

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF KENTUCKY
Lexington Division

In re:

Lexington Blue, Inc.,

Debtor.

Case No. 25-50863
Chapter 11

**United States Trustee's Objection to the Debtor's Motion to Extend
Time to File Schedules and Other Documents**

Paul A. Randolph, the Acting United States Trustee (the "United States Trustee"), hereby objects to the Debtor's Motion to Extend Time to File Schedules and Other Documents (the "Motion to Extend"). ECF No. 56. In support, the United States Trustee states as follows:

Notice of Hearing

Please take notice that this Motion will be heard by the Court on July 15, 2025, at 9:00 a.m. in the Second Floor Courtroom, U.S. Bankruptcy Court, 100 East Vine Street, Lexington, KY 40507.

I. Motion Background.

1. This Court has subject matter jurisdiction pursuant to 28 U.S.C. §§ 157 and 1334. Venue is proper pursuant to 28 U.S.C. § 1409. This matter is a core proceeding.
2. The United States Trustee has standing to file and prosecute this Objection pursuant to 11 U.S.C. §§ 307.
3. On June 16, 2025, the Debtor filed a skeletal bankruptcy petition.

4. The next day, on June 17, 2025, the Court ordered the Debtor to file complete schedules within 14 days, or by no later than July 1, 2025.

5. Instead of filing bankruptcy schedules, on June 30, 2025 the Debtor filed the Motion to Extend, asking the Court for another 14 days to file its bankruptcy schedules, pushing the filing deadline to July 14, 2025.

6. Continued hearings on the Debtor's first-day motions are the very next day, July 15, 2025. The § 341 Meeting of Creditors is scheduled for July 18, 2025, or only four days after the proposed extended deadline.

II. The Debtor's Actions Indicate a Lack of Respect for the Bankruptcy Court

7. At the first-day hearings scheduled for June 26, 2025, the Debtor's owner and corporate representative, Bradly Pagel, failed to appear. Pagel failed to appear even though he submitted multiple affidavits in favor of the first-day motions. The United States Trustee, as well as other interested parties, intended to cross-examine Pagel at the first-day hearing, but were unable to do so.

8. The United States Trustee, in consultation with the Debtor, scheduled the Initial Debtor Interview ("IDI") pursuant to 11 U.S.C. § 1116(2) for July 1, 2025 at 2:00 PM. However, approximately fifty minutes before the IDI, the Debtor contacted the United States Trustee indicating that he was now unavailable.

9. In summary, Pagel was expected to appear before this Court or the United States Trustee at two separate occurrences, and did not attend either. The Debtor has also filed the bare minimum documentation required to remain in bankruptcy, while simultaneously attempting to seal essentially all information the Debtor has actually filed in this case.

10. And as of the filing of this Objection, the United States Trustee has not received any bank statements or other documents from the Debtor. At the hearing on June 26, 2025, the Debtor stated it would provide bank statement information to the United States Trustee early in the week starting June 30, 2025.

III. Debtor's Counsel has Already Expended Significant Time and Money on the Above-Captioned Case

11. On June 30, 2025, the Debtor filed its Disclosure of Compensation of Attorney for Debtor, indicating that Christian Dennery expended 99.5 hours of “work to the case prior to filing of the petition.” ECF No. 57. After expending nearly 100 hours preparing the Debtor’s bankruptcy case, Dennery has only filed a skeletal petition, a few first-day motions, and a motion to extend time to file additional documentation.

12. While every case has its own challenges and complexities, other chapter 11 cases have obtained results with significantly lower expenses:

- a. *In re Tiffani S. Cole* (24-50860): Obtained plan confirmation with 41.9 hours of professional work at a total cost of \$17,077.

- b. *In re Bryan & Karen Jude* (24-10106): Filing a skeletal petition with similar information to the *In re Lexington Blue* (25-50863) case for \$3,314 in legal fees. ECF No. 15–1, ¶ 9 (*In re Jude*).
- c. *In re Brown General Contractors* (24-51313): Filing complete schedules and first-day motions for \$15,000 in total professional fees. ECF No. 26–1, ¶ 9 (*In re Brown General Contractors*).

IV. *The United States Trustee has Administrative Solvency Concerns*

13. As of the filing of this Objection, Debtor’s counsel has expended 99.5 hours and \$18,407.50 in fees to file relatively limited documentation.

Assumedly, it will take Debtor’s counsel significant additional time to file accurate schedules, motions to sell/assign contracts, and other items.

