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Meruelo Maddux – 845 S. Flower Street, LLC

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**UNITED STATES BANKRUPTCY COURT**

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**CENTRAL DISTRICT OF CALIFORNIA**

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**SAN FERNANDO VALLEY DIVISION**

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In re

) Case No. 1:09-bk-21621-KT

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MERUELO MADDUX - 845 S. FLOWER  
STREET, LLC,

) Chapter 11

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Debtor and Debtor-in-Possession.

) **MONTHLY OPERATING**

16

) **REPORT NUMBER 6**

17

) **(FOR THE MONTH ENDING**

) **FEBRUARY 28, 2010)**

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) [No hearing required]

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In Re:  845 S. Flower Street and Chinatown  Debtor(s).	CHAPTER 11 (BUSINESS)  Case Number: SV09-21621-KT and SV09-21622-KT (see attachment) Operating Report Number: 6 For the Month Ending: 2/28/2010
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**I. CASH RECEIPTS AND DISBURSEMENTS**

**A. (GENERAL ACCOUNT\*)**

**SEE ATTACHMENT**

1. TOTAL RECEIPTS PER ALL PRIOR GENERAL ACCOUNT REPORTS	_____
2. LESS: TOTAL DISBURSEMENTS PER ALL PRIOR GENERAL ACCOUNT REPORTS	_____
3. BEGINNING BALANCE:	0.00
4. RECEIPTS DURING CURRENT PERIOD:	
Accounts Receivable - Post-filing	_____
Accounts Receivable - Pre-filing	_____
General Sales	_____
Other (Specify)	_____
**Other (Specify)	_____
TOTAL RECEIPTS THIS PERIOD:	0.00
5. BALANCE:	0.00
6. LESS: TOTAL DISBURSEMENTS DURING CURRENT PERIOD	
Transfers to Other DIP Accounts (from page 2)	0.00
Disbursements (from page 2)	0.00
TOTAL DISBURSEMENTS THIS PERIOD:***	0.00
7. ENDING BALANCE:	0.00
8. General Account Number(s):	_____
Depository Name & Location:	_____
	_____

\* All receipts must be deposited into the general account.  
 \*\* Include receipts from the sale of any real or personal property out of the ordinary course of business; attach an exhibit specifying what was sold, to whom, terms, and date of Court Order or Report of Sale.  
 \*\*\*This amount should be the same as the total from page 2.

I. CASH RECEIPTS AND DISBURSEMENTS

Case Number:	21621	21621	21621	21621	21621	21621	21621
Month Ending:	02/28/2010	02/28/2010	02/28/2010	02/28/2010	02/28/2010	02/28/2010	02/28/2010
Account Number:	0087	0079	0039	0060	0036	0036	6863
Depository Name & Location:	City National Bank 400 N. Roxbury Drive Beverly Hills, CA 90210	City National Bank 400 N. Roxbury Drive Beverly Hills, CA 90210	City National Bank 400 N. Roxbury Drive Beverly Hills, CA 90210	City National Bank 400 N. Roxbury Drive Beverly Hills, CA 90210	City National Bank 400 N. Roxbury Drive Beverly Hills, CA 90210	City National Bank 400 N. Roxbury Drive Beverly Hills, CA 90210	EastWest Bank 1881 W. Main St., 2nd Flr Alhambra, CA 91801
1. Total Prior Receipts	18,448.98	384.00	9,669,258.44	9,518.14	498.01	51,864.15	
2. LESS: Total Prior Disbursements	10,840,833.18	500.00	9,669,601.44	1,812,973.80	530,835.20	61,467.25	
3. Beginning Balance	2,636,643.94	(116.00)	(16.00)	2,484,141.32	(97.91)	807.51	
4. Receipts During Current Period	0	0	0	0	0	0	0
A/R - Post Filing	0	0	0	0	0	0	0
A/R - Pre Filing	0	0	0	0	0	0	0
General Sales	0	0	0	0	0	0	0
Intercompany Receipts	0	5.00	165,342.50	0	5.00	0	0
TOTAL RECEIPTS	0	5.00	165,342.50	0	5.00	0	0
5. BALANCE	2,636,643.94	(111.00)	165,326.50	2,484,141.32	(92.91)	807.51	
6. LESS: Disbursements	164,377.40	0	0	0	0	0	0
Transfers to other DIP Accounts	0	0	165,342.50	927,667.70	0	0	0
Disbursements	0	0	0	0	0	0	274.84
TOTAL Disbursements	164,377.40	0	165,342.50	927,667.70	0	0	274.84
7. Ending Balance	2,472,266.54	(111.00)	(16.00)	1,556,453.62	(92.91)	532.67	

