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PROPOSED COUNSEL FOR THE DEBTORS

**UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

	§	
In re:	§	Chapter 11
	§	
THE LASALLE GROUP, INC., et al.,¹	§	Case No. 19-31484-sgj-11
	§	
DEBTORS.	§	(Jointly Administered)
	§	
	§	

**DEBTORS' APPLICATION FOR ENTRY OF AN ORDER AUTHORIZING THE
RETENTION AND EMPLOYMENT OF CROWE & DUNLEVY, P.C. AS THE
DEBTOR'S COUNSEL EFFECTIVE *NUNC PRO TUNC* TO THE PETITION DATE**

¹ A list of the Debtors in these Chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, is attached hereto as **Schedule 1**. The Debtors' mailing address is 545 E. John Carpenter Freeway, Suite 500, Irving, Texas 75062.

TO THE HONORABLE STACEY G. C. JERNIGAN,
UNITED STATES BANKRUPTCY JUDGE:

The above-captioned debtors (collectively, the “Debtors”), debtors and debtors-in-possession in the above-captioned chapter 11 cases, pursuant to Sections 105(a), 327(a), 329, 330, 331, 1107, and 1108 of title 11 of the United States Code (the “Bankruptcy Code”), Rules 2014 and 2016 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and Rules 2014-1, 2016-1, and 9013-1 of the Local Bankruptcy Rules for the Northern District of Texas (each a “LBR” and collectively, the “Local Rules”), files this *Application for Entry of an Order Authorizing the Retention and Employment of Crowe & Dunlevy, P.C. as the Debtors’ Counsel Effective Nunc Pro Tunc to the Petition Date* (the “Application”) for entry of an order, substantially in the form attached as **Exhibit “A,”** authorizing the Debtors to retain and employ Crowe & Dunlevy, P.C. (“C&D”) as their counsel, effective *nun pro tunc* to the Petition Date (as defined below). In support of this Application, the Debtors submit and fully incorporate by reference the Declaration of Vickie Driver (the “Driver Declaration”), which is attached as **Exhibit “B,”** and the Declaration of Karen G. Nicolaou, which is attached as **Exhibit “C,”** and respectfully states as follows:

I. JURISDICTION, VENUE, AND STATUTORY PREDICATES

1. This Court has jurisdiction over the Application pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b).
2. Venue is proper in this Court pursuant to 28 U.S.C. §§ 1408 and 1409.
3. The bases for relief requested herein are Sections 105(a), 327(a), 329, 330, 331, 1107, and 1108 of the Bankruptcy Code, Bankruptcy Rules 2014 and 2016, and Local Rules 2014-1, 2016-1, and 9013-1.

II. BACKGROUND

4. On May 2, 2019 (the “Petition Date”), the Debtors filed their voluntary petitions for relief under Chapter 11 of Title 11 of the United States Code (the “Bankruptcy Code”), commencing the above captioned cases (the “Chapter 11 Cases”). The Debtors continue to manage and operate their business as debtors-in-possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.

5. An official committee of unsecured creditors has not been appointed in these Chapter 11 Cases. Further, no trustee or examiner has been requested or appointed in these Chapter 11 Cases.

6. A more detailed description of the Debtors and their business, the facts and circumstances leading up to the filing of the Chapter 11 Cases, and the facts supporting the Application are set forth in greater detail in the *Declaration of Karen G. Nicolaou in Support of First Day Motions* (the “First Day Declaration”), which is fully incorporated by reference in this Application.

III. RELIEF REQUESTED

7. By this Application, the Debtors seek entry of an order, substantially in the form attached as Exhibit “A,” authorizing the Debtors to retain and employ C&D as their counsel in these Chapter 11 Bankruptcy Cases.

IV. QUALIFICATIONS

8. The Debtors seek to retain C&D because, among other reasons, (a) C&D has extensive experience and knowledge in the field of debtors’ protections, creditors’ rights, and business reorganizations under chapter 11 of the Bankruptcy Code, and (b) C&D has become very familiar with the Debtors’ operations, business, material agreements, and potential legal

issues that may arise in the context of these Chapter 11 Cases. If this Application is approved, Vickie Driver will serve as lead counsel for the Debtor in these Chapter 11 Cases, and will be assisted by Christina Stephenson and Christopher Staine. This group of bankruptcy professionals collectively has over 38 years of experience representing debtors and creditors in a variety of bankruptcy proceedings, with a particular focus on the healthcare industry. The mailing address, state bar numbers, telephone numbers, and e-mail addresses for each of these bankruptcy professionals may be found in the signature block below. By all accounts, the Debtors believe that C&D is both well-qualified and uniquely able to represent the Debtors as their counsel in these Chapter 11 Cases, pursuant to Section 327(a) of the Bankruptcy Code.

