Cliffs subsidiary files for bankruptcy

'Thousands of creditors' hold more than $100 million in debt

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The Cliffs Club & Hospitality Group Inc., part of developer Jim Anthony's golf- and luxury-home company, filed for bankruptcy protection Tuesday, beginning the expected but still stunning rewrite of one of the Upstate's most remarkable business-growth stories.

Reached by GreenvilleOnline.com, Anthony declined to comment.

The Chapter 11 filing in U.S. Bankruptcy Court in South Carolina didn't include Anthony's parent company, The Cliffs Communities Inc., based in Travelers Rest.

The filing was made on behalf of the operation known as ClubCo, a Cliffs' subsidiary that owns the golf courses and related amenities in Anthony's developments, and its affiliated interests, court records show.

ClubCo, identified in bankruptcy court records as the lead debtor, was listed as also doing business as The Cliffs Golf & Country Club. Timothy P. Cherry, chairman of ClubCo and The Cliff's chief financial officer, and attorneys in the case couldn't be reached for comment.

Chapter 11 of the U.S. Bankruptcy Code will allow

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ClubCo to restructure its finances so it can continue to operate. Company officials have said ClubCo is a wholly owned subsidiary of Anthony's company.

Court records show other debtors include CCHG Holdings Inc., eight limited liability companies doing business as Cliffs golf and country clubs and an entity known as Cliffs Club & Hospitality Service Co. Each filed a voluntary petition for relief under Chapter 11, and attorneys asked a judge to jointly administer the cases.

The debtors collectively have "thousands of creditors" and "a large and complicated capital structure" with more than $100 million in debt, court filings say.

The consolidated list of creditors holding the 50 largest unsecured claims include a Hendersonville, N.C., golf company that says it is owed $800,000, court records show.

That was the largest of the claims, with other creditors filing claims from $230,000 to $750,000, court records show.

Among the creditors is Steve Carlile, a Marshall, Texas, businessman who said earlier this month he expects to take control of Anthony's golf course projects once ClubCo emerges from bankruptcy. Carlile is a Cliffs property owner whose "member liability" claim is for $300,000, court records show.

In all, 42 creditors filed such claims, according to court filings.

In April 2010, The Cliffs announced it was borrowing $62 million from residents of its communities to build golf courses and other amenities.

Earlier this month, Anthony said The Cliffs would reorganize in bankruptcy court and he expected to cede control of his golf course projects to Carlile and his wife, Penny, who pledged to move forward with a Gary Player-designed course in Greenville County.

Steve Carlile said the fate of a Tiger Woods-designed course east of Asheville will be evaluated after a study to determine the best approach. He couldn't be reached for comment Tuesday night.

The Carliles and Cherry told GreenvilleOnline.com they anticipated filing a Chapter 11 action for ClubCo as the first step in putting the luxury home and golf developments on a sustainable expansion track.

Anthony, whose company is privately held, has said he doesn't have a financial arrangement or employment agreement with the Carliles, but pledged his support.

ClubCo's board of directors and management said the assets were being sold to the Carlile Group "after months of negotiations, analysis and deliberations."

"The board unanimously agrees that the Carlile Group has the strongest plan for the future of our clubs with terms that address the interests of all creditors fairly," ClubCo's

board said in a letter to its members.

But the ClubCo board said it reached "a mutual agreement" with the Carlile Group that provides a period during the first phase of reorganization allowing for additional offers to be submitted.

Directors of CCHG Holdings and ClubCo approved a bankruptcy filing at a special meeting Jan. 4, court filings show.

ClubCo told its members it hired Katie Goodman, managing partner of Grisanti, Galef and Goldress in Atlanta, to be the chief restructuring officer and financial adviser to oversee the reorganization process.

Goodman has an extensive background in restructuring and will work alongside the ClubCo board, legal counsel and the Carlile Group, ClubCo officials said. She couldn't be reached for comment.

It wasn't known late Tuesday how the bankruptcy filing could affect the scheduled public auction March 5 of several Cliffs Communities Inc. properties in three South Carolina counties.

The properties are scheduled to be sold at the court-ordered auction to satisfy a $24 million judgment and foreclosure action against Anthony and his company.

The land, in Greenville, Oconee and Pickens counties, is scheduled to be sold at the Oconee County Courthouse in Walhalla to the highest bidder, court records show.

At age 19, a year after finishing Dacusville High School, Anthony went to work as a lineman for what was then Southern Bell.

He built a real estate development business on the side, and since 1991 has developed pieces of the backcountry he came to love while hiking and fishing as a youth.

Bordered by hundreds of thousands of acres of protected woodlands, three national forests and one national park, The Cliffs communities offer luxury homes and home sites in a variety of settings.

Anthony's company includes three mountain communities in Greenville County — The Cliffs at Glassy, Cliffs Valley, and The Cliffs at Mountain Park — as well as three lakeside communities at The Cliffs at Keowee, and two mountain developments just outside Asheville, The Cliffs at Walnut Cove and The Cliffs at High Carolina, a project to include a golf course designed by Woods.

As the economy soured, however, the financial and legal challenges continued to grow for Anthony and The Cliffs.

Work had stalled at the Cliffs at High Carolina, the planned Woods-endorsed golf community that sits on roughly 3,000 acres between Fairview and Swannanoa. Plans called for 1,100 home sites and a golf course designed by Woods.

Anthony said he was dealing with economic challenges confronting real estate markets but was confident his company would succeed over the long term.