

UNITED STATES BANKRUPTCY COURT  
FOR THE WESTERN DISTRICT OF MICHIGAN

In re:

SARA'S NAILS LLC,

Debtor.

Case No. DG 24-00116

Hon. Scott W. Dales

Chapter 7

**NOTICE TO CREDITORS AND OTHER PARTIES IN INTEREST**

**\*corrected\* TRUSTEE'S MOTION FOR COURTROOM AUCTION SALE  
OF CERTAIN TANGIBLE AND INTANGIBLE ASSETS OF DEBTOR  
PURSUANT TO 11 U.S.C. § 363 AND ASSIGNMENT OF LEASE  
PURSUANT TO 11 U.S.C. § 365**

Please take notice that the Chapter 7 Trustee has filed the above motion with the Bankruptcy Court. **Your rights may be affected.** You should read these papers carefully and discuss them with your attorney. (If you do not have an attorney, you may wish to consult one.)

If you want the court to consider your view on this matter, attend the hearing scheduled for Tuesday, June 4, 2024 at 10:00 AM at the United States Bankruptcy Court, U.S. Courthouse and Federal Building, One Division N. Courtroom A, Grand Rapids, Michigan. **The hearing is scheduled to take place in person.**

You or your attorney may wish to file a response explaining your position. Such response should be **received** at least seven days prior to the scheduled hearing. A copy should also be served upon the party who has filed the motion and to his/her attorney.

If you or your attorney do not take these steps, the court may decide that you do not oppose the relief sought in the motion or objection and may enter an order granting that relief.

**PLEASE TAKE NOTICE that the public health situation may change abruptly and that in order to protect litigants, the public, and staff the court may, on short notice, decide to forbid attendance at the hearing in person and instead conduct any hearing by telephone or video conference. Accordingly, all persons who intend to participate in, or observe, the hearing scheduled in this hearing notice should consult the court's website, <https://www.miwb.uscourts.gov/covid-19-notices>, shortly before the hearing for updated hearing instructions.**

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Notice returned to Laura J. Genovich, Esq. for service upon the mailing matrix. (ts)

May 7, 2024

MICHELLE M. WILSON  
CLERK OF BANKRUPTCY COURT

/s/ Theresa A. Symon  
BY: Theresa A. Symon, Deputy Clerk

NOTICE IS HEREBY GIVEN that the court may, in its discretion, orally continue or adjourn the above hearing on the record in open court. If this occurs, parties in interest will not be given further written notice of the new hearing date. If an entity is not present at the originally scheduled hearing, information regarding the time, date and place of an orally continued or adjourned hearing may be accessed through the Bankruptcy Court's web site ([www.miwb.uscourts.gov](http://www.miwb.uscourts.gov)) provided the person has a PACER login and password, or by visiting the Clerk's Office of the United States Bankruptcy Court located at One Division Avenue North, 2nd Floor, Grand Rapids, Michigan 49503. Information about a PACER login and password may be obtained by either calling PACER service center between 8:00 a.m. and 5:00 p.m. Monday through Friday, CST at (800) 676-6856 or via its web site at <http://pacer.pcs.uscourts.gov>.

UNITED STATES BANKRUPTCY COURT  
FOR THE WESTERN DISTRICT OF MICHIGAN

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In Re:

SARA'S NAILS LLC,  
  
Debtor.

Case No: 24-00116-SWD  
Hon. Scott W. Dales

Chapter 7 Bankruptcy  
Ch. 11 Filed: January 17, 2024  
Converted: February 16, 2024

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**\*corrected\* TRUSTEE'S MOTION FOR COURTROOM AUCTION SALE  
OF CERTAIN TANGIBLE AND INTANGIBLE ASSETS OF DEBTOR  
PURSUANT TO 11 U.S.C. § 363 AND ASSIGNMENT OF LEASE PURSUANT TO 11 U.S.C. § 365**

Marcia R. Meoli, Chapter 7 Trustee, by her attorneys, Foster, Swift, Collins & Smith, P.C., states as follows:

1. Debtor commenced this case on January 17, 2024, by filing a Chapter 11 petition. The case was converted to Chapter 7 on February 16, 2024. Marcia R. Meoli is the Chapter 7 Trustee.