I. CASH RECEIPTS AND DISBURSEMENTS

Case Number: 21621  
 Month Ending: 02/28/2010  
 Account Number: 0357  
 Depository Name & Location: EastWest Bank  
 1881 W. Main St., 2nd Flr Alhambra, CA 91801

21622  
 02/28/2010  
 0201  
 EastWest Bank  
 1881 W. Main St., 2nd Flr Alhambra, CA 91801

845 S. Flower Street, LLC	Meruelo Chinatown, LLC	Total
15,623.88	61,147.82	9,834,743.42
0	54,827.79	22,971,038.66
5,092,022.75	7,971.23	10,221,356.84
4. Receipts During Current Period		
A/R - Post Filing	0	0
A/R - Pre Filing	0	0
General Sales	18,500.00	18,500.00
Intercompany Receipts	2,343.73	167,696.23
TOTAL RECEIPTS	2,343.73	186,196.23
5. BALANCE	5,094,366.48	26,471.23
6. LESS: Disbursements		
Transfers to other DIP Accounts	0	164,377.40
Disbursements	0	1,093,955.04
TOTAL Disbursements	0	1,258,332.44
7. Ending Balance	5,094,366.48	25,821.23
		9,149,220.63

I. TOTAL DISBURSEMENTS FROM ALL ACCOUNTS FOR CURRENT PERIOD

Date mm/dd/yyyy	Case #	Entity	Acct #	Check Number	Internal Vendor Code	Payee or DJP account	Purpose	*Amount Transferred	**Amount Disbursed	Amount
2/28/2010	21622	Meruelo Chinatown, LLC	2201	266	v0000615	U. S. Trustee Payment Center	Q4-2009 731-09-21622	0.00	650.00	650.00
2/28/2010	21621	845 S. Flower Street, LLC	6863	927	v0000714	AT&T	Svc 11/14/09-12/15/09	0.00	274.84	274.84
2/28/2010	21621	845 S. Flower Street, LLC	6039	2863	kes	Kajima Construction Services, Inc.	Feb10 Wire Out	0.00	148,379.96	148,379.96
2/28/2010	21621	845 S. Flower Street, LLC	6039	30145446	dwp9079	LA Dept of Water & Power	Svc 2/13/09-9/3/09	0.00	1,380.85	1,380.85
2/28/2010	21621	845 S. Flower Street, LLC	6039	30145445	dwp2406	LA Dept of Water & Power	Svc 12/31/09-2/1/10	0.00	13,676.52	13,676.52
2/28/2010	21621	845 S. Flower Street, LLC	6039	30145445	dwp2406	LA Dept of Water & Power	Svc 12/31/09-2/1/10	0.00	1,851.17	1,851.17
2/28/2010	21621	845 S. Flower Street, LLC	6087	JE 24449	dwp3341	113015039	Svc Feb10	0.00	54.00	54.00
2/28/2010	21621	845 S. Flower Street, LLC	0060	JE 24449		City National Bank	Inter-Company - Inter-Bank Transfer	164,377.40	0.00	164,377.40
2/28/2010	21621	845 S. Flower Street, LLC					1/10 Loan Payment	0.00	927,687.70	927,687.70
								<b>164,377.40</b>	<b>1,093,955.04</b>	<b>1,258,332.44</b>

