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UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY

In re:	Case No. 25-22156 (ABA)
	Chapter 11
Skyline Tower Resort Vacation Condominium Association, Inc.,	
	Judge Andrew B. Altenburg Jr.
Debtor.	Hearing Date:

OBJECTION OF THE UNITED STATES TRUSTEE TO DEBTOR'S APPLICATION FOR ENTRY OF AN ORDER AUTHORIZING AND APPROVING THE EMPLOYMENT AND RETENTION OF K&L GATES LLP AS SPECIAL COUNSEL TO THE DEBTOR EFFECTIVE AS OF THE PETITION DATE

The United States Trustee (the "U.S. Trustee"), by and through counsel, in furtherance of his duties and responsibilities under 28 U.S.C. §§ 586(a)(3) and (5), hereby respectfully submits this Objection (the "Objection") to the Debtor's Application for Entry of an Order Authorizing and Approving the Employment and Retention of K&L Gates LLP as Special Counsel to the Debtor Effective as of the Petition Date (the "Application"). In support of the Objection, the U.S. Trustee respectfully represents as follows:

PRELIMINARY STATEMENT

1. The Debtor seeks to retain K&L Gates, LLP ("K&L Gates") as special counsel

pursuant to 11 U.S.C. § 327(e) in the above-captioned case. However, retention under section 327(e) of the Bankruptcy Code only allows the employment of attorneys for a "specified purpose" other than to represent a debtor in "conducting the case," and requires that attorneys not represent or hold an interest adverse to the debtor or the debtor's estate with respect to the matter on which such attorney is to be employed. Here, proceeding under section 327(e) is improper because the retention of K&L Gates is for more than just a specified purpose; K&L Gates will be conducting the case. It appears this is exactly what the Debtor originally contemplated given that the Corporate Resolution filed with the Petition identifies K&L Gates, and only K&L Gates, as the Debtor's bankruptcy counsel.

2. As set forth in the Declaration of Sheama Holmes-Walker in Support of Debtor's Chapter 11 Petition and Applications for First Day Relief (the "First Day Declaration"), the Debtor's intentions in this case include (i) obtain Association Member consent to the sale of their undivided interest in the Property, jointly with the sale of the interests of the Debtor and other members, pursuant to 11 U.S.C. § 363(h), (ii) approval of marketing, bid and sale procedures for the Property, (iii) authority to sell the Property free and clear of all member interests pursuant to 11 U.S.C. § 363(b), (f), (h) and (j), (iv) terminate or amend the timeshare plan for the Property, (v) authority to assume, reject or terminate executory contracts and unexpired leases, (vi) authority to distribute net sale proceeds as well as all remaining cash and reserves of the Debtor pursuant to a confirmed plan of liquidation or other Bankruptcy Court order; (vii) resolve all claims against the Debtor, and (viii) dissolve the Debtor following the sale and distribution pursuant to a confirmed plan of liquidation or other Bankruptcy Court order. *See* Dkt. 9.

3. Here, the Debtor intends to have its proposed special counsel - not its bankruptcy counsel, Forman Holt - perform the exact services listed in the First Day Declaration including: (i) obtain judgment against Association Members by consent or otherwise authorizing the sale of the Property pursuant to 11 U.S.C. § 363(h), (ii) approval of marketing, bid and sale procedures, (iii) authority to sell the Property free and clear of all member interests pursuant to 11 U.S.C. § 363(b), (f), (h) and (j), (iv) (iv) terminate or amend the timeshare plan for the Property, (v) authority to assume, reject or terminate executory contracts and unexpired leases, (vi) authority to distribute net sale proceeds as well as all remaining cash and reserves of the Debtor pursuant to a confirmed plan of liquidation or other Bankruptcy Court order, (vii) resolve all claims against the Debtor, and (viii) dissolve the Debtor following the sale and distribution pursuant to a confirmed plan of liquidation or other Bankruptcy Court order. *See* Dkt. 59 at ¶ 21.

