

**UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

In re:	:	Chapter 11
	:	
Wordsworth Academy,	:	Case No. 17-14463 (AMC)
	:	
Debtor.	:	(Joint Administration Requested)
	:	
In re:	:	Chapter 11
	:	
Wordsworth CUA 5, LLC,	:	Case No. 17- 14466
	:	
Debtor.	:	(Joint Administration Requested)
	:	
In re:	:	Chapter 11
	:	
Wordsworth CUA 10, LLC,	:	Case No. 17- 14467
	:	
Debtor. <sup>1</sup>	:	(Joint Administration Requested)
	:	

**DECLARATION OF LAWRENCE G. McMICHAEL  
OF DILWORTH PAXSON LLP AND  
STATEMENT PURSUANT TO BANKRUPTCY RULES 2014 and 2016(b)**

I, Lawrence G. McMichael, hereby submit this declaration in support of the application of Wordsworth Academy, *et al.*, as debtors and debtors-in-possession (the “Debtors”) for entry of an order authorizing and approving the employment and retention of Dilworth Paxson LLP as counsel for the Debtors pursuant to 11 U.S.C. § 327(a) (the “Retention Application”).

1. The information contained in this Declaration is true and correct to the best of my knowledge and belief.

2. I am an attorney-at-law, duly admitted to practice in the Commonwealth of Pennsylvania and in this Court, and I am a partner in the law firm of Dilworth Paxson LLP

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<sup>1</sup> The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor’s federal tax identification number, are: Wordsworth Academy (9031); Wordsworth CUA 5, LLC (0983); and Wordsworth CUA 10, LLC (5980). Wordsworth Academy has an address at 3300 Henry Ave., Philadelphia, PA 19129.

(“Dilworth”), with offices at 1500 Market Street, Suite 3500E, Philadelphia, PA 19102.

3. Unless otherwise stated in this Declaration, I have personal knowledge of the facts hereinafter set forth.

4. Neither Dilworth, nor any partner or associate thereof, has received any promises of compensation in connection with these cases other than in accordance with the provisions of the Bankruptcy Code. Dilworth has not shared, nor agreed to share, any compensation it has received or may receive with another party or person, other than with the partners and associates of Dilworth, nor has Dilworth agreed to share any compensation that any other person or party has received or may receive.

5. As of the Petition Date, Dilworth had no balance owed for services rendered and costs incurred, and held no retainer for services to be rendered in these chapter 11 cases. The standard hourly rates of the attorneys and paralegals that have provided, and that Dilworth anticipates will continue to provide legal services to the Debtors are currently as follows:

Lawrence G. McMichael	\$895.00
Peter C. Hughes	\$575.00
Anne M. Aaronson	\$520.00
Erik L. Coccia	\$330.00
Christine Chapman-Tomlin (Paralegal)	\$180.00
Miriam L. Dolan (Paralegal)	\$175.00

6. The Debtors propose to pay Dilworth at a 10% discount of its customary hourly rates in effect from time to time. Dilworth’s hourly rates are typically adjusted annually as of January 1<sup>st</sup>. Such discount will apply to Dilworth’s hourly fees only and not to expenses.

7. Consistent with Dilworth’s policy with respect to its clients, Dilworth will continue to charge the Debtors for all other services provided and for all other charges and disbursements including, among other things, filing fees, telephone charges, photocopying, travel, business meals, computerized research, messengers, couriers, postage, witness fees and other fees relating to trials and hearings.

8. Dilworth received from the Debtors \$64,541.36 in the period from March 28, 2017 to May 1, 2017 as follows:

<u>DATE</u>	<u>INVOICE DATE</u>	<u>MATTER</u>	<u>AMOUNT</u>
3/28/17	1/10/17	Former CEO	\$3,735.25
3/28/17	2/21/17	Investigation	\$2,500.00
3/28/17	2/8/17	Termination	\$3,885.78
4/10/17	12/22/16	Investigation	\$25,424.51
5/1/17	12/22/16	Investigation	\$28,995.82
TOTAL:			\$64,541.36

To avoid any disinterestedness issue, Dilworth returned the sum of \$64,541.36 to the Debtors by wire on June 5, 2017.

