

Business Description

- Headquartered in Trumbull, CT, DAMIS Holdings LLC (“DAMIS Holdings”), together with its 89 affiliated debtors (collectively, the “DAMIS Debtors” or the “Company”)⁽¹⁾, is the real-estate arm of the Shabsels brothers’ enterprise — a diversified portfolio of commercial, residential, and industrial property built up since its 2009 formation around a stated strategy of acquiring undervalued assets and managing them actively.
- The DAMIS Debtors are indirect subsidiaries of SIMAD Holdings, Ltd. (the “Parent Company” or “SIMAD”)⁽²⁾, a British Virgin Islands holding company, and are ultimately owned in equal 50% shares by brothers Michael and David Shabsels — together forming the DAMIS–SIMAD Enterprise.
 - The SIMAD debtors own and operate approximately 30 summer camps and, while sharing common 50/50 ownership and a Trumbull headquarters with the DAMIS Debtors, run on separate Chief Restructuring Officers and separate counsel
- The Company owns, leases, and operates approximately 55 properties across 23 states, spanning hotels and lodging, leisure, multifamily, retail, office buildings, medical offices, and industrial properties.
 - States span Alabama, Arkansas, California, Connecticut, Florida, Georgia, Illinois, Indiana, Iowa, Kentucky, Maine, Massachusetts, Michigan, Missouri, New Hampshire, New Jersey, New York, Ohio, Oklahoma, Pennsylvania, Texas, Virginia, and West Virginia

⁽¹⁾ DAMIS Holdings and its affiliates filed for Chapter 11 protection on June 4, 2026 (the “Petition Date”) in the U.S. Bankruptcy Court for the District of New Jersey, reporting \$100 million to \$500 million in assets and \$500 million to \$1 billion in liabilities.

⁽²⁾ SIMAD Holdings Ltd. and 60 affiliated debtors filed for Chapter 11 protection on June 4 and June 5, 2026 (together, the “Petition Date”) in the U.S. Bankruptcy Court for the District of New Jersey, reporting consolidated estimated assets of \$100 million to \$500 million and liabilities of \$500 million to \$1 billion.

Corporate History

- The Shabsels Brothers entered the for-profit summer-camp (SIMAD) business in 2006, acquiring camps and forming two entities for each — one to hold the land, one to run operations — while sometimes retaining the original owners as partners.
- DAMIS Holdings LLC was formed in 2009 and operates with a similar paired-entity structure — a land-holding entity and an operating entity.
- Over roughly two decades, the brothers rolled up a portfolio of approximately 80 real estate assets nationwide.
 - The most recent phase of expansion was financed through the Parent Company's December 2025 secured bond offering on the Tel Aviv Stock Exchange

Owned vs. Leased Properties

- The DAMIS Debtors' business centers on the acquisition, operation, management, development, and leasing of income-generating commercial, residential, and industrial real estate and related assets.
- As of the Petition Date, the DAMIS Debtors hold a mix of outright-owned and ground-leased properties, though the Debtor Advisors cannot yet provide a reliable valuation — property values underpinning the various mortgages and financial transactions remain under active investigation.
- Owned Properties — The DAMIS Debtors hold fee interests in 18 owned properties (the “Owned Properties”) across 13 states, acquired between 2016 and 2022, spanning hotels, industrial, medical offices, multifamily apartments, office buildings, retail, and mixed-use properties.
 - States: Alabama, Arkansas, California, Connecticut, Florida, Georgia, Indiana, Massachusetts, New York, Ohio, Oklahoma, Tennessee, and Virginia
 - Each Owned Property is encumbered by a mortgage (each, a “Fee Mortgage”)
- Leased Properties — Fee simple interests are held by non-debtor entities (each, a “Non-Debtor Fee Holder”) not controlled by the DAMIS Debtors.
 - Many Non-Debtor Fee Holders are owned, directly or indirectly, by the Shabsels Brothers, family trusts for their benefit, Leeton Real Estate, Inc. (controlled by longstanding business partner Mark Graham), or some combination thereof
- The Leased Properties were assembled through a standardized multi-step acquisition process, which the CRO's Declaration illustrates with a hypothetical \$10 million target property.
- **Target Identification** — The DAMIS Debtors identify a target property, generally a mix of real property, buildings, improvements, mineral rights, timber rights, personalty, existing leases, and related assets.