14. Considering the time already expended by Debtor’s counsel and the Debtor’s likely future legal expenses, as well as the massive uncertainty regarding the value of the 263 LB Customers roofing contracts, the United States Trustee has significant concerns regarding administrative solvency.

15. The Debtor’s Declaration Regarding Small Business Documents (11 U.S.C. § 1116(1)) states that the “Debtor does not have sufficient information to prepare a recent statement of operations, a balance sheet, or a cash flow statement.” Without the ability to, at a minimum, generate a statement of operations and a balance sheet, the United States Trustee is unsure how the

Debtor will be able to complete accurate schedules or file required 2024 tax returns.

16. The Temporary Restraining Order entered by the Fayette Circuit Court noted that the Commonwealth can enter the Debtor's premises and remove and scan the Debtor's business records. The United States Trustee suspects that the Debtor is not in possession of many of its accounting records, further increasing bankruptcy costs.

17. Additionally, at the first-day hearing, counsel for the Debtor made vague allegations to "villains," but stated that "our investigation shows that there is no recovery to be had against Lexington Blue." The United States Trustee does not find any comfort in the Debtor's statements that it completed an internal investigation and found no wrongdoing.

18. While the Debtor has not filed its 2024 federal income tax return, the 2023 Lexington Blue federal income tax return shows \$683,599 in total distributions to Bradly Pagel, consisting of \$370,560 in distributions on Form K-1 and \$313,039 in "professional fees."¹ ECF No. 59, at 13, 19. The Debtor's 2023 income tax return suggest that the Debtor's estate may have significant

¹ The United States Trustee suspects that these "professional fees" primarily relate to payments to consulting companies owned and controlled by Bradly Pagel.

recovery actions against Pagel. The Debtor seems unwilling to pursue what is likely its most valuable asset.

19. The Debtor must not be given significant additional time to complete its bankruptcy schedules, further increasing the already-substantial professional fees and potential administrative solvency. Administrative costs must be kept to a minimum, and the case must move forward quickly.

V. Conclusion

20. Bradly Pagel, the Debtor's corporate representative, did not attend the first-day hearing even though he submitted multiple affidavits related to that hearing. Pagel also cancelled the IDI less than an hour before that statutorily required meeting. The Debtor has not provided the United States Trustee with bank statements.

21. The Debtor's counsel has already incurred significant professional fees, while simultaneously being unable to file basic bankruptcy documents in the record. And even after expending nearly 100 hours, Debtor's counsel requested an additional 14 days to file its schedules. This request would extend the deadline to file schedule to July 14, 2025, only one day before the continued first-day hearings and four days before the § 341 Meeting of Creditors. Parties-in-interest are entitled to more time to review documentation before important bankruptcy milestones.

22. The United States Trustee believes that the Debtor's requested fourteen-day extension is excessive. Instead, the United States Trustee respectfully requests that the Debtor be required to file complete and accurate schedules within 7 days from the original court deadline, or no later than July 8, 2025.

23. In accordance with Local Rule 9013-1(c)(xv), the United States Trustee has no objection to the Court entering an order extending the deadline for the Debtor to file schedules to July 8, 2025. The United States Trustee does object to any extension beyond July 8, 2025.

WHEREFORE, the United States Trustee respectfully requests that the Motion to Extend be DENIED, and that the Debtor be given until no later than July 8, 2025 to file complete and accurate bankruptcy schedules.

Dated: July 1, 2025.

Paul A. Randolph
Acting United States Trustee

By: /s/ Bradley M. Nerderman
Tim Ruppel
Assistant U.S. Trustee
Bradley M. Nerderman
Trial Attorney
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Certificate of Service

I certify that on July 1, 2025, I served a copy of the foregoing via ECF noticing upon all parties registered to receive notice electronically.

/s/ Bradley M. Nerderman
Bradley M. Nerderman

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF KENTUCKY
Lexington Division

In re:

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Debtor.

Case No. 25-50863
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**Order Extending the Deadline for the Debtor to File Complete and
Accurate Bankruptcy Schedules to July 8, 2025**

Upon consideration of the United States Trustee's Objection to the Debtor's Motion to Extend Time to File Schedules and Other Documents, and in accordance with Local Rule 9013–1(c)(xv), and it appearing that the objection is well taken, it is hereby

ORDERED that the Debtor is required to file all documents identified by the Court's Order to File/Amend (ECF No. 5), except for those documents the Debtor has previously filed (if any), by no later than July 8, 2025.