9. In addition to the payments above, Dilworth received the following payments with respect to the Debtors’ financial issues and Chapter 11 preparation, which payments were applied to invoices dated as follows:

Amount	Payment Date	Applied to Invoice(s) Dated
\$150,000	6/2/17	6/6/17, 6/9/17, 6/12/17, 6/21/17
\$50,000	6/12/17	6/21/17

\$50,000	6/16/17	6/21/17, 6/27/17
\$50,000	6/23/17	6/27/17, 6/29/17, 6/30/17 (pre-petition only)

10. Dilworth has reviewed the Creditors matrix in this case for potential conflicts. Based on this review, Dilworth has determined that it has represented within the previous two years or is currently representing the parties indicated on Exhibit “A,” attached hereto. These representations are unrelated to the Debtors’ bankruptcy cases. Dilworth will not represent anyone other than the Debtors in connection with these bankruptcy cases.

11. With the exception of the entities identified on Exhibit “A” attached hereto, Dilworth does not represent any creditors of the Debtors or other parties in interest.

12. Dilworth represents Public Health Management Corporation (“PHMC”) in matters unrelated to the Debtors. As of the Petition Date, PHMC may be a creditor of the Debtors. The Debtors have been engaged in discussions and have entered into agreements with PHMC regarding a possible transaction. PHMC has been represented by counsel other than Dilworth at all times with respect to such discussions and agreements.


13. Dilworth’s revenue from PHMC representations in matters unrelated to the Debtors represents less than 1% of the firm’s annual revenue.

14. Cheltenham School District is included on the Creditors matrix in these cases because one or more of the Debtors provide services to Cheltenham Township. Normally, Cheltenham Township is not owed any money by the Debtors. Occasionally, however, Cheltenham Township may overpay the Debtors for services and therefore be owed by the Debtors to the extent of the overpayment. Cheltenham Township was not owed any money by the Debtors as of the Petition Date. Gary D. Colby, a Dilworth attorney, is a candidate in the

Cheltenham Township School Board election which will take place in November 2017. He is not presently a school board member. Mr. Colby has not done any work for the Debtors, will not do any work for the Debtors going forward, and will be screened from any matters relating to the Debtors or the bankruptcy cases.

15. Based on the above, Dilworth does not hold or represent any interest adverse to the Debtors.

16. Accordingly, I submit that Dilworth has complied with Rules 2014 and 2016(b) of the Federal Rules of Bankruptcy Procedure.

  
Lawrence G. McMichael

**EXHIBIT A**

**EACH ENTITY LISTED ON THIS EXHIBIT REPRESENT LESS THAN 2% OF THE FIRM'S ANNUAL REVENUES FOR CALENDAR YEAR 2016 AND CALENDAR YEAR 2015.**

**1. Creditors or parties in interest of Wordsworth Academy, *et al.* that are currently represented by Dilworth Paxson LLP in unrelated matters:**

- a. PECO
- b. SEPTA
- c. Public Health Management Corporation
- d. De Lage Landon Financial Services, Inc.
- e. City of Philadelphia
- f. UPS
- g. PA Turnpike Commission
- h. Philadelphia Housing Authority
- i. Caleco
- j. Commonwealth of Pennsylvania
- k. Devereux Foundation
- l. Asociacion Puertorriqueno
- m. Wells Fargo, as Trustee
- n. Temple University

**2. Creditors or parties in interest of Wordsworth Academy, *et al.* that are not currently represented by Dilworth Paxson LLP but have been represented by Dilworth Paxson in the past two years in unrelated matters:**

- a. Verizon
- b. PGW
- c. Singer Equipment Company
- d. Wells Fargo Bank
- e. Aqua Pennsylvania
- f. ADP
- g. Horsham Township
- h. Wood Services
- i. Children's Choice Inc.
- j. Exelon
- k. GE Capital
- l. Drexel University
- m. Carson Valley Children's Aid
- n. Atlantic Diagnostic Laboratories, LLC