Leased Property Acquisition Mechanics

Leased Property Acquisition Mechanics (cont'd)

- **Non-Debtor Fee Holder Acquisition** — The Non-Debtor Fee Holder enters a purchase contract with the third-party owner, paying \$10 million (the “Initial Acquisition”); the DAMIS Debtors are not party to this contract.
- **Secondary Acquisitions** — The Non-Debtor Fee Holder then sells, via separate agreements (the “Secondary Acquisitions”), to two DAMIS Debtor entities, each subject to a 99-year ground lease (each, a “Ground Lease”):
 - a LandCo Debtor, purchasing the buildings, improvements, personalty, and related rights; and
 - an OpCo Debtor, purchasing the rights under all pre-existing tenant leases, space leases, and similar interests
 - The two DAMIS Debtors pay an aggregate \$8 million to the Non-Debtor Fee Holder — less than the \$10 million it paid the original seller
- **Two Financing Legs Close Simultaneously** — Both closings occur at once so the combined proceeds can fund the full purchase price to the original seller.
 - The DAMIS Debtors obtain acquisition financing secured by the Secondary Acquisition assets (a “Leasehold Mortgage”), typically at a 65–75% loan-to-value ratio (\$5.2–6 million), with the LandCo and OpCo Debtors as borrowers and other DAMIS Debtors, non-debtor affiliates, or the Shabsels Brothers as guarantors or pledgors
 - The Non-Debtor Fee Holder separately obtains financing secured by the fee simple interest (a “Non-Debtor Fee Mortgage”), typically equal to 40% of the purchase price (\$4 million) and not an obligation of the DAMIS Debtors — often a short-term bridge loan intended to be refinanced into a permanent mortgage post-closing

Leased Property Acquisition Mechanics (cont'd)

- **Post-Closing Ownership and Cash Flow** — After closing, the Non-Debtor Fee Holder owns the fee interest, the LandCo Debtor owns the buildings and improvements (subject to the Ground Lease), and the OpCo Debtor owns the space-tenant leases (also subject to the Ground Lease).
 - Rent received by the LandCo and/or OpCo Debtors services the Leasehold Mortgage, while ground rent paid up to the Non-Debtor Fee Holder under the Ground Lease services the Non-Debtor Fee Mortgage

CMBS Securitization

- Three pools of Non-Debtor Fee Mortgages have been identified as refinanced into CMBS conduit trusts — based on an objection filed by the affected trustees, not a comprehensive disclosure by the Debtors; additional pools may exist but have not yet appeared on the docket.
- Computershare Trust Company, N.A. and Wilmington Savings Fund Society, FSB (collectively, the “Leasehold Tenant Creditors”) have appeared in the cases as fee-level creditors.
- Each pool is structured around a Borrower — a Non-Debtor Fee Holder owning the fee simple interest — that has entered ground leases with Ground Tenants, most of whom are Chapter 11 debtors (the “Ground Tenant Debtors”).
- **Shabsels Fee Leasehold Trust** — A \$23.5 million note dated March 6, 2023, securitized into BANK5 2023-5YR1 (Trustee: Computershare Trust Company, N.A.).
 - Borrower MIMOCT LLC (successor-in-interest to Milton Valley Center LLC) covers three sites — Valley Center (MI), Great Pond (CT), and Clocktower (MO) — each with separate leasehold mortgagees at the site level
- **Leeton Trust** — A \$23.85 million note dated June 24, 2025, securitized into BBCMS Mortgage Trust 2025-C35 (Trustee: Computershare Trust Company, N.A.).
 - Borrowers Three Property Holdings of Quad Cities LLC (IA) and Integrated Eastchase Holdings LLC (TX) cover Bettendorf/Davenport/Rock Island (IA/IL), Fort Worth (TX), and Indianapolis (IN)

CMBS Securitization (cont'd)