I. BANK RECONCILIATION

CASE NO.	ENTITY	ACCOUNT NO.	STATEMENT DATE	STATEMENT BALANCE
21621	845 S. Flower Street, LLC Debtor-In-Possession	██████0087	Statement Date: 02/28/2010	Statement Bal: 2,472,266.54 ADJUSTED BANK BALANCE 2,472,266.54
21621	845 S. Flower Street, LLC Debtor-In-Possession	██████0079	Statement Date: 02/28/2010	Statement Bal: -111.00 ADJUSTED BANK BALANCE -111.00
21621	845 S. Flower Street, LLC Debtor-In-Possession	██████5039	Statement Date: 02/28/2010	Statement Bal: -16.00 ADJUSTED BANK BALANCE -16.00
21621	845 S. Flower Street, LLC Debtor-In-Possession	██████0060	Statement Date: 02/28/2010	Statement Bal: 1,556,453.62 ADJUSTED BANK BALANCE 1,556,453.62
21621	845 S. Flower Street, LLC Debtor-In-Possession	██████5036	Statement Date: 02/28/2010	Statement Bal: -92.91 ADJUSTED BANK BALANCE -92.91
21621	845 S. Flower Street, LLC Debtor-In-Possession	██████6863	Statement Date: 02/28/2010	Statement Bal: 532.67 910 12/03/2009 343.00 914 12/07/2009 121.00 925 01/18/2010 9.94 TOTAL OUTSTANDING CHECKS 473.94 ADJUSTED BANK BALANCE 58.73
21621	845 S. Flower Street, LLC Debtor-In-Possession	██████0357	Statement Date: 02/28/2010	Statement Bal: 5,094,366.48 ADJUSTED BANK BALANCE 5,094,366.48
21622	Meruelo Chinatown, LLC Debtor-In-Possession	██████2201	Statement Date: 02/28/2010	Statement Bal: 25,821.23 02/28/2010 5,000.00 TOTAL DEPOSITS IN TRANSIT 5,000.00 254 10/19/2009 362.50 TOTAL OUTSTANDING CHECKS 362.50 ADJUSTED BANK BALANCE 30,458.73
				Statement Bal Total: 9,149,220.63

I. D. SUMMARY SCHEDULE OF CASH

ENDING BALANCES FOR THE PERIOD: 2/10

(Provide a copy of monthly account statements for each of the below)

CASE NO.	ENTITY	ACCOUNT NO.	AMOUNT
21621	845 S. Flower Street, LLC	Debtor-In-Possession [REDACTED] 0087	2,472,266.54
21621	845 S. Flower Street, LLC	Debtor-In-Possession [REDACTED] 0079	(111.00)
21621	845 S. Flower Street, LLC	Debtor-In-Possession [REDACTED] 5039	(16.00)
21621	845 S. Flower Street, LLC	Debtor-In-Possession [REDACTED] 0060	1,556,453.62
21621	845 S. Flower Street, LLC	Debtor-In-Possession [REDACTED] 5036	(92.91)
21621	845 S. Flower Street, LLC	Debtor-In-Possession [REDACTED] 6863	532.67
21621	845 S. Flower Street, LLC	Debtor-In-Possession [REDACTED] 0357	5,094,366.48
21622	Meruelo Chinatown, LLC	Debtor-In-Possession [REDACTED] 2201	25,821.23
		<b>TOTAL</b>	<u><u>9,149,220.63</u></u>

Note: We do not have petty cash accounts.

**II. STATUS OF PAYMENTS TO SECURED CREDITORS, LESSORS  
AND OTHER PARTIES TO EXECUTORY CONTRACTS**

Entity	Case No.	Creditor, Lessor, Etc.	Frequency of Payments (Mo/Qtr)	Amount of Payment**	Post-Petition payments not made (Number)	Total Due**
<b>Secured Creditors:</b>						
Meruelo Maddux - 845 S. Flower Street, LLC	21621	Canyon Capital Realty Advisors	Monthly	842,860.14	3	2,550,860.14
<b>Lessor:</b>						
<b>Executory Contracts / Employment Agreements*:</b>						
*Currently, no Executory Contracts have been assumed or rejected.						
**The "amount of payment" may vary due to factors such as the number of days in a month and variable rates; therefore, the "total due" is generally the amount previously accrued plus current month.						
***We made adjustments to the accrued interest rate to exclude the default rate.						
				842,860.14	TOTAL DUE:	2,550,860.14

**III. TAX LIABILITIES**

FOR THE REPORTING PERIOD: FEBRUARY 1-28, 2010

Gross Sales Subject to Sales Tax: 0.00  
Total Wages Paid: 0.00

	Total Post-Petition Amounts Owing	Amount Delinquent	Date Delinquent Amount Due
Federal Withholding	0.00	0.00	N/A
State Withholding	0.00	0.00	N/A
FICA- Employer's Share	0.00	0.00	N/A
FICA- Employee's Share	0.00	0.00	N/A
Federal Unemployment	0.00	0.00	N/A
Sales and Use	0.00	0.00	N/A
Real Property	0.00	0.00	N/A
Real Property	0.00	0.00	N/A
Other:			
<b>TOTAL:</b>	<b>0.00</b>	<b>0.00</b>	

IV. AGING OF ACCOUNTS PAYABLE AND RECEIVABLE

	*Accounts Payable	Accounts Receivable	
	Post-Petition	Pre-Petition	Post-Petition
30 days or less	0.00	0.00	0.00
31 - 60 days	0.00	0.00	8,250.00
61 - 90 days	0.00	0.00	23,250.00
91 - 120 days	(2,993.49)	0.00	22,500.00
Over 120 days	0.00	0.00	0.00
<b>TOTAL:</b>	<b>(2,993.49)</b>	<b>0.00</b>	<b>54,000.00</b>