V. SERVICES TO BE PROVIDED

9. The Debtors anticipate that C&D will, among other things, render the following legal services:

- provide legal advice with respect to the Debtors' powers and duties as debtors-in-possession in the operation of their business and the management of estate property;
- take all necessary steps to protect and preserve the Debtors' bankruptcy estates;
- serve as counsel of record for the Debtors in all aspects of these Chapter 11 Cases, including, without limitation, the prosecution of actions on behalf of the Debtors, the defense of any actions commenced against the Debtors, and objections to claims filed against the Debtors' estate;
- prepare on behalf of the Debtors all necessary motions, orders, reports, and other legal papers in connection with the administration of the Debtors' estates;
- advise the Debtors with respect to corporate and litigation matters;
- consult with the Office of the United States Trustee for the Northern District of Texas, any official committee of unsecured creditors appointed in these Chapter 11 Cases, the appointed Patient Care Ombudsman, and all other creditors and parties-in-interest concerning the administration of these Chapter 11 Cases; and
- provide representation and all other bankruptcy-related legal services required by the

Debtors in discharging their duties as debtors-in-possession or otherwise in connection with these Chapter 11 Cases.

VI. PROFESSIONAL COMPENSATION

10. C&D intends to apply for compensation for professional services rendered on an hourly basis and reimbursement of expenses incurred in connection with these Chapter 11 Cases, subject to the Court's approval and in compliance with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, and any other applicable procedures and orders of the Court. C&D also intends to make every reasonable effort to comply with the *Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330 by Attorneys in Larger Chapter 11 Cases*.

11. Subject to the Court's approval, C&D will charge for its legal services on an hourly basis, in accordance with C&D's ordinary and customary hourly rates for services of this type and nature and for this type of matter. Legal fees will be billed based upon rates in effect on the date when the legal service is rendered. Expenses will be billed to reimburse C&D for its actual, reasonable, and necessary out-of-pocket expenses incurred in connection with its representation of the Debtors in these Chapter 11 Cases. The following are C&D's current hourly rates for restructuring work of this nature:

- Shareholders/Directors: \$370-545
- Associates: \$220-285
- Paraprofessionals: \$150-200

C&D's hourly rates are set at a level designed to compensate C&D fairly for the work of its attorneys and paraprofessionals, and to cover fixed and routine expenses. Hourly rates vary with experience and seniority of the individuals assigned. Hourly rates are subject to periodic

adjustments to reflect economic and other conditions.

VII. PREPETITION COMPENSATION

12. Prior to the Petition Date, the Debtors paid C&D \$425,000 (the “Prepetition Retainer”). Per Debtor, C&D received \$400,000 for LaSalle, \$25,000 for West Houston and no retainer for the remainder of the RealCo² Debtors. Those funds constituted an advanced payment retainer under the Engagement Letter Agreement between the Debtors and C&D. Prior to the Petition Date, \$96,071.61 of the Prepetition Retainer was applied to outstanding fees and expenses incurred prepetition in connection with the bankruptcy and debt restructuring-related advice and corporate counseling provided by C&D to the Debtors.

13. Pursuant to Bankruptcy Rule 2016(b), C&D has neither shared nor agreed to share (a) any compensation it has received or may receive from the Debtors with any other party or person, other than with C&D professionals; or (b) any compensation another person or party has received or may receive.

VIII. NO DUPLICATION OF SERVICES

14. The Debtors believe that the services provided by C&D will not duplicate the services that other professionals may provide to the Debtors in these Chapter 11 Cases. Specifically, C&D will carry out unique functions and will use reasonable efforts to coordinate with the Debtors and any other retained professionals in these Chapter 11 Cases to avoid unnecessary duplication of services or effort.

IX. BASIS FOR RELIEF

15. Section 327(a) of the Bankruptcy Code provides that a debtor, subject to Court approval:

² Any capitalized terms not defined herein shall have the meanings ascribed to them in the First Day Declaration.

[M]ay employ one or more attorneys, accountants, appraisers, auctioneers, or other professional persons, that do not hold or represent an interest adverse to the estate, and that are disinterested persons, to represent or assist the trustee in carrying out the trustee's duties under this this title.