2. Prior to conversion, Debtor operated a nail salon business on leased premises consisting of approximately 1,992 square feet in Building C located at 2054 East Beltline Avenue NE, Grand Rapids, Michigan 49525 ("Leased Premises") pursuant to a Lease Agreement with East Beltline Development, LLC ("Lessor") dated October 31, 2018.

3. The property of Debtor's estate includes certain tangible assets (personal property) as follows:

- A. Inventory (including nail polish and salon supplies);
- B. 4 custom-made large tables with marble tops and 16 chairs – manicure stations;
- C. 14 pedicure chairs and 14 nail tech chairs for pedicures;
- D. Office equipment, including television, four nail dryers, video camera, and credit card machine; and

E. Any other tangible assets owned by Debtor and not otherwise listed above (to be identified in the bill of sale on the date of closing).

(Collectively, "Tangible Assets").

4. The property of Debtor's estate also includes certain intangible assets, as follows:

- A. Internet domain name ([www.sarasnailsgr.com](http://www.sarasnailsgr.com)) and other intellectual property; and
- B. Any customer lists or customer transaction histories.

(Collectively, "Intangible Assets").

5. The Trustee has reviewed UCC-1 financing statements and other documentation and has determined that Debtor's assets are subject to a first-priority security interest in favor of the US Small Business Administration to secure a claim in the approximate amount of \$1.2 million. (See Claim 5-1.) The amount of the Small Business Administration's claim far exceeds the value of Debtor's assets. The Small Business Administration has agreed to a "carve-out" for the Chapter 7 estate, pursuant to which the Chapter 7 estate will receive 18% of the net proceeds. The Small Business Administration consents to this Motion subject to that carve-out agreement.

6. In conducting her investigation, the Trustee also identified a purported "Mechanic's Lien" recorded by creditor LD Construction against the Leased Premises. **(Attachment A.)** The secured status of this claim – that is, the validity of this lien – is disputed. **11 U.S.C. § 363(f)(4)**. LD Construction has agreed to discharge this lien prior to the closing of the sale contemplated by this Motion.

7. The Trustee has also entered into a separate stipulation with the Lessor to extend the time within which the Trustee must assume the Lease Agreement pursuant to **11 U.S.C. § 365** through June 30, 2024, for the purpose of allowing time for an assignment of the Lease Agreement as contemplated in this Motion.

8. The Trustee proposes to sell the Tangible Assets identified in Paragraph 3 and the Intangible Assets identified in Paragraph 4, and assign the Lease Agreement, to the highest acceptable bidder pursuant to an auction sale conducted in open Court.

9. Any sale of the Tangible Assets and Intangible Assets and assignment of the Lease Agreement is subject to the following:

- A. The purchaser/assignee must cure the then-existing default to the Lessor at closing in a payment transaction with the Lessor separate from the purchase/assignment price established at auction. As of May 1, 2024, the default is \$18,801.54; and as of June 1, 2024, the default will be \$24,999.19.
- B. The purchaser/assignee must provide the Lessor with adequate assurance of future performance of all obligations under the Lease Agreement, which must be acceptable to Lessor.

10. The sale of the Tangible Assets and Intangible Assets will be free and clear of all liens, claims and encumbrances, with all such liens, claims and encumbrances attaching to the sale proceeds in the same rank, priority and validity that existed as of the petition date, except that the purported Mechanic's Lien will not attach to any of the sale proceeds.

11. The Trustee will sell the Tangible Assets and Intangible Assets and assign the Lease Agreement without warranty or representation of any kind, including any warranty of merchantability, fitness for a particular purpose or otherwise. The Trustee has no obligation to verify the accuracy of information regarding the Tangible Assets, Intangible Assets, or Lease Agreement.

12. The Trustee will accept bids for the collective sale of the Tangible Assets and Intangible Assets and assignment of the Lease Agreement in open Court in an auction format. The minimum bid shall be \$50,000, and bidding shall be in increments of \$5,000. The Trustee may accept one or more "backup bids" as well in the event the highest qualified bidder does not consummate the sale.

13. The Trustee requests that a copy of this motion be served on the buyers' list maintained by the Court.

14. The Trustee may also advertise the auction sale online and through other media, including direct-mail solicitations to other nail salons in West Michigan.

15. Potential bidders may contact the undersigned counsel for the Trustee to obtain more information regarding the Tangible Assets, Intangible Assets, or Lease Agreement.

