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

IN RE:

**THE LASALLE GROUP, INC. *et al*,

Debtors.**

§
§ **Case No. 19-31484-sgj-11**
§
§ **Chapter 11**
§

**MOTION FOR EXPEDITED CONSIDERATION OF MOTION FOR ENTRY OF
ORDER DIRECTING MEDIATION**
[Relates to Dkt. No. 452]

TLG Family Management, LLC (“TLGFM”), and files this Motion for Expedited Consideration (the “Motion”), seeking an order from the Court for the entry of an order expediting the hearing on TLGFM’s Motion for Entry of Order Directing Mediation [Dkt. No. 452] (the “Motion to Direct Mediation”). In support of this Motion, TLGFM respectfully represent as follows:

I. JURISDICTION AND VENUE

1. This Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding and this Motion is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409. The statutory predicate for the relief requested in this Motion is Section 105 of the Bankruptcy Code.

II. RELEVANT BACKGROUND

2. On May 02, 2019 (the “Petition Date”), LaSalle and four affiliates (collectively, the “Debtors”) filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code, initiating the above-captioned jointly administered cases (“Cases”). The Debtors remain in possession of their estates, and are run by their Chief Restructuring Officer, Karen Nicolaou.

3. No request for a trustee or examiner has been made. A statutory committee of creditors has been appointed, as well as a Patient Care Ombudsman for the RealCo Debtors.¹

III. REQUEST FOR RELIEF

4. As set forth more fully in the Motion to Direct Mediation, on August 13, 2019, TLGFM filed its Motion for Allowance and Payment of Administrative Expenses Pursuant to 11 U.S.C. § 503(B)(1) [Dkt. No. 304] (the “Motion for Administrative Expenses”). Three objections were filed in response. *See* Dkt. Nos. 358 (Origin), 364 (Veritex),² and 383 (the Debtors). The issues raised in response to TLGFM’s Motion for Administrative Expenses relate to issues that extend beyond those raised by the TLGFM administrative claim and would be outside the scope of the administrative claim at issue. The issues are better suited to resolution through a Court-ordered mediation.

5. Further, on October 10, 2019, this Court heard and approved the Debtors’ *Motion to Approve Procedures for De Minimis Asset Transactions* [Dkt. No. 285] (the “De Minimis Asset Motion”). Despite months of negotiations between LaSalle and TLGFM with respect to certain

¹ The four debtors referred to herein as “RealCo” Debtors are: West Houston Memory Care, LLC (“West Houston”); Cinco Ranch Memory Care, LLC (“Cinco Ranch”); Pearland Memory Care, LLC (“Pearland”); and Riverstone Memory Care, LLC (“Riverstone”). The non-debtors referred to herein as “OpCos” are those certain entities that own those certain Memory Care Facilities (as that term is defined herein) and in which LaSalle is directly or indirectly the managing member, holds an ownership interest, or is a co-obligor under a lease.

² On information and belief, Veritex no longer holds the note in respect of the RealCo Debtors of Cinco Ranch and Pearland. *C.F.* Dkt. No. 434 (NOA of SH1’s counsel).

property that is covered by De Minimis Asset Motion, TLGFM has information and belief that Origin will object to any proposed transfer to TLGFM under the procedures established by the De Minimis Asset Motion. *See, e.g.* Email Correspondence from Lynda L. Lankford regarding the Order on De Minimis Asset Sale Motion, attached hereto as Exhibit A (“I had understood that you would seek Origin’s consent for the sale of any collateral).

6. While Origin continues to object to any proposed solution, TLGFM’s administrative claim continues to accrue, as TLGFM continues to provide services to the RealCo Debtors, office space to LaSalle, and extra-contractual services to LaSalle. In the meantime, the Debtors’ estates continue to approach administrative insolvency. Because the Debtors are at or near administrative insolvency and Origin refuses to compromise, TLGFM believes that a Court-ordered mediation is necessary to propel the cases materially forward.

7. The hearing on TLGFM’s Motion for Administrative Expenses is currently set for November 13, 2019. *See* Dkt. No. 451. In event of a successful mediation, TLGFM’s administrative claim will be resolved and TLGFM will have no further need to go forward with that hearing. An expedited resolution of the Motion to Direct Mediation will allow the parties sufficient time to find an agreeable mediator, set an agreeable date and time for mediation, and potentially complete mediation before the November 13 hearing on TLGFM’s Motion for Administrative Expenses. Expedited consideration of this Motion would further aid in propelling the Cases toward a viable solution and help the Debtors shed some of their administrative burden.

8. The Debtors do not oppose an expedited setting, but Origin opposes expedited consideration because it opposes the idea of any relief being granted to TLGFM.

9. As for the remaining Mandatory Participants, Mitchell W. Warren does not oppose the Motion. SH1 Houston advised that it believes that the relief is premature as to it, and, as such,

it is opposed to the substantive relief requested in the Motion to Direct Mediation. Counsel for SH1 Houston did not advise whether it is opposed to expedited consideration of the Motion to Direct Mediation.

IV. PRAYER

TLGFM respectfully requests that the Court hear the Motion for Entry of an Order Directing Mediation on an expedited basis. TLGFM further requests that the Court grant such other relief as the Court may deem proper.

Dated: October 17, 2019

Respectfully submitted,

HEDRICK KRING, PLLC

By: /s/ Megan E. Servage

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CERTIFICATE OF CONFERENCE

On October 17, 2019 counsel for TLGFM conferenced with counsel the Mandatory Participants: (i) the Debtors; ii) Origin Bank; (iii) SH1 Houston; and (iv) Mitchell W. Warren, in his individual capacity. Both the Debtors and Mitchell W. Warren are unopposed to expedited consideration. Origin is opposed to expedited consideration. Counsel for SH1 Houston did not advise whether it is opposed to expedited consideration of the Motion to Direct Mediation.

/s /Megan E. Servage
Megan E. Servage

CERTIFICATE OF SERVICE

A true and correct copy of the foregoing document was filed with the Court and served electronically upon those parties registered to receive electronic notice via the Court's CM/ECF system on this 17th day of October, 2019.

/s / Megan E. Servage
Megan E. Servage