

The Honorable Timothy Dore
Chapter 11
Hearing: March 24, 2017, 1:30 pm
Response Date: March 22, 2017

IN THE UNITED STATES BANKRUPTCY COURT FOR
THE WESTERN DISTRICT OF WASHINGTON AT SEATTLE

In re: WEST SEATTLE LODGE LLC Debtors.	Bankruptcy No. 17-10842 DEBTOR'S RESPONSE TO TRUSTEE'S MOTION FOR ORDER DIRECTING UNITED STATES TRUSTEE TO APPOINT A CHAPTER 11 TRUSTEE
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COMES NOW the Debtor, West Seattle Lodge, LLC, by and through its attorney of record, Larry B. Feinstein, and replies as follows to the United States' Trustee's request to appoint a Chapter 11 Trustee,

The Debtor objects to appointment of a Chapter 11 Trustee. Appointment of a Trustee is an unnecessary step, particularly when the sole managing member, Lodge Holdings Company LLC, is already being overseen by a Chapter 11 trustee. A separate Trustee for West Seattle Lodge would just cause a "whole bunch of stepping on toes". The US Trustee has not shown a compelling reason to appoint a separate Trustee, other than their initial review of the filed Schedules appears to be deficient and contains missing information.

[Note that the Section 341 hearing has not even been conducted yet of this debtor.]

Based on the debtor's own review of the filed Schedules after meeting with the UST and the UST's "checklist" contained in the Declaration of a staff analyst, the Debtor has filed amended schedules and statements. Most, if not all, are minor corrections that would have been addressed in amended schedules as to items that need clarifying or were missing

Debtor's Response to Motion to Appoint Ch. 11 Trustee

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1 and raised at the Initial Debtor Interview anyway. Here, the UST is raising minor corrections
2 and “clean up” based on the Initial Debtor Interview in support of appointment of a Trustee;
3 a gigantic leap for “cause” under Section 1104(a).

4 Of primary concern to the staff analyst were the number of employees appearing on
5 Schedule E as the debtor stated at the Initial Debtor Interview the debtor employed “about
6 25 employees”, and some 60 employees were listed on the Sch. E. The schedules were
7 filled in from payroll journals provided by the Debtor which, it turns out, were the journals for
8 the entire Lodge organization and not just West Seattle Lodge. As such, Sch. E was
9 amended to eliminate employees not employed directly by this Debtor. [The employees
10 were listed because payroll is made every Friday, and the Petition herein was filed on a
11 Monday. Depending on the employees’ work schedule, some employees had employment
12 hours for the previous weekend, which wages were not due as of filing, and would not be
13 due the following Friday [post-petition] but listed to give said employees notice if additional
14 claims might be made [unpaid sick or vacation leave, for instance.] The Debtor’s Emergency
15 Motion to Use Cash Collateral specifically requested the provision to pay “employee wages”,
16 referencing the Debtor’s December 31, 2016, Response to Appoint a Trustee in the main
17 Lodge case wherein the same issue was raised and Debtor(s) responded that there was no
18 unpaid prepetition payroll, and the request to use cash collateral included a request to pay
19 regular payroll that became due post-petition. Because of the same argument that was
20 made previously, this time the Debtor specifically mentioned and requested that payroll that
21 regularly became due post petition be included in its operating budget.

22 Previously, the Debtor consented to appointment of a Trustee in this matter so that
23 there could be substantive consolidation of West Seattle Lodge, LLC with its Affiliated

1 Entities (Lodge Holdings Company; Mukilteo Lodge, LLC; Mill Creek Lodge, LLC;
2 Greenwood Lodge, LLC; Stadium Lodge, LLC; and Kirkland Lodge, LLC, under case number
3 16-15814). Ms. Aebig has withdrawn her Motion seeking substantive consolidation, and/or
4 the appointment of a Chapter 11 Trustee in this matter. But with Ms. Aebig being the Trustee
5 for all practical purposes, even without a formal appointment, as she is the Trustee for the
6 sole member of the Debtor, the end result seems to be the same. Lodge Holdings Company
7 is the managing member and owner of the Debtor herein. While some of its obligations are
8 separate, the majority of the Debtor's obligations are cross collateralized and shared jointly
9 with the Associated Entities that are already being overseen by Ms. Aebig. Ms. Aebig and
10 her office have knowledge and experience from dealing with the cases of the Associated
11 Entities that it will be in the best position to administer this Debtor's Chapter 11 proceedings
12 even if she is not appointed the Trustee. She employs the manager and the current
13 management of the Debtor, and oversees the Debtor's operations, and if in Ms. Aebig's
14 opinion the management is ineffectual or deficient, she already has the authority to remove
15 and replace said management. Appointment of another trustee would result in redundancy
16 and confusion.

17 Further, as supplement to the March budget filed with the Emergency Motion to Use
18 Cash Collateral, attached is the Debtor's proposed 60-day operating Budget for April and
19 May 2016 in further support of the Motion to Use Cash Collateral.