V. INSURANCE COVERAGE

Waived by Ms. Maria Marquez. See Insurance Schedule previously provided

	Name of Carrier	Amount of Coverage	Policy Expiration Date	Premium Paid Through (Date)
General Liability				
Worker's Compensation				
Casualty				
Vehicle				
Others:				

VI. UNITED STATES TRUSTEE QUARTERLY FEES  
(TOTAL PAYMENTS)

Quarterly Period Ending (Date)	Case #	Entity	Total Disbursements	Quarterly Fees	Date Paid	Amount Paid	Quarterly Fees Still Owning
12/31/2009	21622	Meruelo Chinatown, LLC		650	01/28/2010	650	-
09/30/2009	21622	Meruelo Chinatown, LLC		325	10/22/2009	325	-
12/31/2009	21621	845 S. Flower Street, LLC		13,000		0	13,000
09/30/2009	21621	845 S. Flower Street, LLC		10,400		0	10,400

\* Post-Petition Accounts Payable SHOULD NOT include professionals' fees and expenses which have been incurred but not yet awarded by the court. Post-Petition Accounts Payable SHOULD include professionals' fees and expenses authorized by Court Order but which remain unpaid as of the close of the period report

VII. SCHEDULE OF COMPENSATION PAID TO INSIDERS

Name of Insider	Date of Order Authorizing Compensation	*Authorized Gross Compensation	Gross Compensation Paid During the Month
None			0.00

VIII. SCHEDULE OF OTHER AMOUNTS PAID TO INSIDERS

Name of Insider	Date of Order Authorizing Compensation	Description	Amount Paid During the Month
None			0.00

\* Please indicate how compensation was identified in the order (e.g. \$1,000/week, \$2,500/month)

**845 South Flower Street and Chinatown**  
**Statement of Income of Debtors-In-Possession**  
**For February 2010**

	Meruelo Maddux - 845 S. Flower Street, LLC 21621	Meruelo Chinatown, LLC 21622
<b>REVENUE</b>		
Rental Income	-	-
Management Fees	-	-
Other Income	-	22,000
<b>TOTAL REVENUE</b>	<b>-</b>	<b>22,000</b>
<b>OPERATING EXPENSES</b>		
Direct Corporate Property Management	-	-
Payroll - Insiders	-	-
Property Administration	190	-
Cleaning	-	-
General Building	-	-
Insurance	-	117
Repairs and Maintenance	-	-
Real Property Taxes	-	6,580
Security	-	-
Utilities	-	1,075
Depreciation and Amortization	-	-
Stock Compensation	-	-
General and Administrative	-	54,000
Misc Operating Expense	-	-
<b>TOTAL OPERATING EXPENSES</b>	<b>190</b>	<b>61,772</b>
<b>Net Income/(Loss) from Operations</b>	<b>(190)</b>	<b>(39,772)</b>
<b>NON-OPERATING INCOME</b>		
Interest Income	4,191	-
Gain on Sale of Asset	-	-
Other	-	-
<b>TOTAL NON-OPERATING INCOME</b>	<b>4,191</b>	<b>-</b>
<b>NON-OPERATING EXPENSES</b>		
Interest Expense	-	-
Legal and Professional	-	-
Impairment Loss on Real Estate	-	-
Provision (Benefit) for Income Taxes	-	-
Minority Interests	-	-
<b>TOTAL NON-OPERATING EXPENSES</b>	<b>-</b>	<b>-</b>
<b>NET INCOME/(LOSS)</b>	<b>4,001</b>	<b>(39,772)</b>