4. It appears that K&L Gates will be providing the bulk of services concerning the sale of the member interests in the Debtor including but not limited to the marketing, bid and sale procedures, which is the largest issue in the case and appears to be the basis for the plan of liquidation in this case. In addition, it further appears that K&L Gates will be providing other administration services such as assumption or rejection of executory contacts and leases, distribution of net sale proceeds as well as remaining cash and reserves of the Debtor, resolution of all claims of the Debtor, and the dissolution of the Debtor. As these services involve "conducting the case," the retention of K&L Gates pursuant to section 327(e) of the Bankruptcy Code should be denied.[1]

[1] To the extent the Debtor pivots and instead seeks the approval of K&L Gates as co-counsel pursuant to 11 U.S.C. § 327(a), K&L Gates discloses in the Eliades Declaration that it is concurrently representing the Debtor and Wyndham Vacation Resorts, Inc. ("WVR"), who owns 10.17% of the total Vacation Ownership Interests ("VOIs") of the Debtor. *See* Dkt. 59-1 at ¶ 33. As such, K&L Gates concurrently represents the Debtor and a creditor/owner of the Debtor. K&L

BACKGROUND

5. On November 15, 2025 (the "Petition Date"), Skyline Tower Resort Vacation Condominium Association Inc. d/b/a The Boardwalk Brew (the "Debtor") filed a voluntary petition under Chapter 11 of title 11, United States Code (the "Bankruptcy Code"). *See* Dkt. 1. Pursuant to the Certification of Corporate Resolutions Authorizing Filing of Bankruptcy Petition signed November 14, 2025, one day prior to the Petition Date, and filed on the Petition Date attached to the Petition, a Special Membership Meeting of the Debtor was held on October 4, 2025, at which time various resolutions were adopted including "[a]uthorizing and empowering each of the Authorized Persons to employ on behalf of the Association: (i) **the law firm of K&L Gates LLP as Bankruptcy Counsel**; (ii) Hilco Real Estate, LLC as real estate broker; and (iii) any other legal counsel, accountants, financial advisors, restructuring advisors, brokers, noticing agents or other professionals the Authorized Persons deem necessary, appropriate or advisable…". *See id.* at page 6 of 587.

6. Pursuant to the First Day Declaration, the Debtor was formed pursuant to a Master Deed and Timeshare Plan for Fairfield Atlantic City-Skyline Tower, A Condominium dated October 8, 2004, which was amended from time to time (the "Master Deed"). *See* Dkt 9 at ¶ 7.

7. The Master Deed established the Debtor and submitted the property identified in the

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Gates further discloses its relationship with Vacation Resort Management, Inc. (the "Property Manager"), who manages the property for the Debtor. *See id.* at ¶ 34. WVR and the Property Manager are indirect subsidiaries of Travel + Leisure Co. *See id.* Travel + Leisure Co. and certain of its subsidiaries are current clients of K&L Gates. *See id.* As such, K&L Gates represents the Debtor and Travel + Leisure Co., who owns WVR and the Property Manager. K&L Gates' concurrent representation of the Debtor, WVR, and Travel + Leisure Co, who owns the Property Manager, appears to render K&L Gates not disinterested and representing an adverse interest, which would disqualify K&L Gates under section 327(a).

Master Deed, located at Block 58 Lots 1 and 2 in Atlantic City, (the "Property") to condominium form of ownership. *See id.* at ¶ 8.

8. On December 17, 2025, the Debtor filed the Application seeking to retain K&L Gates as special counsel in the above-captioned case. *See* Dkt. 59. K&L Gates proposes providing the following services:

(i) Obtain consent from Association Members to the marketing and sale of their undivided interest in the Property, jointly with the sale of the interests of the Debtor and other Association Members, pursuant to 11 U.S.C. §363(h). *See* Dkt. 59-1 at ¶ 10.

(ii) Preparation and prosecution of a Sales Procedures Motion including the preparation of transaction related documents such as a purchase and sale agreement, escrow agreement, and agreements with other parties-in-interest including potential designated title insurer(s) and stalking horse bidder(s). *See id.* at ¶ 11.

(iii) Interaction with Hilco Real Estate, LLC ("Hilco") regarding Hilco's efforts to market and sell the Property. *See id.* at ¶ 12.

(iv) Interaction with Omni Agent Solutions, Inc. ("Omni") regarding issues concerning the services that K&L Gates has and will provide to the Debtor and its estate. *See id.* at ¶ 13.

(v) Representation of the Debtor in all aspects of the Section 363(h) Proceeding including the preparation of pleadings. *See id.* at ¶ 14.

(vi) Preparation of pleadings and representation of the Debtor concerning any sale of the Property free and clear of the liens, encumbrances, and interests of the Association Members pursuant to 11 U.S.C. §§ 363(b), (f), (h), and (j). *See id.* at ¶ 15.

(vii) Preparation of documents necessary to close a transaction concerning the sale of the Property including the termination or amendment of the timeshare plan for the Property as well as interaction with representatives of the purchaser, title insurer, closing agent, lenders (if applicable), governmental entities, Association Members, lienholders (if applicable), the Office of the United States Trustee, and other interested parties. *See id.* at ¶ 16.