20 Accordingly, the Debtor requests that the Motion to Appoint a Trustee be denied.

21 Dated: March 22, 2017

22 /s/ Larry Feinstein
23 Larry B Feinstein, WSBA 6074
Attorney for the Debtor

24 Debtor's Response to Motion to Appoint Ch. 11 Trustee

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LODGE

West Seattle

West Seattle

West Seattle

	Month	March Est	April Est	May Est
Net Sales		135,000.00	140,000.00	140,000.00
Food		70,200.00 52.0%	72,800.00 52.0%	72,800.00 52.0%
Beer		33,750.00 25.0%	35,000.00 25.0%	35,000.00 25.0%
Liquor		18,900.00 14.0%	19,600.00 14.0%	19,600.00 14.0%
Wine		8,775.00 6.5%	9,100.00 6.5%	9,100.00 6.5%
NA Beverage		2,488.25 1.8%	2,488.25 1.8%	2,488.25 1.8%

COST OF GOODS SOLD

Food/NA Bev	23,987.12 33.00%	24,845.12 33.00%	24,845.12 33.00%
FSA Based on 4 wk %			
Charl Produce trip B			
Franz			
Whidbey Misc			
Beer/Wine/Liquor	15,356.25 25.00%	15,925.00 25.00%	15,925.00 25.00%
Columbia Youngs			
Click/Crown			
Odum/ACRS			
Southern			
Misc Brewers/wine			

TOTAL COGS 39,343.37 40,770.12 40,770.12

Gross Profit 95,656.63 99,229.88 99,229.88

CONTROLLABLE EXPENSES

Payroll Expenses

Tips paid	22,950.00 17.0%	23,800.00 17.0%	23,800.00 17.0%
Employee Cks Cashed w/tips			
Employee Labor w all tax	47,250.00 35.0%	49,000.00 35.0%	49,000.00 35.0%
Est Tax portion of above 941/LNI/SUTA	16,537.50	17,150.00	17,150.00
Health/Dental Ins	1,423.09	1,423.09	1,423.09

Total Payroll 48,673.09 36% 50,423.09 36% 50,423.09 36%

Prime Costs 88,016.46 65% 91,193.21 65% 91,193.21 65%

Direct Operating Expense

Janitorial	2,000.00	2,000.00	2,000.00
Eduardo/Victor Pd	2,000.00	2,000.00	2,000.00
Linen/1st Aid	1,200.00	1,200.00	1,200.00
Aromark	1,200.00	1,200.00	1,200.00
Office Supplies	200.00	200.00	200.00
Costco/Bank Direct	200.00	200.00	200.00
Kitchen Supplies	2,000.00	1,500.00	1,500.00
Supplies-Employee purchase	500.00	500.00	500.00
Capital One/Citi/Cred	1,000.00	500.00	500.00
Bargreen/Costco	500.00	500.00	500.00
Restaurant Supplies	800.00	800.00	800.00
New C02	250.00	250.00	250.00
Tapman Services	250.00	250.00	250.00
Cintas Paper/Sam	300.00	300.00	300.00
Apparel	0.00	0.00	0.00

Total Op Expense 6,200.00 5,700.00 5,700.00

Entertainment

Mood Media	25.00	25.00	25.00
Direct TV	750.00	750.00	750.00

Total Entertainment 775.00 775.00 775.00

Marketing

Donations-Gift C, Exptip etc	500.00	500.00	500.00
Operating Menu Development			

Advertising

Total Marketing 500.00 500.00 500.00

Utilities

PSE Gas Utilities	1,000.00	1,000.00	1,000.00
PUD Electric Utilities	700.00	700.00	700.00

Total Utilities 1,700.00 1,700.00 1,700.00

Tax Plan Pmts

DOR/LNI/Etc Tax plan later

Total Tax 0.00 0.00 0.00

Administrative & General Expense

Credit Card Fee

Hartland	2,970.00	22%	3,080.00	22%	3,080.00	22%
Bank Service Charges						
Misc fee	1,000.00		1,000.00		600.00	
Accounting & Bookkeeping						
Danta-RSI-Etc-Kelli	1,000.00		1,000.00		1,000.00	
Legal						
Attorney Fees BK Fees						
Licensing						
Ins License & Permits						
Garbage	800.00		800.00		800.00	
Misc						
Accent Table/Flowers/Décor	250.00		250.00		250.00	
Baker Commodities	250.00		250.00		250.00	
Nella Knife	140.00		140.00		140.00	
RT Hood/Fire Alarm	200.00		200.00		200.00	
Window Cleaning	75.00		75.00		75.00	
Storage Rent						
Phone & Internet						
DMX/ATT	368.60		368.60		368.60	
Comcast Wave	425.58		425.58		425.58	
Equipment Lease						
Vend/Time Leasing						
Alpine Ice M rent	500.00		500.00		500.00	
Auto Chlor DW rent	800.00		800.00		800.00	
Total Administrative	8,779.18		8,889.18		8,489.18	

Maintenance

Repairs & Maintenance						
Misc Materials	1,000.00		1,000.00		1,000.00	
HVAC Etc repair companies	500.00		500.00		500.00	
Building Maintenance						
Bob/Christian/Der/etc	2,000.00		2,000.00		2,000.00	
Total Maintenance	3,500.00		3,500.00		3,500.00	

Misc Expense/ Construction Balance

TOTAL CONTROLLABLES	70,127.27		71,487.27		71,087.27	
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OCCUPANCY COSTS

Lease/NNN	13,259.84		13,259.84		13,259.84	
Building & Op Insurance	210.01		210.01		210.01	
TOTAL OCCUPANCY	13,469.85		13,469.85		13,469.85	

Total Operating Expense	122,940.49		125,727.24		125,327.24	
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Net Profit	12,059.51		14,272.76		14,672.76	
Profit %	8.9%		10.2%		10.5%	
Sales Tax not included in net sales	12,960.00		13,440.00		13,440.00	
Total Deposits Sales/Tips/Tax	170,910.00		177,240.00		177,240.00	