

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA,
ALEXANDRIA DIVISION**

CRESTLINE HOTELS & RESORTS, LLC,	:	
a Delaware Limited Liability Company,	:	
	:	Civil Action No. 1:20-cv-661
Plaintiff,	:	
	:	
v.	:	
	:	
URBAN COMMONS LLC, TAYLOR	:	JURY TRIAL DEMANDED
WOODS, and HOWARD WU,	:	
	:	
Defendants.	:	

COMPLAINT

Plaintiff, Crestline Hotels & Resorts, LLC (“Crestline”), by and through its attorneys, Eckert Seamans Cherin & Mellott, LLC, hereby submits this Complaint against Defendants, Urban Commons LLC (“Urban Commons”), Taylor Woods (“Woods”), and Howard Wu (“Wu,” and together with Urban Commons and Woods, “Defendants” or “Guarantors”), upon causes of action of which the following are statements:

I. THE PARTIES

1. Plaintiff Crestline is a Delaware limited liability company with a principal place of business located in Fairfax, Virginia.
2. Defendant Urban Commons is a Delaware limited liability company with a principal place of business located in Los Angeles, California. On information and belief, all members of Urban Commons are citizens of California.
3. Defendant Taylor Woods is an individual resident of California.
4. Defendant Howard Wu is an individual resident of California.

II. JURISDICTION AND VENUE

5. The jurisdiction of this Court is based on diversity of citizenship pursuant to 28 U.S.C. § 1332, insofar as the parties are citizens of different states and the amount in controversy exceeds the sum of \$75,000.00, exclusive of interest and costs.

6. Venue is proper in this judicial district pursuant to 28 U.S.C. § 1391 in that a substantial part of the events or omissions giving rise to the claim occurred in this district.

III. FACTS

7. Plaintiff Crestline is a hotel management company, conducting its business of managing hotels, on behalf of hotel owners, throughout the United States.

8. On or about February 14, 2020, Crestline entered into three Hotel Management Agreements with affiliates of Defendant Urban Commons (each a “Management Agreement” and together the “Management Agreements”). Each such affiliate is an “Owner” pursuant to the Management Agreements.

9. The Management Agreements related to the management of the Renaissance Denver Stapleton hotel, Sheraton Denver Tech hotel, and the Holiday Inn Denver East Stapleton hotel, respectively. Those Agreements are attached to the Complaint as Exhibits A-1, A-2, and A-3, respectively.

10. In consideration for each Owner’s agreement to enter into the respective Management Agreements, Crestline agreed in Section 22.15 of each Management Agreement to pay the Owners “Key Money” payments for each of the three separate Management Agreements as well as a fourth relating to the Hilton Nashville Airport hotel, in the aggregate amount of \$5,800,000. Crestline has thus far paid \$3,850,000 in Key Money (such paid Key Money is defined in the Management Agreements as the “Key Money Amount”); \$150,000 of Crestline’s

obligation was extinguished due to a default under the Management Agreement relating to the Sheraton Denver Tech hotel, and \$1,800,000 is not yet due with respect to the Hilton Nashville Airport hotel.

11. Contemporaneously with the execution of the Management Agreements, Crestline and Defendants entered into a Guaranty agreement pursuant to which Defendants agreed to guarantee “all monetary obligations” of Owners to Crestline under the Management Agreements on a joint and several basis. The Guaranty is attached to the Complaint as Exhibit B.

12. Section 5.12 of the Guaranty provides, in pertinent part:

The Guaranty, all relations between the parties, and any and all disputes between the parties, whether sounding in contract, tort or otherwise, shall be governed by, and construed and enforced in accordance with, the laws of the Commonwealth of Virginia without giving effect to its conflict of laws principles. The parties stipulate and agree that the Commonwealth of Virginia has a substantial relationship to the underlying transaction related to this Guaranty and to the parties involved and this Guaranty shall be deemed made and entered into in Commonwealth of Virginia. In entering into this Guaranty, Guarantor acknowledges that it has sought, voluntarily accepted and become associated with Crestline who is headquartered in Fairfax, Virginia. Guarantor hereby expressly and irrevocably submits itself to the non-exclusive jurisdiction of the U.S. District Court for the Eastern District of Virginia, Alexandria Division and the Commonwealth and Circuit Courts of Fairfax, Virginia for the purpose of any and all disputes related to this Guaranty.

13. On May 5, 2020, Crestline sent the Owner of the Holiday Inn Denver East Stapleton hotel (an entity named EHT HIDH, LLC), a request for required working capital for the hotel in the amount of \$283,196.10 (“Working Capital”). A copy of the written request is attached hereto as Exhibit C.

14. Pursuant to Section 7.01.B of the Management Agreement, Owner had five business days – i.e., until May 12, 2020 – to fund the requested Working Capital. When Owner failed to provide said Working Capital by May 12, 2020, Owner defaulted under Section 16.01.G of the Management Agreement, which provides that “[t]he failure of Owner to provide to

Management Company sufficient Working Capital to operate the Hotel as required by Article VII within five (5) business days after Owner's receipt of a Funds Request from Management Company, which such Funds Request has not been reasonably contested by Owner," would constitute a "Default" under the Management Agreement.