WHEREFORE, the Trustee requests that this Court:

- a. schedule a courtroom auction as described above in late May or early June 2024;
- b. following such courtroom auction, authorize the Trustee to sell the Tangible Assets and Intangible Assets and assign the Lease Agreement to the highest acceptable bidder or backup bidder in the manner described in this Motion;
- c. authorize the Trustee to execute all documents necessary to consummate the sale contemplated in this Motion; and
- d. grant such other and further relief as may be just and proper.

Respectfully submitted,

Laura J. Genovich  
Attorney for Trustee Marcia R. Meoli

/s/ Laura J. Genovich  
Laura J. Genovich (P72278)  
Foster, Swift, Collins & Smith, PC  
1700 E. Beltline Ave. NE, Suite 200  
Grand Rapids, MI 49525  
(616) 726-2238

3/2/23  
Recording requested by: )  
)  
Larry Niewenhuis )  
Same as below )

When recorded mail to: )  
Larry Niewenhuis )  
24758 Burt )  
Grand Ledge, MI 48837 )

RECEIVED ROD

2021 NOV 29 PM 2:51

**202111290128772**

Total Pages: 3  
11/29/2021 02:52 PM Fees: \$30.00  
Lisa Posthumus Lyons, County Clerk/Register  
Kent County, MI



SPACE ABOVE THIS LINE FOR RECORDER'S USE

MECHANIC'S LIEN

STATE OF MICHIGAN )  
) ss.  
COUNTY OF KENT )  
)

1. LD Construction ( the "Claimant" ), located at 4758 Burt Avenue, Grand Ledge, Michigan 48837, claims a mechanics lien for the labor or services or equipment or materials described herein, furnished for a work of improvement on the certain real property located in the County of Kent, in the State of Michigan. The complete address of the real property on which this mechanics lien is claimed is: 2054 E Beltline Avenue, NE, Grand Rapids, Michigan 49525 (the "Property"). The permanent index identification number of the Property is 41-14-11-301-065. The legal description of the Property is:

41-14-11-301-065  
City of Grand Rapids  
SW S:11 T:7 R:11 Property  
sub/Con: Doland Plat Lot  
File Number: 20180515-0037534  
*Saras Nail Suite*

*See Attached*

2. The labor or services or equipment or materials were furnished by Claimant at the request of: Tan N. Truong and Sara Nguyen, located at 1433 Blossom Street, SE, Grand Rapids, Michigan 49508.

3. The owner of the Property is East Beltline Development LLC, located at 385 Lormax, Bloomfield Hills, Michigan 48304.

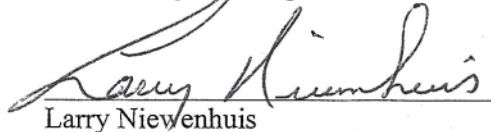
4. On November 5, 2018, the Claimant entered into a written contract to complete up fit for nail salon on said Property (the "Contract"), for the original total sum of One Hundred and Fifty-Nine Thousand Nine Hundred Eighty Seven Dollars (\$159,987.00), which became due and payable on October 19, 2021, the date of completion of the build and/or project services.

Upon request, the Claimant purchased and provided additional materials and labor for requested changes and/or upgrades at the total cost of Thirty One Thousand, Eight Hundred and Ten Dollars and Eighty-

Two Cents, (\$31,810.82), which became due and payable on October 19, 2021, the date of completion of the build and/or project services.

5. After deducting all just credits and offsets, the sum of One Hundred and Two Thousand, One Hundred and Ten Dollars and Thirty-Two Cents (\$102,110.32) is due to Claimant for the labor or services or equipment or materials provided. The amount due to Claimant is subject to an interest rate of 2% Per Month per annum from June 21, 2019.

LD Construction  
4758 Burt Avenue  
Grand Ledge, Michigan 48837

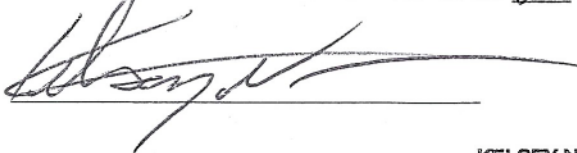
  
Larry Nieuwenhuis

Dated: November 29, 2021

STATE OF MICHIGAN     )  
                                  ) ss.  
                                  )  
COUNTY OF KENT        )

The Affiant, <sup>\*</sup>LD Construction, being duly sworn, on oath deposes and says that s/he is the Claimant and that s/he has read the foregoing claim for the lien and knows the contents thereof, and that all statements therein contained are true and correct to the best of his/her belief and knowledge.