- **Leeton Leased Fee Pool C Trust** — A \$34.4 million note dated April 14, 2026, securitized into Benchmark 2026-B43 (Trustee: Wilmington Savings Fund Society, FSB).
 - Borrowers Milton 90 Pleasant Valley Street LLC (MA), Development Associates of Benton Harbor LLC (MI), and Windsong Equity Holdings LLC (IN) cover The Loop (MA) and Fairplain (MI)
- The three pools together represent approximately \$81.75 million of fee-level debt sitting outside the DAMIS estate.
- The Leasehold Tenant Creditors hold mortgages and assignments of leases and rents against the Borrowers, giving them an interest in or claim against each corresponding Ground Tenant Debtor.
 - Each Ground Tenant Debtor is also party to a leasehold mortgage held by a separate Leasehold Mortgagee — so each carries at least three major creditors: the Leasehold Mortgagee, the Leasehold Tenant Creditor, and the fee-level CMBS trust
- The Leasehold Tenant Creditors object to the Debtors' motion to file a consolidated top-30 creditor list, arguing it would omit key creditors of individual Ground Tenant Debtors, and assert that no inference of substantive consolidation should be drawn from any relief granted.

Workforce

- The DAMIS Debtors directly employ approximately 744 individuals across corporate functions — legal, operations management, accounting, and treasury — alongside building-engineering, maintenance, hospitality, resort/water-park, and apartment-site staff.
 - Many on-site workers are engaged through third-party management companies — including CBRE, Inc., InSite Realty Partners, LP, and Simpson Properties, Inc. — serving as employer of record

Prepetition Obligations

Overview

Mortgage Obligations (\$466 million)

SBA Loans (\$1.1 million)

- Below is a summary of the DAMIS Debtors’ prepetition obligations as of the Petition Date; capital structure figures are preliminary and subject to revision per the First Day Declaration.
 - The DAMIS Debtors have not yet filed their schedules of assets and liabilities — expected in the coming months — which will contain the full indebtedness disclosure
 - The CRO’s characterization of any party as “secured” is for descriptive convenience only and is not an admission as to the validity, existence, or extent of any lien
- Prepetition secured indebtedness under the Fee Mortgages and Leasehold Mortgages totals approximately \$466 million in aggregate principal outstanding (the “Mortgage Obligations”), owed to various lenders.
 - The Debtor Advisors continue to review title reports for each Property to confirm the current holders and servicers of all Mortgages and identify any additional recorded liens
- Fourteen DAMIS Debtors obtained Economic Injury Disaster Loans (the “EIDL Loans”) through the U.S. Small Business Administration following the onset of COVID-19, individually ranging from approximately \$35,000 to \$180,000, with 30-year maturities and secured by each borrower’s tangible and intangible personal property.
 - Approximately \$1.1 million in EIDL Loan obligations remained outstanding as of the Petition Date

Prepetition Obligations (cont'd)

Merchant Cash Advance (\$134 million)

- Certain DAMIS Debtors are party to merchant cash advance arrangements (the “MCAs”) — short-term, revenue-based financing in which MCA Lenders advance working capital in exchange for contractually determined percentages of receivables, acquired at a significant discount and recovered through periodic, automatic withdrawals from the Debtors’ bank accounts.
 - MCA Agreements vary but typically purport to pledge a security interest in future accounts, receivables, or revenue streams — or sometimes all of a borrower’s assets — often conditional, granted only upon a payment default, or authorizing a UCC-1 filing only upon default
 - The MCA Obligations are broadly guaranteed across the enterprise — by DAMIS Debtor entities, SIMAD Debtor entities, non-debtor affiliates, and the Shabsels Brothers personally; approximately \$134 million remained outstanding as of the Petition Date

General Unsecured Obligations (\$52 million)

- The DAMIS Debtors estimate approximately \$52 million in outstanding unsecured obligations, consisting primarily of trade payables and individual unsecured loans, many of which are personally guaranteed by the Shabsels Brothers.
 - The figure remains an estimate pending preparation of the Debtors’ schedules of assets and liabilities and statements of financial affairs

Events Leading to Bankruptcy

Precipitating Default

- The Chapter 11 filings were precipitated by a default under the SIMAD Debtors' publicly held bond issuance (the "SIMAD Debentures") following a missed interest payment on May 31, 2026.
- Recognizing that they could not satisfy their funded-debt obligations without court protection, the SIMAD Debtors and the DAMIS Debtors commenced their Chapter 11 cases on June 4, 2026.

