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Starlight files for Chapter 11 bankruptcy

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Attorney says firm has no real future

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Starlight Homes filed for reorganization under federal bankruptcy laws Tuesday - but an attorney for co-owner Tammy Molloy says there's nothing left to salvage in the Cape Coral company.

The 3-year-old company ran into financial troubles about two months ago. It stopped work on its 66 construction sites, has laid off most employees, has debts of about \$2.5 million and on Monday moved out of its Del Prado Boulevard headquarters.

In a reorganization under Chapter 11 of the bankruptcy laws, the company will try to come up with a plan to satisfy creditors and eventually become a viable operation.

Efforts to reach co-owner Mike Molloy and Starlight's bankruptcy attorney, Tom Heidkamp, were unsuccessful. But Mike Fink, attorney for Molloy's estranged wife, Tammy, said "it is a bad faith filing. They have no chance of reorganization."

A study by Fort Myers-based certified public accountant JoAnne Holt shows that it's impossible for Starlight to survive, he said.

Holt said her examination of Starlight's books shows that "it would be very, very difficult at this point to see light at the end of the tunnel. I would say I can't imagine this being a Chapter 11 reorganization."

Under Chapter 11, Fink noted, Starlight's attorneys and other experts get paid first. A Chapter 7 bankruptcy, by contrast, would be run by a court-appointed trustee. "To get a trustee involved is cheaper and results in a greater return to those that have been damaged."

Mike Molloy would retain control of the company and would have access to any money released from lenders to finish houses, Fink said.

But Kevin Jursinski, who represents four home buyers, said his position is that Starlight abandoned the jobs. "We're going to proceed to get bids from competing contractors" to finish the work. "I just don't know what kind of equity there is in the remaining contracts."

No court hearing date has been set, but Jursinski predicted that "it'll be standing room only. This'll be very emotional. It's the American dream turned to nightmare."

PHOTOS

T. MOLLOY

M. MOLLOY