Subscribed and sworn to before me on the 29 day of November, 2021.



\* Larry Nieuwenhuis

NOTARY PUBLIC

KELSEY NORMAN  
Notary Public, State of Michigan  
County of Ottawa  
My Commission Expires: 12/28/2026  
Acting in the County of Kent

My commission expires on:

\_\_\_\_\_



DataBase: KENT 2023

Date: 11/29/2021



Tax and Map information available 24/7

[www.accesskent.com](http://www.accesskent.com)

Parcel Number

**41-14-11-301-070**

Government Unit (GU)

51 GRAND RAPIDS CITY

Property Status

Active

Owner Name 1

EAST BELTLINE DEVELOPMENT II LLC

Owner Name 2

Owner Mailing Address

38500 WOODWARD AVE STE 200

BLOOMFIELD HILLS MI 48304

Property Class

201

School District

FOREST HILLS PUBLIC S 00002

00002

Property Address

2200 EAST BELT LINE AVE NE

"GETMAP" from Accesskent.com - Go to  
Accesskent.com

Online Services

Property / Parcel Lookup

Select Parcel

Navigate to "Get Map"

Assessment Year		Assessed Value	State Equalized Value	Taxable Value
	2021	16,329,500.00	16,329,500.00	7,247,423.00
	2020	16,266,500.00	16,266,500.00	7,085,230.00
	2019	0.00	0.00	0.00

Acres

0.00

Mortgage Company

CONTACT GOVERNMENTAL UNIT

Homestead Percent

0.00

STC & Tribunal Info.

54=L4154; 61=MTT Cor

62=MTT Judg

#### Tax Description

411411301070 PART OF SW 1/4 OF SEC 11 T7N R11W & LOTS 16 THRU 19 DOLAND PLAT COM 1066.61 FT N 1D 07M 29S E ALONG W SEC LINE & 164.09 FT S 88D 55M 15S E TO ELY LINE OF EAST BELTLINE AVE FROM SW COR OF SEC TH N 1D 07M 48S E ALONG SD ELY LINE 588.63 FT TH S 88D 38M 54S E 500.28 FT TH S 1D 05M 40S W ALONG W LINE OF DOLAND PLAT 2.77 FT TH S 89D 49M 44S E 330.46 FT ALONG N LINE OF LOT 16 TH S 1D 03M 50S W 127.40 FT ALONG W LINE OF E 300.0 FT OF LOTS 16 & 17 TH N 89D 49M 44S W 0.61 FT ALONG S LINE OF LOT 17 TH S 1D 05M 40S W 201.60 FT ALONG E LINE OF W 330.0 FT OF LOTS 18 & 19 TH S 89D 49M 42S E ALONG S LINE OF SD PLAT 2.42 FT TH S 1D 04M 45S W ALONG E LINE OF W 1/2 E 1/2 SW 1/4 SW 1/4 621.21 FT TH N 89D 47M 25S W 120.0 FT TH S 1D 04M 45S W 227.0 FT TH N 89D 47M 25S W 220.0 FT TH S 67D 08M 52S W 51.30 FT TH N 19D 55M 15S W 492.76 FT TH N 0D 20M 05S E 154.42 FT TH N 88D 55M 15S W 267.55 FT TO BEG \* SPLIT ON 06/04/2008 FROM 41-14-11-301-050, 41-14-11-301-051, 41-14-11-301-052; SPLIT ON 08/31/2009 FROM 41-14-11-301-053, 41-14-11-301-054, 41-14-11-301-055; SPLIT ON 12/06/2010 FROM 41-14-11-301-056; SPLIT ON 12/20/2011 FROM 41-14-11-301-060, 41-14-11-301-057, 41-14-11-301-058, 41-14-11-301-061; SPLIT/COMBINED ON 11/20/2019 FROM 41-14-11-301-065;

#### General Comments

YEAR: 2019

LOT DIMENSIONS: IRREGULAR