The Parent-Level Trigger

- Reviewing its first-quarter financials in late May 2026, parent SIMAD Holdings, Ltd. disclosed to the Tel Aviv Stock Exchange that nearly \$34 million (approximately NIS 100 million) had been transferred — reportedly without board approval, and which the company characterized as inadvertent — to corporations controlled by the Shabsels Brothers.
 - The audit committee demanded the full sum back, with interest, within one day; the brothers initially agreed, then the next day said they could not repay
- Because the funds were not returned, SIMAD Holdings missed the first interest payment on its Series A debentures, due May 31, 2026 — only about six months after the raise.
 - The disclosure was compounded by revelations that the brothers owed roughly \$100 million in personal loans, certain of them secured "on the assets and cash flows of the company's subsidiaries" — raising concern that collateral may have been pledged twice

Liquidity Crisis and Cross-Default Risk

- The DAMIS Debtors entered bankruptcy in acute liquidity distress; as of the Petition Date, cash on hand had fallen far below the levels needed to service Mortgage Obligations, fund payroll, and cover operating expenses.
 - As of the date of the Declaration, only approximately \$10.3 million in cash remained, proving insufficient to meet those obligations
- Compounding the crisis, certain Mortgage Loan Documents and MCA Agreements contain cross-guaranty and cross-default provisions that — if triggered by the SIMAD bond default, MCA defaults, or the Shabsels Brothers' own bankruptcy filings — could have allowed Mortgage Lenders and MCA Lenders to exercise remedies against the DAMIS Debtors outside of bankruptcy.
- In the days immediately preceding the Petition Date, certain DAMIS Debtors had already defaulted on their MCA Obligations, and several MCA Lenders had begun sweeping cash from the Debtors' bank accounts to recover amounts owed.

Free-Fall Filing

- The DAMIS cases were filed free-fall — no prepetition restructuring, no plan support agreement, and no contingency planning.
- The proceedings are best read as four overlapping fights: control of the company, control of its cash, the validity of the \$134 million MCA book, and the estate's litigation claims.

Governance and Professionals

- The CRO stripped the Shabsels Brothers of all decision-making authority over the DAMIS Debtors on the Petition Date.
 - Unable to obtain the brothers' signatures to relinquish bank-account signatory authority — a standoff unresolved at the first-day stage — the Debtors sought authority via the Cash Management Motion to direct the banks to install Perry Mandarino as sole signatory on all 95 Bank Accounts
- Two disinterested directors — Bernard Katz (CohnReznick) and Jill Frizzley (ex-Weil lawyer) — were seated immediately pre-filing to replace the brothers in all governance matters.
- Looking ahead, the Debtors intend to engage an independent forensic accountant focused on prepetition intercompany transactions and a real estate consultant to deliver independent property appraisals across the portfolio.

The Contested Cash-Collateral Fight

- With roughly \$10.3 million in cash on hand — substantially all of which may constitute collateral for one or more prepetition lenders — the Debtors cannot spend a dollar without court authority under §363(c)(2) of the Bankruptcy Code.
- The process is unusually granular: rather than a single omnibus order, the Debtors sought a standalone interim order for DAMIS Holdings and a separate order for each other secured party, with cash usage contained within the applicable LandCo/OpCo silo.
 - The Debtors pursued consent wherever possible but made clear they would proceed on a contested basis against any lender who refused — reflecting a creditor body ranging from cooperative mortgage lenders to actively hostile MCA funders already sweeping accounts
- The Debtors report they are unaware of any deposit-account control agreement with any secured party — the device Article 9 requires to perfect a non-possessory lien on a deposit account — leaving any secured party that is not itself the depository bank with a difficult path to establishing a perfected, non-avoidable interest in the Debtors' cash. The exposure compounds for MCA lenders: any security interest that attached or was perfected within 90 days of the Petition Date sits squarely within the preference window under §547 and may be avoidable regardless of perfection..
- Adequate protection — For any lender that clears the perfection hurdle, no cash payments are owed unless it can show its collateral is actually losing value; Leasehold Mortgages were originated at 65–75% LTV, implying a 25–35% equity cushion — above the ~20% threshold courts generally treat as sufficient — though the Debtors concede independent appraisals are not yet complete.

