

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF SOUTH CAROLINA**

In re:)	
)	
The Cliffs Club & Hospitality Group, Inc.,)	
et al. ¹ , d/b/a The Cliffs Golf & Country Club,)	Case No. 12-01220-jw
)	Chapter 11
Debtors.)	
)	Joint Administration Pending

**OBJECTION OF UNITED STATES TRUSTEE TO DEBTORS’
MOTION AUTHORIZING AND APPROVING DEBTORS’
RETENTION AND EMPLOYMENT OF GGG PARTNERS, LLC
AND EMPLOYMENT OF KATIE S. GOODMAN
AS CHIEF RESTRUCTURING OFFICER**

The United States Trustee (the UST) objects to the debtors’ motion authorizing and approving the retention and employment of GGG Partners, LLC (GGG) and employment of Katie S. Goodman (Goodman) as Chief Restructuring Officer. The UST files this objection pursuant to the authority granted to him by 28 U.S.C. § 586 and 11 U.S.C. § 307.

The grounds for this objection are:

1. The debtors filed for relief under chapter 11 of the Bankruptcy Code on February 28, 2012. GGG and Goodman were retained by the debtors on or about February 8, 2012. The service agreement provides that GGG is subject solely to the control of the Board of the debtors and may be

¹The Debtors, followed by the last four digits of their respective taxpayer identification numbers, are as follows: The Cliffs Club & Hospitality Group, Inc. (6338); CCHG Holdings, Inc. (1356); The Cliffs at Mountain Park Golf & Country Club, LLC (2842); The Cliffs at Keowee Vineyards Golf & Country Club, LLC (5319); The Cliffs at Walnut Cove Golf & Country Club, LLC (9879); The Cliffs at Keowee Falls Golf & Country Club, LLC (3230); The Cliffs a Keowee Springs Golf & Country Club, LLC (2898); The Cliffs at High Carolina Golf & Country Club, LLC (4293); The Cliffs at Glassy Golf & Country Club, LLC (6559); The Cliffs Valley Golf & Country Club, LLC (6486); and Cliffs Club & Hospitality Service Company, LLC (9665).

terminated by the Board. See Service Agreement at 1 and 2, ¶ 4 and 7. However, the proposed order changes the terms of the service agreement and allows GGG to merely consult with and take advice from the Board of Directors and others. The proposed order also makes GGG's termination subject to Court approval. See Order at 4, ¶ 12a.

GGG and Goodman are not a chapter 11 trustee in this case. They are a professional sought to be retained by the debtors and contracted to act at the direction of the Board of Directors of the debtors. The proposed order should not modify this relationship or seek to change the capacity or powers of GGG and Goodman. It appears the motion and proposed order attempt to improperly circumvent the requirements of obtaining a chapter 11 trustee.

2. The proposed order appears to be a final order regarding the retention of Goodman and GGG, but Rule 6003 of the Federal Rules of Bankruptcy Procedure requires 21 days after the petition date before entering a final order under 11 U.S.C. § 363.
3. The debtors and GGG seek approval of an indemnification clause as to both employees of GGG and GGG itself. The UST objects to indemnification as to GGG, but will seek to resolve the issue prior to a final hearing.
4. The debtors have represented that the three individuals identified in the motion will be the GGG employees used to assist the debtors. However, it is agreed that if additional employees are used, GGG will file a supplemental affidavit identifying the individual, his or her compensation rate, and the proposed function the person will perform.
5. Due to the early nature of the pleadings and the case, the UST reserves his right to raise objections to the relief requested at the hearing. The UST objects to all relief which is not immediately required to avoid irreparable harm and which does not benefit the estate.

The UST asks the Court to deny the relief sought by the debtors, unless the debtors can adequately address each of these objections and any additional objections raised at the hearing.

The UST asks the Court to grant to the UST such other relief as is appropriate.

W. CLARKSON MCDOW, JR.
UNITED STATES TRUSTEE
REGION FOUR

By: /s/ Linda K. Barr
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Date: 3-5-12

CERTIFICATE OF SERVICE

I, Linda K. Barr, do hereby certify that on March 5, 2012, I served the below-named documents upon the parties listed below by electronic transmission through the Court's Electronic Case Filing system to the participants of such system, to include:

Dana Wilkinson, Esquire
Gary W. Marsh, Esquire
Michael Levensgood, Esquire

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/s/ Linda K. Barr
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