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SULLIVAN HILL REZ & ENGEL
A Professional Law Corporation
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Electronically Filed: 02/20/2020

Attorneys for Debtor
and Debtor In Possession,
Vestavia Hills, Ltd.

UNITED STATES BANKRUPTCY COURT
Southern District of California

In re	}	CASE NO.
VESTAVIA HILLS, LTD.	}	Chapter 11
DBA MOUNT ROYAL TOWERS,	}	DEBTOR'S FIRST CHAPTER 11
Debtor.	}	STATUS REPORT
	}	Date:
	}	Time:
	}	Dept.:
	}	Judge:

Vestavia Hills, Ltd., the debtor and debtor in possession herein (“Debtor”), hereby submits this Chapter 11 Status Report pursuant to the Court’s order entered January 13, 2020.

The January 13, 2020 order requires the Debtor to address various issues, including the following:

Closure of Bank Accounts

The Debtor has closed all of its pre-petition bank accounts, other than:

(1) the “Patient Trust Account,” which the Court authorized the Debtor to maintain by order entered January 24, 2020 (ECF 53); and

1 (2) the “Reserve Account,” which the Debtor was able to convert to a debtor-
2 in-possession account without jeopardizing the flow of revenue from the government
3 or insurance companies, to the satisfaction of the United States Trustee, as described
4 in ECF 7.

5 **Applications to Employ Professionals**

6 The following applications to employ professionals have been filed and/or ruled
7 upon:

8 (1) Application to Employ Sullivan Hill Rez & Engel as General Counsel
9 (ECF 40) – granted by order entered January 30, 2020 (ECF 80).

10 (2) Application to Employ Squar Milner, LLP as Accountants (ECF 52) –
11 granted by Order entered February 3, 2020 (ECF 96).

12 (3) Application to Employ Elisabeth Eisner as Special Transactional Counsel
13 (ECF 87) – granted by order entered February 10, 2020 (ECF 112).

14 (4) Amended Application to Employ Campbell Partners, APC as Special
15 Litigation Counsel (ECF 128) – awaiting US Trustee Statement of Position.

16 In addition, the Debtor intends shortly to file an application to employ Alabama
17 regulatory counsel.

18 **Insider Compensation**

19 On January 7, 2020, the Debtor filed a Notice of Intended Action requesting
20 authority to compensate three insiders (ECF 14). The Debtor has resolved all issues
21 raised by the United States Trustee, and the United States Trustee has no objection.
22 Commonwealth has objected (ECF 21 and 73). On February 4, 2020, the Court
23 entered an order authorizing the payment of insider compensation on a final basis to
24 Barbara Lail and further authorizing payment of insider compensation to Renee
25 Barnard and to Charles Barnard on an interim basis pending the final hearing set for
26 February 27, 2020 at which Commonwealth’s remaining objections will be heard
27 (ECF 101).

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Additional Matters

In addition to the matters required to be addressed by the Court’s January 13, 2020 order, the following additional matters are pending:

- (1) Commonwealth’s motion for relief from stay (ECF 56);
- (2) Commonwealth’s motion to compel assumption or rejection of its contract (ECF 130); and
- (3) The Debtor’s motion for a section 105 injunction (ECF 5 in Adversary No. 3:20-ap-90029).

Dated: February 20, 2020

SULLIVAN HILL REZ & ENGEL
A Professional Law Corporation

By: /s/James P. Hill
James P. Hill
Attorneys for Debtor and Debtor in
Possession, Vestavia Hills, Ltd. dba
Mount Royal Towers

CSD 3010 [07/01/18]409288-v1
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 Attorneys for Debtor and Debtor In Possession,
 Vestavia Hills, Ltd. dba Mount Royal Towers

UNITED STATES BANKRUPTCY COURT
 SOUTHERN DISTRICT OF
 CALIFORNIA
 325 West F Street, San Diego, California 92101-6991

In Re
 VESTAVIA HILLS, LTD. dba MOUNT ROYAL
 TOWERS,
 Debtor.

BANKRUPTCY NO. 20-00018-LA11

Plaintiff(s)

ADVERSARY NO.

v.
 ,
 Defendant(s)

PROOF OF SERVICE

I, Laurel L. Dinkins am a resident of the State of California, over the age of 18 years, and not a party to this action.

On February 20, 2020, I served the following documents:

1. DEBTOR'S FIRST CHAPTER 11 STATUS REPORT

1. To Be Served by the Court via Notice of Electronic Filing ("NEF"):

Under controlling Local Bankruptcy Rules(s) ("LBR"), the document(s) listed above will be served by the court via NEF and hyperlink to the document. On February 20, 2020, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following person(s) are on the Electronic Mail Notice List to receive NEF transmission at the e-mail address(es) indicated and/or as checked below:

- Julian Gurule jgurule@buchalter.com, smartin@buchalter.com, docket@buchalter.com
- Christopher V. Hawkins hawkins@sullivanhill.com, hill@sullivanhill.com; cashman-kramer@sullivanhill.com; bkstaff@sullivanhill.com; vidovich@ecf.inforuptcy.com; hawkins@ecf.inforuptcy.com
- James P. Hill Hill@sullivanhill.com, hawkins@sullivanhill.com; bkstaff@sullivanhill.com; vidovich@ecf.inforuptcy.com; hill@ecf.inforuptcy.com; cashman-kramer@sullivanhill.com
- J. Barrett Marum bmarum@sheppardmullin.com, egarcia@sheppardmullin.com
- David Ortiz david.a.ortiz@usdoj.gov, USTP.REGION15@USDOJ.GOV; tiffany.l.carroll@usdoj.gov; abram.s.feuerstein@usdoj.gov
- William A. Smelko bill.smelko@procopio.com, angela.stevens@procopio.com; calendaring@procopio.com
- Randy B. Soref rsoref@polsinelli.com

- United States Trustee ustp.region15@usdoj.gov

Chapter 7 Trustee:

For Chpt. 7, 11, & 12 cases:
UNITED STATES TRUSTEE
ustp.region15@usdoj.gov

For ODD numbered Chapter 13 cases:
THOMAS H. BILLINGSLEA, JR., TRUSTEE
Billingslea@thb.coxatwork.com

For EVEN numbered Chapter 13 cases:
DAVID L. SKELTON, TRUSTEE
admin@ch13.sdcoxmail.com
dskelton13@ecf.epiqsystems.com

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2. **Served by United States Mail:**

On _____, I served the following person(s) and/or entity(ies) at the last known address(es) in this bankruptcy case or adversary proceeding by placing accurate copies in a sealed envelope in the United States Mail via 1) first class, postage prepaid or 2) certified mail with receipt number, addressed as follows:

3. **Served by Personal Delivery, Facsimile Transmission, Overnight Delivery, or Electronic Mail:**

Under Fed.R.Civ.P.5 and controlling LBR, on _____, I served the following person(s) and/or entity(ies) by personal delivery, or (for those who consented in writing to such service method), by facsimile transmission, by overnight delivery and/or electronic mail as follows:

I declare under penalty of perjury under the laws of the United States of America that the statements made in this proof of service are true and correct.

Executed on February 20, 2020
(Date)

Laurel L. Dinkins /s/Laurel L. Dinkins
(Typed Name and Signature)

600 B Street, Suite 1700
(Address)

San Diego, CA 92101
(City, State, ZIP Code)