(viii) Distribution of net sale proceeds as well as all remaining property, cash and reserves of the Debtor including interaction with representatives of the purchaser, title insurer, closing agent, lenders (if applicable), governmental entities, Association Members, lienholders (if applicable), the Office of the United States Trustee, and other interested parties. *See id.* at ¶ 17.

(ix) Preparation and prosecution of a plan of liquidation prepared by Forman Holt, including consultation with the Board and other professionals retained by the Debtor regarding the services provided by K&L Gates that impact the plan. *See id.* at ¶ 18.

(x) Postpetition governance issues including dissolution of the Debtor and distribution pursuant to a confirmed plan of liquidation or other Bankruptcy Court order. *See id.* at ¶ 19.[2]

9. The services to be performed by K&L Gates involve services conducting the case. In addition, it appears that K&L Gates represents an adverse interest and is not disinterested. As such, the Application should be denied.

ARGUMENT

10. 11 U.S.C. § 327(e) permits employment of an attorney for a specified special purpose so long as the attorney does not hold or represent any interest adverse to the debtor or to the estate with respect to the matter on which the attorney is to be employed:

> "The [debtor in possession], with the court's approval, may employ, for a special purpose, other than to represent the trustee in conducting the case, an attorney that has represented the debtor, if in the best interest of the estate, and if such attorney does not represent or hold

[2] The Debtor provides: "[a]mong other things, K&L Gates has and would provide services to the Debtor and its estate including, but not limited to, services in connection with (i) governance of the Association; (ii) the marketing, bidding and sale procedures for the Property, and matters relating thereto; (iii) efforts to obtain judgment(s) against Association Members (by consent or otherwise) authorizing the sale of Debtor's undivided interest in the Property, jointly with the sale of the interests of the Association Members, pursuant to 11 U.S.C. §363(h) and/or other applicable provisions of the Bankruptcy Code, and matters relating thereto; (iv) seeking Bankruptcy Court authorization to sell the Property free and clear of the interests of all Association Members, liens and encumbrances, with such interests to attach to the proceeds of sale, subject to distribution by Bankruptcy Court order in accordance with 11 U.S.C. §§363(b), (f), (h) and (j) and/or other applicable provisions of the Bankruptcy Code, and matters relating thereto; (v) closing the sale of the Property, and matters relating thereto, including but not limited to termination or amendment of the timeshare plan for the Property effective at or prior to closing of the sale; (vi) the process to obtain Bankruptcy Court authorization to distribute net sale proceeds (after costs of administration and sale) as well as all remaining property, cash and reserves of the Association; (vii) consulting with the Board and other professionals retained by the Debtor regarding preparation and prosecution of a plan of liquidation for the Debtor; (viii) dissolution of the Association following sale and distribution pursuant to a confirmed plan of liquidation or other Bankruptcy Court order; and/or (ix) communicating with the Bankruptcy Court, United States Trustee, sub-chapter V trustee, professional engaged by Debtor, the Board, Association Member, and other parties in interest regarding all or some of the above.

> any interest adverse to the debtor or to the estate with respect to the matter on which such attorney is to be employed.

See 11 U.S.C. § 327(e).

11. Under section 327(e) of the Bankruptcy Code, counsel may be appointed if: (1) the representation is in the best interest of the estate; (2) the attorney represented the Debtor in the past; (3) the attorney is for a specific purpose approved by the court; and (4) the attorney does not represent or hold an interest adverse to the debtor or the debtor's estate with respect to the matter on which such attorney is to be employed. *See* 11 U.S.C. § 327(e); *In re Roper & Twardowsky, LLC*, 566 B.R. 734, 750 (D.N.J. 2017); *In re Phila. Newspapers, LLC*, 408 B.R. 585, 597 (E.D.Pa. 2009); *Meespierson Inc. v. Strategic Telecom Inc.*, 202 B.R. 845, 847-48 (D. Del. 1996); *In re DeVlieg, Inc.,* 174 B.R. 497, 502 (N.D.Ill.1994).

12. When analyzing the retention of special counsel under section 327(e) of the Bankruptcy Code, courts should consider the following:

> all relevant facts surrounding the debtor's case, including but not limited to, the nature of the debtor's business, all foreseeable employment of special counsel, the history and relationship between the debtor and the proposed special counsel, the expense of replacement counsel, potential conflicts of interest and the role of general counsel.

