

**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF ALASKA**

In re:

SALMON FALLS RESORT, LLC,

Debtor.

Case No. K09-00301-DMD
Chapter 11

Filed On
7/24/09

MEMORANDUM REGARDING COMPENSATION

The debtor filed a notice of intent to take compensation on May 18, 2009. The notice indicates that Paul Cyr, the debtor's general manager, and Chris Garman, the debtor's marketing director, have received and will receive \$10,000.00 per month per person as salary. Creditor Salmon Falls, Inc. filed an objection to the compensation on July 10, 2009. A hearing on the objection was held July 22, 2009.

Salmon Falls Resort is a fishing resort located north of Ketchikan. It has fifty-four rooms, a bar, restaurant and gift shop open to both the public and fishing guests. It owns numerous fishing skiffs and also has jet boats. It employs guides to take guests fishing. It takes cruise line visitors on tours. The season runs from May through September. The resort is closed during the winter from October through April. The debtor has been unprofitable during its operation of the resort, losing over \$600,573.00 in 2007 and \$584,000.00 in 2008. Business is down this year about 15% from 2008.

Shirley White is an owner of creditor Salmon Falls, Inc. She testified that she and her husband ran all aspects of the resort for many years. The most they took from the business as salary was from \$2,000.00 a month to \$4,500.00 a month, depending on the

circumstances. Their children assisted them in operating the resort from time to time for no pay.

Kurt Thomas owns and operates three similar resorts in the Ketchikan area, none of which are as large as the debtor. Salaries for managers of his resorts average about \$55,000.00 per year. Thomas takes a draw of about \$50,000.00 a year.

The salaries proposed by the debtor are unreasonably high, especially in light of the dismal financial performance of the debtor since 2007. Based on the fact that Chris Garman will be leaving as marketing director of the debtor on September 21, 2009, I will allow future salaries of \$8,000.00 per month for Mr. Garman and Mr. Cyr. An appropriate order will be entered.

DATED: July 23, 2009.

BY THE COURT

/s/ Donald MacDonald IV
DONALD MacDONALD IV
United States Bankruptcy Judge

Serve: D. Bruce, Esq.
F. Odsen, Esq.
K. Hill, Esq

07/24/09