

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

In re:	:	Chapter 11
	:	
Wordsworth Academy, <i>et al.</i> , ¹	:	Case No. 17-14463 (AMC)
	:	
Debtors.	:	Jointly Administered
	:	

**RESPONSE OF THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS
TO THE DEBTORS' MOTION TO INCREASE SALARY OF CHIEF
EXECUTIVE OFFICER/CHIEF FINANCIAL OFFICER**

To the Honorable Ashely M. Chan, United States Bankruptcy Judge:

The Official Committee of Unsecured Creditors (the "**Committee**") appointed in the cases (the "**Cases**") of the above-captioned Debtors and Debtors-in-Possession (collectively, the "**Debtors**"), by and through its counsel, hereby responds to the Debtors' *Motion to Approve Increased Salary of Chief Executive Officer/Chief Financial Officer nunc pro tunc to July 1, 2017 Pursuant to Local Bankruptcy Rule 4002-1* (the "**Motion**"), and respectfully represents as follows:

BACKGROUND

1. On June 30, 2017 (the "**Petition Date**"), the Debtors each filed a voluntary petition for relief under chapter 11 of title 11, United States Code (the "**Bankruptcy Code**") with the United States Bankruptcy Court for the Eastern District of Pennsylvania.

¹ 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.

2. The Debtors are operating their businesses and managing their properties as debtors-in-possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.

3. On July 14, 2017, the United States Trustee for Region 3 appointed the Committee.

THE MOTION

4. On August 25, 2017, the Debtors filed the Motion, seeking to increase the salary being paid to Donald Stewart *nunc pro tunc* to July 1, 2017. Pursuant to the Motion, Mr. Stewart's pre-petition salary of \$145,000 was for services rendered as Chief Financial Officer of Wordsworth Academy, but that as of the Petition Date, Mr. Stewart was also acting as Chief Executive Officer. As a result, the Debtors' seek to approve an increase in Mr. Stewart's salary from \$145,000 to \$175,000.

RESPONSE TO MOTION

5. The Committee has reviewed the Motion and has had discussions with the Debtors' professionals with respect to the basis of the Motion, and takes no position with respect to the Motion. The Committee does not believe that a disruption in management would benefit any party in this case. However, the Committee urges the Debtors at the hearing on the Motion to describe to the Court what additional responsibilities Mr. Stewart has as Chief Executive Officer that he was not undertaking as Chief Financial Officer to make clear that such additional duties warrant a 20% increase in salary at this stage of the Debtors' cases. This is particularly important because of the involvement of PHMC in the Debtors' operations and the fact that the Cases are nearing a conclusion.

6. The Committee expressly reserves its right to further address the Court at the hearing on the Debtors' Motion.

Respectfully submitted,

Dated: September 22, 2017

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