized Debtors' Reply to Response of Mac's Carpet Cleaning Service Regarding Proof of Claim Filed by Claim No. 7682, in Connection with the Reorganized Debtors' Seventy-Fourth Omnibus Objection to Proofs of Claim (No Amount Due Per Debtors' Books and Records and Insufficient Proof) (the "Reply").

² Docket # 23155.

Enron filed for bankruptcy on December 2, 2001. Mac's Carpet timely filed its proof of claim on October 9, 2002. The Court approved the sale of substantially all of IPT's assets and liabilities on November 20, 2003.³

Enron points out that Mac's Carpet, a corporation, may not appear before the Court without an attorney. *See* 28 U.S.C. § 1654 (2000); *Jones v. Niagara Frontier Transp. Auth.*, 722 F.2d 20, 22 (2d Cir. 1983).

Paul D. McKnight is an individual residing in Louisiana. He was the sole shareholder of Mac's Carpet. On August 26, 2004, Mr. McKnight filed for bankruptcy under Chapter 7 of title 11 of the United States Code. Mac's Carpet was dissolved shortly afterwards under Louisiana law.⁴ The effect of this dissolution on Mr. McKnight's ability to appear before the Court regarding the claim originally filed by Mac's Carpet is not clear.

In any event, Mac's Carpet's claim must be disallowed because it does not appear to constitute an enforceable "right to payment." 11 U.S.C. § 101(5); 502(b)(1). Mac's Carpet had a contractual relationship with Payless. Payless was to pay Mac's Carpet for carpet-cleaning services and IPT served only as an intermediary between Payless and service providers like Mac's Carpet. There is no evidence of an enforceable contractual relationship between Mac's Carpet and IPT.

³ Docket # 14383.

⁴ Mr. McKnight contends that the dissolution happened before his personal bankruptcy. (Tr. 21.) However, the public record of his bankruptcy case shows that he listed his interest in Mac's Carpet as an asset. *See* Schedule B, *In re Paul D. McKnight*, No. 04-12820 (Bankr. M.D. La. August 26, 2004). Moreover, online public records of the State of Louisiana regarding "P.D. MCKNIGHT, INC.," which has a mailing address identical to the one provided to the Court by Mr. McKnight (Tr. 15), mention an "AFFIDAVIT TO DISSOLVE (10/07/2004)." Louisiana Secretary of State, Commercial Division, Corporations Database, <http://www.sos.louisiana.gov/cgi-bin?rqstyp=crpdtlC&rqsdta=34497453D> (last visited Sept. 28, 2006).

Assuming that the December 1, 2000, contract created a right enforceable by Mac's Carpet against IPT, the contract was terminated properly pursuant to paragraph 11 of its provisions. (Reply Ex. 2, 3.)

Therefore, Enron's Objection is granted and claim No. 7682 is disallowed. The Reorganized Debtors shall settle an order consistent with this opinion.

Dated: New York, New York
September 29, 2006

s/Arthur J. Gonzalez
UNITED STATES BANKRUPTCY JUDGE