11 U.S.C. § 327(a).

16. Bankruptcy Rule 2014(a) requires that a retention application include:

[S]pecific facts showing the necessity for the employment, the name of the [firm] to be employed, the reasons for the selection, the professional services to be rendered, any proposed arrangement for compensation, and, to the best of the applicant's knowledge, all of the [firm's] connections with the debtor, creditors, any other party in interest, their respective attorneys and accountants, the United States trustee, or any person employed in the office of the United States trustee.

FED. R. BANKR. P. 2014.

17. For all of the reasons stated in this Application and in the Driver Declaration, the retention and employment of C&D as the Debtors' counsel, pursuant to Section 327(a) of the Bankruptcy Code and Bankruptcy Rule 2014 is warranted.

A. C&D's Retention is Necessary and is in the Best Interests of the Debtors' Estates.

18. In light of C&D's considerable restructuring experience and its institutional knowledge of the Debtors' operations, the Debtors believe that the immediate retention of C&D as counsel to the Debtors is both necessary and in the best interests of the Debtors' estates. To be sure, if forced to search for, identify, and retain alternative counsel to replace C&D, the Debtors will expend significant resources to educate and integrate that new counsel, instead of devoting that time and focus on their reorganization efforts in these Chapter 11 Cases.

B. C&D Neither Holds nor Represents any Interest Adverse to the Debtors' Estates and is a "Disinterested Person" within the Meaning of Section 101(14) of the Bankruptcy Code.

19. To the best of the Debtors' knowledge, information and belief, and except as disclosed in this Application and in the Driver Declaration, C&D: (i) does not represent, and

does not hold, any interest adverse to the Debtors' estates; and (ii) is a "disinterested person" within the meaning of section 101(14) of the Bankruptcy Code and has no connection to the Debtors, their creditors, or other parties-in-interest.

20. C&D will use all reasonable efforts to see that no conflicts or other disqualifying circumstances exist or arise during the pendency of these Chapter 11 Cases. If any new material facts or relationships are discovered or arise, C&D will use all reasonable efforts to identify them and will promptly file a supplemental declaration, as required by Bankruptcy Rule 2014.

X. NOTICE

21. Notice of this Application has been provided to the parties listed on the Limited Service List. Further, a copy of this Application is publicly available on the following website that is hosted by Donlin, Recano & Company, Inc., the Debtors' claims and noticing agent: <https://www.donlinrecano.com/Clients/lasalle/Index>. In light of the nature of the relief requested, the Debtors submit that no other or further notice is necessary or required.

XI. NO PRIOR REQUEST

22. No previous request for the relief sought herein has been made to this Court or any other court.

XII. CONCLUSION

WHEREFORE, the Debtors respectfully requests that this Court enter an order (i) granting this Application; (ii) authorizing the Debtors to employ and retain C&D as counsel to the Debtors, effective retroactively to the Petition Date; and (iii) granting such other relief as the Court deems appropriate under the presented facts and circumstances.

Dated: June 1, 2019.

By: /s/ Karen G. Nicolaou
CRO, The LaSalle Group, Inc.

By: /s/ Karen G. Nicolaou
CRO, West Houston Memory Care, LLC

By: /s/ Karen G. Nicolaou
CRO. Cinco Ranch Memory Care, LLC

By: /s/ Karen G. Nicolaou
CRO, Pearland Memory Care, LLC

By: /s/ Karen G. Nicolaou
CRO, Riverstone Memory Care
Center, LLC

CROWE & DUNLEVY, P.C.

By: /s/ Christina W. Stephenson
Vickie L. Driver
State Bar No. 24026886
Christina W. Stephenson
State Bar No. 24049535
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PROPOSED COUNSEL FOR DEBTORS

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing pleading was served by Donlin, Recano & Company, Inc. upon the parties on the Limited Service List via e-mail, U.S. Mail, and/or electronic transmission via the Court's ECF noticing system on this 1st day of June, 2019.

By: /s/ Christina W. Stephenson
Christina W. Stephenson

Schedule 1**List of Debtors**

#	Debtor Name	Case No.	EIN
1	The LaSalle Group, Inc.	19-31484	0143
2	West Houston Memory Care, LLC	19-31485	2760
3	Cinco Ranch Memory Care, LLC	19-31486	2716
4	Pearland Memory Care, LLC	19-31488	5311
5	Riverstone Memory Care, LLC	19-31493	5407