Secured-Lender Positions

- **First Financial Bank** — Holding seven leasehold mortgage loans totaling approximately \$89.5 million in original principal across seven properties, FFB objects to the proposed cash collateral use on multiple grounds.
 - Its core argument: its prepetition security interest in rents rides through the filing automatically under §552(b)(2), rendering the Debtors' proffered replacement liens on those same post-petition rents illusory — a position supported by Third Circuit authority
 - FFB also demands property-level line-item budgets with prior approval rights, segregation of rents by property with no commingling or intercompany transfers, and a bar on using its collateral to pay junior creditors — specifically the MCA funders — but signals willingness to negotiate a consensual arrangement
- **TriState Capital Bank** — Administrative agent on the \$28 million Big Flats Shopping Center loan, TriState moved affirmatively to prohibit any use of its cash collateral and compel a full accounting of all amounts disbursed since the Petition Date.
 - It flags “questionable” prepetition wires out of the 830 County Road Debtors' accounts to a DAMIS Debtor — including a \$421,000 transfer three days before the Petition Date — and raises the non-arm's-length relationship between the Shabsels Brothers and Mark Graham as further grounds for intervention
- **Visions Federal Credit Union** — Holding an \$18.65 million first-lien leasehold mortgage and perfected security interest in all cash derived from the Rocking Horse Ranch, Visions consented to a narrow, one-week use of cash collateral solely to cover Rocking Horse payroll due the week of June 22, 2026, capped at \$241,500, reserving all other rights and remedies.
- **NBT Bank, National Association** — Holding a first-lien leasehold mortgage and perfected security interest in all cash derived from the SplashDown Beach Water Park, NBT similarly consented to a narrow, one-week use solely to cover SplashDown payroll due the week of June 22, 2026, capped at \$134,500, reserving all other rights and remedies.

The MCA Stay-Enforcement War

- The most aggressive postpetition conduct came from the MCA funders, who continued sweeping accounts and redirecting tenant rent in open defiance of the automatic stay.
 - Days into the case, the Stony Creek (operator of 1000 Acres Ranch) funder — believed to be Bloc Funding — swept the 1000 Acres Ranch operating account at TD Bank to a negative balance just as the property entered peak season
 - On June 12, The Merchant Marketplace Holdings (“MMH”), through Houston counsel Regent & Associates, served a UCC §9-406 demand directly on The TJX Companies — a major retail tenant — asserting the Debtors’ accounts “now belong to” MMH and directing TJX to remit rent on an asserted \$637,811.99 debt to MMH rather than the Debtors
- The Debtors responded on multiple fronts — notifying all MCA lenders in writing that such conduct violates the automatic stay, and deploying Kroll to notify over 300 tenants that rent remains payable solely to the Debtors.
- As certain funders persisted in sweeping accounts and contacting tenants, the Debtors escalated to court, filing a motion to restate and enforce the automatic stay, labeling the non-compliant lenders “Violating Lenders,” singling out MMH by name, and reserving the right to pursue sanctions and clawback of all improperly swept funds.