See In re Roper & Twardowsky, LLC, 566 B.R. at 750; *see also In re Woodworkers Warehouse, Inc.*, 323 B.R. 403, 406 (D. Del. 2005) (*citing In re First Am. Health Care of Ga., Inc.*, 1996 Bankr. LEXIS 2022, 1996 WL 33404562, *3 (Bankr. S.D. Ga. April 18, 1996)).

13. In addition, the special purpose must be unrelated to the reorganization and must be explicitly described in the application. *See In re Congoleum Corp.*, 426 F.3d 675, 689 (3rd Cir.

1995) *citing* 3 Collier on Bankruptcy (15th ed.) ¶327.04[9][d]. An example of the "specified special purpose" referred to in section 327(e) of the Bankruptcy Code is a situation where it is advisable to retain an attorney who has been employed by the debtor to handle a specific legal action for which that attorney may be particularly suited (e.g., securities litigation, personal injury lawsuits, labor negotiations). *See* 3 Collier on Bankruptcy ¶327.04[9][d] (16th 2026).

14. The reference to "conducting the case" in section 327(e) of the Bankruptcy Code includes those matters that form a part of the administration of the case under the Bankruptcy Code. In a reorganization case, these matters include assisting in formulating a plan and assisting the trustee in carrying out required investigations; in a liquidation case, these matters may include examining the validity of liens and claims and collecting the assets of the estate when legal action is required. *See* 3 Collier on Bankruptcy P 327.04[9][c] (16th ed. 2016).

15. A professional whose services may be vital to the debtor's reorganization effort, but who is not "disinterested" and eligible for employment under Section 327(a) of the Bankruptcy Code, cannot circumvent that requirement by trying to characterize the employment as "special counsel" under Section 327(e) of the Bankruptcy Code. *See In re Tidewater Memorial Hospital, Inc.*, 110 B.R. 221, 228 (Bankr. E.D. Va. 1989).

16. Here, it appears that K&L Gates holds an adverse interest through its concurrent representation of WVR (a creditor/owner of the Debtor), Travel + Leisure Co. (as owner of WVR and the Property Manager) and the Debtor. The Third Circuit has stated that a professional person has an interest adverse to the estate when the professional has ". . . a competing economic interest tending to diminish estate values or create a potential or actual dispute in which the estate is a rival

claimant." *See United States Trustee v. First Jersey Secs.,* 180 F.3d 504, 509 (3d Cir. 1999) (internal quotations omitted). By filing to retain K&L Gates pursuant to section 327(e) instead of section 327(a), it would appear the Debtor is trying to circumvent the requirement of disinterestedness.

17. However, because the services to be provided by K&L Gates involves "conducting the case" retention under section 327(e) should not be permitted. Again, the services include: (i) obtain judgment against Association Members by consent or otherwise authorizing the sale of the Property pursuant to 11 U.S.C. § 363(h), (ii) approval of marketing, bid and sale procedures, (iii) authority to sell the Property free and clear of all member interests pursuant to 11 U.S.C. § 363(b), (f), (h) and (j), (iv) (iv) terminate or amend the timeshare plan for the Property, (v) authority to assume, reject or terminate executory contracts and unexpired leases, (vi) authority to distribute net sale proceeds as well as all remaining cash and reserves of the Debtor pursuant to a confirmed plan of liquidation or other Bankruptcy Court order, (vii) resolve all claims against the Debtor, and (viii) dissolve the Debtor following the sale and distribution pursuant to a confirmed plan of liquidation or other Bankruptcy Court order. *See* Dkt. 59 at ¶ 21 and Dkt. 59-1 at ¶¶ 10-19.

18. It appears that K&L Gates will be providing the bulk of services concerning the sale of the member interests in the Debtor including but not limited to the marketing, bid and sale procedures, which is the largest issue in the case and appears to be the basis for the plan of liquidation in this case. In addition, it further appears that K&L Gates will be providing other administration services such as assumption or rejection of executory contacts and leases, distribution of net sale proceeds as well as remaining cash and reserves of the Debtor, resolution of all claims of the Debtor, and the dissolution of the Debtor. As these services involve "conducting the case," the

retention of K&L Gates pursuant to section 327(e) of the Bankruptcy Code should be denied.

CONCLUSION

19. Wherefore, for the foregoing reasons, the U.S. Trustee respectfully requests that the Application be denied, and the Court to grant such other and further relief that is deemed just and equitable.

ANDREW R. VARA
UNITED STATES TRUSTEE
REGIONS 3 & 9

By: /s/ Jeffrey M. Sponder
Jeffrey M. Sponder
Trial Attorney

Dated: January 14, 2026