**845 South Flower Street and Chinatown**  
**Balance Sheet of Debtors-In-Possession**  
**As of February 28, 2010**

	Meruelo Maddux - 845 S. Flower Street, LLC 21621	Meruelo Chinatown, LLC 21622
<b>ASSETS</b>		
<b>Current Assets</b>		
Unrestricted Cash	59	30,459
Restricted Cash	9,122,867	-
Accounts Receivable	-	-
Notes Receivable	-	-
Prepaid Expenses	307,569	-
<b>Total Current Assets</b>	<b>9,430,495</b>	<b>30,459</b>
Investment in Real Estate	93,877,385	7,737,449
Accumulated Depreciation	-	-
<b>Net Investment in Real Estate</b>	<b>93,877,385</b>	<b>7,737,449</b>
<b>Other Assets (Net of Amortization)</b>		
Due to Affiliates, Net	(73,246,937)	(6,413,853)
Due from Insiders	-	-
Other Assets	-	-
<b>Total Other Assets</b>	<b>(73,246,937)</b>	<b>(6,413,853)</b>
<b>TOTAL ASSETS</b>	<b>30,060,942</b>	<b>1,354,054</b>
<b>LIABILITIES</b>		
<b>Post-Petition Liabilities</b>		
Accounts Payable	2,472,867	1,763
Taxes Payable	-	13,160
Notes Payable	-	-
Professional Fees	-	-
Secured Debt	-	-
Other	-	-
<b>Total Post-Petition Liabilities</b>	<b>2,472,867</b>	<b>14,922</b>
<b>Pre-Petition Liabilities</b>		
Secured Liabilities	84,000,000	-
Priority Liabilities	-	-
Unsecured Liabilities	229,957	1,080
Other	346,149	-
<b>Total Pre-Petition Liabilities</b>	<b>84,576,106</b>	<b>1,080</b>
<b>TOTAL LIABILITIES</b>	<b>87,048,973</b>	<b>16,003</b>
<b>MINORITY INTEREST</b>	-	-
<b>STOCKHOLDERS' EQUITY</b>		
Pre-Petition Stockholders' Equity	(57,032,393)	1,270,991
Post-Petition Profit/(Loss)	44,362	67,061
Direct Charges to Equity	-	-
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>(56,988,030)</b>	<b>1,338,052</b>
<b>TOTAL LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>	<b>30,060,942</b>	<b>1,354,054</b>

**845 S Flower Street and Chinatown  
February's Report**

XI. QUESTIONNAIRE

	No	Yes
<b>1. Has the debtor-in-possession made any payments on its pre-petition unsecured debt, except as have been authorized by the court? If "Yes", explain below:</b>		
<hr/>	X	<hr/>

<b>2. Has the debtor-in-possession during this reporting period provided compensation or remuneration to any officers, directors, principals, or other insiders without appropriate authorization? If "Yes", explain below:</b>	No	Yes
<hr/>	X	<hr/>

**3. State what progress was made during the reporting period toward filing a plan of reorganization:**

During the subject, Meruelo Maddux - 845 S. Flower Street, LLC ("845 S. Flower") together with Meruelo Chinatown, LLC under case no. 1:09-bk-21622-KT ("Chinatown") filed their *Joint First Amended Disclosure Statement and Joint First Amended Plan of Reorganization*. A hearing on the approval of the amended disclosure statement is set for March 29, 2010.

**4. Describe potential future developments which may have a significant impact on the case:**

In a previous reporting period, Canpartners filed a motion for relief from stay with respect to 845 S. Flower's luxury condominium tower (the "Project"). 845 S. Flower contested the motion and disputed that Canpartners is entitled to relief from the automatic stay on any grounds. A continued hearing on the motion took place on January 8, 2010. The Court authorized further briefing and set a further hearing on the motion for February 5, 2010. At that time, the Court set March 12, 2010 for a continued evidentiary hearing on the valuation of the Project. This hearing has now been continued to April 2, 2010. The outcome of this motion may have an impact on the Debtor's plan.

In a previous reporting period, Canpartners also filed an adversary proceeding against 845 S. Flower and Chinatown seeking, among other things, declaratory relief that Canpartners is not required to release its lien on Chinatown's real property as required under Canpartners' Loan Agreement with 845 S. Flower. 845 S. Flower and Chinatown contest the relief requested in the declaratory relief action and continue to assert that Canpartners is required to release its lien on the Chinatown property once 845 S. Flower obtains an Acceptable Temporary Certificate of Occupancy (as defined in the Loan Agreement). The Debtors also have asserted a counter-claim against Canpartners. The Court set March 12, 2010 for a hearing on cross-motions for summary judgment filed by the parties. That hearing has been continued to April 2, 2010. The outcome of this litigation may have an impact on the case.

**5. Attach copies of all Orders granting relief from the automatic stay that were entered during the reporting period.**

None

No Yes

**6. Did you receive any exempt income this month, which is not set forth in the operating report? If "Yes", please set forth the amounts and sources of the income below.**

X

I, Richard Meruelo, Chief Executive Officer, declare under penalty of perjury that I have fully read and understood the foregoing debtor-in-possession operating report and that the information contained herein is true and complete to the best of my knowledge.

3/12/2010

Date



Principal for Debtor-in-Possession