

**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
	:	

**MOTION OF THE REORGANIZED DEBTORS FOR APPROVAL OF
ESCROW OF FUNDS DESIGNATED AS DISTRIBUTABLE CASH UNDER THE PLAN**

The above-captioned debtors (the “Debtors” or “Reorganized Debtors”) hereby seek approval of the Bankruptcy Court with respect to the escrow of funds designated under the Debtors’ confirmed Joint Plan of Reorganization as Distributable Cash, and in support thereof represent as follows:

1. On June 30, 2017 (the “Petition Date”), each of the Debtors filed a voluntary petition for relief with the Court under Chapter 11 of Title 11 of the Bankruptcy Code.
2. The Debtors operated their businesses and managed their property as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.
3. No request for the appointment of a trustee or examiner has been made in these Chapter 11 cases (the “Chapter 11 Cases”). An Official Committee of Unsecured Creditors has been appointed.
4. The Chapter 11 cases are jointly administered.

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.

5. The Debtors' Joint Chapter 11 Plan dated as of December 13, 2017 (the "Plan") was confirmed by the Court by Order dated December 18, 2017.

6. The Effective Date of the Plan occurred as of January 1, 2018.

The Distributable Cash

7. The Plan provides that Distributable Cash in the amount of \$400,000 shall be distributed pro rata to holders of Class 5 general unsecured claims. Such Distributable Cash cannot be distributed until the allowed amount of each Class 5 Claim is determined, because the holders of Allowed Class 5 claims receive a pro rata distribution of the Distributable Cash.

8. The Plan further provides that the Distributable Cash shall be held in a Distribution Account pending distribution to creditors.

9. The Distributable Cash is currently held in a Dilworth Paxson LLP IOLTA account.

10. The Reorganized Debtors propose that the Distributable Cash be held in an interest bearing account to be established at Firsttrust Bank by Dilworth Paxson LLP as counsel to the Reorganized Debtors. Such account shall be titled in the name of "Dilworth Paxson LLP, in trust for certain unsecured creditors of Wordsworth Academy et al."

11. The Debtors further propose that the signature of two Dilworth Paxson partners, Lawrence G. McMichael and Peter C. Hughes, be required to withdraw funds from the Distribution Account.

12. The Debtors have been named in the notice of the Effective Date of the Plan as the Distribution Agent under the Plan. The Debtors will therefore make the distributions to Class 5 creditors required under the Plan.

13. Dilworth Paxson will therefore turn the \$400,000 (plus any interest) representing the Distributable Cash over to the Debtors at such time as distributions are appropriate under the Plan.

Local Bankruptcy Rules 2010-1 and 2014-2

14. Local Bankruptcy Rule 2010-1 provides:

(a) Trustees. In a chapter 7 case or a chapter 11 case in which a trustee has been appointed, the trustee is the only person who may have signatory or other authority to control or disburse funds or other property of the estate.

(b) Attorneys. An attorney whose employment is approved under § 327 of the Code shall not establish or exercise any signatory or other authority to control or disburse funds or other property of the estate unless the attorney is also serving as the trustee or a court approved escrow agent.

15. Similarly, Local Bankruptcy Rule 2014-2 provides:

An attorney whose employment is approved under § 327 shall not establish or exercise any signatory or other authority to control or disburse funds or other property of the estate except when also serving as trustee or when serving as an escrow agent.

16. In this instance, Dilworth Paxson LLP seeks to act as an escrow agent by holding the funds in trust, with such funds to be turned over to the Debtors at the appropriate time.²

17. Accordingly, under Local Bankruptcy Rule 2010-1, the Reorganized Debtors seek the Bankruptcy Court's approval to serve as escrow agent.

² For the avoidance of doubt, there is no written escrow agreement governing an escrow of Distributable Cash. As set forth in this Motion, Dilworth Paxson LLP shall be required to turn the funds representing the Distributable Cash over to the Debtors at such time as distribution to Class 5 creditors is appropriate under the Plan.

WHEREFORE, the Reorganized Debtors respectfully request that this Court enter the Order filed herewith, approving the establishment of a bank account by Dilworth Paxson LLP in trust for the Debtors.

Respectfully submitted,

Dated: January 11, 2018
Philadelphia, Pennsylvania

/s/ Peter C. Hughes

DILWORTH PAXSON LLP

Lawrence G. McMichael

Peter C. Hughes

Anne M. Aaronson

1500 Market St., Suite 3500E

Philadelphia, PA 19102

Telephone: (215) 575-7000

Facsimile: (215) 575-7200

Counsel to the Reorganized Debtors