

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

| | | |
|---|---|------------------------|
| In re: |) | Chapter 11 |
| |) | |
| The SCO GROUP, INC., <u>et al.</u> , ¹ |) | Case No. 07-11337 (KG) |
| |) | (Jointly Administered) |
| |) | |
| Debtors. |) | |

Objection Deadline: TBD
Hearing Date: TBD

**DEBTOR SCO GROUP, INC.'S OBJECTION
TO CLAIM OF CITI FINANCIAL, INC.**

Debtor SCO Group, Inc. objects to the allowance of the claim filed by Citi Financial, Inc. ("Citi") claim #169 ("Citi Claim"), a copy of which is attached hereto as Exhibit A, against the estate of SCO Group, Inc. for the reasons that follow:

Introduction

1. On September 14, 2007 (the "Petition Date"), the Debtors each filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code.
2. This Court has jurisdiction over this Objection under 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding per 28 U.S.C. § 157(b)(2)(B).

Background

3. On April 21, 2008, Citi filed the Citi Claim. As noted on the attachment to the Citi Claim, the Citi Claim is a "contingent Proof of Claim, *contingent* upon SCO no longer supporting the Software or rejecting the Software License Agreement or other relevant contract." The attachment also notes that "the *estimated* damages to Citi Financial *if* SCO were to no

¹ The Debtors and the last four digits of each of the Debtors' federal tax identification numbers are as follows: (a) The SCO Group, Inc., a Delaware corporation, Fed. Tax ID. #2823; and (b) SCO Operations, Inc., a Delaware corporation, Fed. Tax ID. #7393.

longer support the Software or were to reject the Software License Agreement is in excess of \$3 million.” (emphasis added).

4. Thus the Citi Claim, if any such claim exists, is dependent solely on whether the Debtors reject the subject Software License Agreement or otherwise breaches the contract. As conceded by Citi, the Debtors have *not* rejected the Software License Agreement and have *not* stopped supporting the Software. The Debtors reject the notion that the Citi Claim is ripe or, alternatively, currently holds any value.

Relief Requested

5. By this Objection, the Debtors seek entry of an order pursuant to section 502(b) of the Bankruptcy Code and Rule 3007 of the Federal Rules of Bankruptcy Procedure disallowing the Citi Claim. The validity and amount of the Citi Claim can and should be considered *only, if and when*, the Debtors reject the Software License Agreement or no longer support the Software.

Applicable Authority

6. Code Section 502(b) provided in pertinent part that:

The court, after notice and a hearing, shall determine the amount of [a] claim in lawful currency of the United States as of the date of the filing of the petition, and shall allow such claim in such amount, except to the extent that ... such claim is unenforceable against the debtor and property of the debtor, under any agreement or applicable law for a reason other than because such claim is contingent or unmatured.

11 U.S.C. § 502(b)(1).

8. For the reasons set forth above, SCO Group, Inc. submits that, pursuant to Code Section 502(b)(1) and Bankruptcy Rule 3007, the Court should disallow the Citi Claim.

Notice

9. Notice of this Objection has been given to the following parties, or in lieu thereof, to their counsel, if known: (i) the Office of the United States Trustee; (ii) parties requesting notice under Bankruptcy Rule 2002; and (iii) all holders of claims that are the subject of this Objection. SCO Group, Inc. submits that, in light of the nature of the relief requested, no other or further notice need be given.

No Prior Request

10. No prior objection has been made to this or any other court.

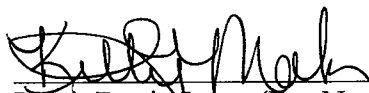
Compliance with Delaware Bankruptcy Local Rule 3007-1

11. This Objection complies with the requirements of Del.Bank.LR 3007.

WHEREFORE, Debtor SCO Group, Inc. respectfully requests that the Court enter an order (i) disallowing the Citi Claim and (ii) granting it such other and further relief as is just and proper.

Dated: July 16, 2009

PACHULSKI STANG ZIEHL & JONES LLP



Laura Davis Jones (Bar No. 2436)
James E. O'Neill (Bar No. 4042)
Kathleen P. Makowski (Bar No. 3648)
919 North Market Street, 17th Floor
P.O. Box 8705
Wilmington, DE 19899-8705 (Courier No. 19801)
Telephone: (302) 652-4100
Facsimile: (302) 652-4400
Email: ljones@pszjlaw.com
joneill@pszjlaw.com
kmakowski@pszjlaw.com

and

BERGER SINGERMAN, P.A.

Arthur J. Spector
350 East Las Olas Blvd., 10th Floor
Fort Lauderdale, FL 33301
Telephone: (954) 525-9900
Facsimile: (954) 523-2872
and
200 South Biscayne Blvd., 10th Floor
Miami, FL 33131
Telephone: (305) 755-9500
Facsimile: (305) 714-4340
Email: aspector@bergersingerman.com
dbates@bergersingerman.com

Co-Counsel for the Debtors and Debtors-In-Possession