The DAMIS–SIMAD Entanglement

- Whether the two estates can reach one another's value — the substantive-consolidation question — is among the most consequential issues for recoveries, and the record cuts both ways.
- Toward entanglement — Three sets of facts support a consolidation argument:
 - Shared debt — Metropolitan Partners Group's \$50 million May 2025 loan named both SIMAD Holdings LLC and DAMIS Holdings LLC as co-borrowers, and the U.S. SIMAD Holdings LLC (distinct from the BVI parent) appears as co-obligor or pledgor on multiple DAMIS mortgage facilities, including Bank Iowa, Fidelity, MAX Credit Union, and Visions
 - Shared guarantees — Visions' \$18.65 million Rocking Horse loan is jointly guaranteed by both brothers and both holdcos
 - Shared incentives — Metropolitan (holding ~\$25.4 million outstanding against both estates) and SIMAD's ~\$214 million bondholders both stand to benefit from pooling, making them the parties most likely to press a consolidation argument
- Toward separateness — Several facts cut against consolidation:
 - The estates are separately administered, with distinct CROs, separate counsel, and different lead cases
 - The SIMAD Debtors have affirmatively represented that their cash will not flow to DAMIS Holdings LLC or any of the DAMIS affiliates (SIMAD Doc. 57 ¶11)
 - The DAMIS cash structure is largely siloed within each LandCo/OpCo pairing, with intercompany flows tracked as journal entries rather than actual cash transfers
 - Creditors themselves are pushing separateness — TriState demands property-level cash segregation, and the CMBS trustees have objected to any inference of consolidation, asserting each Ground Tenant Debtor is a separate entity and offering documentary proof

Key Issues

- **Fraudulent Transfer** — The ~\$34 million allegedly moved without board approval to Shabsels-controlled entities is a parent-level disclosure originating from SIMAD Holdings (BVI) and surfaced in Tel Aviv bond filings — not an allegation in the DAMIS pleadings; it reaches the DAMIS estate only to the extent DAMIS funds were transferred or through a successful substantive consolidation argument.
 - These are allegations and company/press disclosures, not adjudicated findings; the Shabsels Brothers have not been criminally charged
- **Insider / Preference** — TriState flags a \$421,000 prepetition wire and characterizes broader account activity as “millions of dollars of suspicious transfers,” which — layered on the Debtors’ own perfection attack on the MCA lien stack — creates meaningful preference and avoidance exposure across multiple creditor relationships.
- **Non-Arm’s-Length Ground Leases** — Across the Leased Properties, fee simple interests are held by Non-Debtor Fee Holders owned directly or indirectly by the Shabsels Brothers, family trusts, or Leeton Real Estate, Inc., controlled by Mark Graham, a longstanding Shabsels business partner who TriState advises has also personally provided legal representation to the brothers.
 - At the Big Flats Shopping Center — a Chemung County, NY retail property operated by debtors 830 County Road 64 Real Estate LLC and 830 County Road 64 Leasing LLC under a 99-year ground lease — TriState became the first creditor to flag the conflict, alleging the fee owner and ground landlord, Elmira Real Estate Enterprises LLC (managed by Graham’s Leeton Real Estate), is not at arm’s length with the Debtors
 - The concern runs across the portfolio: where the fee holder is a Shabsels or Graham affiliate, questions arise as to whether ground leases were negotiated at arm’s length, whether ground rent is properly applied to fee-level lenders, and whether funds are being diverted

Key Issues (cont'd)

- **Breach of Fiduciary Duty / D&O Claims** — As ultimate controllers of the DAMIS–SIMAD enterprise, the Shabsels Brothers face potential exposure for authorizing the prepetition transaction structure, including the intercompany transfers under investigation and the layered mortgage architecture leaving the same rent stream servicing multiple debt tiers.
 - The threshold question is collectability, not liability: with both brothers having filed personal bankruptcy, the D&O insurance tower — to the extent one exists and covers the relevant conduct — is likely the only meaningful recovery source
- **Veil-Piercing / Substantive Consolidation** — The pervasive cross-guaranty web spanning DAMIS Debtors, SIMAD Debtors, non-debtor affiliates, and the Shabsels Brothers personally — combined with the centralized cash management running through DAMIS Holdings — provides a factual foundation creditors may seek to develop into alter-ego or substantive consolidation theories.
 - The argument could run either way: some creditors may seek to pool assets across the DAMIS and SIMAD estates to maximize recoveries, while the CMBS trustees and leasehold mortgagees will resist any such pooling to preserve entity-level separateness
 - The CMBS trustees have already staked out an explicit anti-consolidation position, asserting each Ground Tenant Debtor is a separate entity and offering documentary proof to that effect