15. As there is no additional cure period in Section 16.01.G, Owner's Default constituted an Event of Default under Section 16.02 of the Management Agreement, which provides:

Upon the occurrence of any Default by a defaulting party under Section 16.01 E, F, G, or H, such Default shall constitute an 'Event of Default' under this Agreement if the defaulting party fails to cure such Default within the respective cure or payment period (as specified in the applicable subsection) after written notice from the non-defaulting party specifying such Default and demanding such cure or payment.

16. Under Section 22.15.B of the Management Agreement, the Event of Default then triggered the obligation of the Owner of the Holiday Inn Denver East Stapleton hotel to immediately repay the Key Money Amount relating to that hotel, and similarly triggered the obligations of the other two Owners to repay the Key Money Amount with respect to their Management Agreements, as well.

17. Collectively, the Event of Default triggered the Owners' obligation to pay to Crestline a total Key Money Amount of \$3,850,000, which to date the Owners have not paid nor have the Owners indicated any willingness to pay, despite written demands from Crestline for payment. Copies of the written request are attached hereto as Exhibits D-1, D-2 and D-3.

18. Pursuant to the Guaranty, Defendants are jointly and severally liable to Crestline for all monetary obligations of Owners, including the repayment of the Key Money Amounts for the hotels. Crestline has issued written demands to each of the Defendants to honor their Guaranty obligations by paying the equivalent of the Key Money to Crestline, but Defendants have failed

and refused to make such payment or otherwise respond. Copies of the written demands are attached hereto as Exhibit E.

19. Accordingly, Defendants are jointly and severally liable to Crestline for the Key Money owed to Crestline in the amount of no less than \$3,850,000.00, as well as the amount of any unfunded Working Capital at the hotels. Crestline reserves the right to modify the amount of damages as they may change over the course of this litigation.

IV. CAUSES OF ACTION

COUNT I **BREACH OF CONTRACT**

20. Pursuant to Rule 10(c) of the Federal Rules of Civil Procedure, Plaintiff hereby incorporates by reference the averments contained in the preceding paragraphs as if fully set forth herein.

21. Crestline and Defendants entered into a Guaranty contract whereby Defendants would guarantee all future obligations and expenses owed by certain Owner-affiliates of Urban Commons to Crestline under the Management Agreements.

22. Crestline has performed all conditions of the Guaranty contract.

23. Defendants have breached the Guaranty contract by failing to fulfill the obligations of Owners to repay \$3,850,000 in Key Money Amounts pursuant to the Management Agreements.

24. Defendants have further breached the Guaranty contract by failing to fulfill the obligations of Owner EHT HIDH, LLC to provide Working Capital funding as requested by Crestline for the benefit of the Holiday Inn Denver East Stapleton hotel.

25. By reason of the foregoing, Crestline has been damaged in an amount in excess of \$3,850,000.

26. Section 1.1 of the Guaranty obligates Defendants “to pay on demand the Expenses” of Crestline. “Expenses” is defined in Section 1.3 of the Guaranty as:

(a) all reasonable third-party attorneys’ fees and expenses and all other costs and expenses of any kind which Crestline may at any time pay or incur in attempting to collect, compromise or enforce in any respect the Obligations or this Guaranty, whether or not suit is ever filed, and whether or not in connection with any insolvency, bankruptcy, reorganization, arrangement or other similar proceeding involving any Owner or Guarantor, and (b) if Crestline pays any such cost or expense, interest at the lesser of the (i) interest rate allowed by the applicable usury laws; or (ii) Prime Rate plus three percent (3%) on any such payment from the date thereof until repayment of Crestline in full.

27. Accordingly, Defendants are also obligated to pay the attorneys’ fees and expenses incurred by Crestline in preparing for, bringing, and litigating this action.

WHEREFORE, Crestline Hotels & Resorts, LLC, demands judgment in its favor and against Urban Commons LLC, Taylor Woods, and Howard Wu, jointly and severally, in an amount in excess of \$75,000.00, plus costs, interest, attorneys’ fees and such other and further relief as this Court deems just and proper.

COUNT II **DECLARATORY RELIEF**

28. Pursuant to Rule 10(c) of the Federal Rules of Civil Procedure, Plaintiff hereby incorporates by reference the averments contained in the preceding paragraphs as if fully set forth herein.

29. Section 7.01.B of the Management Agreement provides:

If at any time Management Company reasonably determines that Working Capital is less than the amount required to be maintained under Section 7.01 A above and there is not sufficient cash in the Operating Account to replenish such shortfall, if any, Management Company shall notify Owner in writing of the existence and amount of such shortfall (a “Funds Request”) within five (5) business days after Owner’s receipt of the Funds Request.

30. On May 5, 2020, Crestline sent Owner EHT HIDH, LLC, the Owner of the Holiday Inn Denver East Stapleton hotel, a request for required working capital for the hotel in the amount of \$283,196.10.

31. Owner had five business days – i.e., until May 12, 2020 – to fund the requested Working Capital.

32. To date, Owner has not funded the requested Working Capital and has not indicated that it plans on doing so.

33. Pursuant to the Guaranty, Defendants are jointly and severally liable to Crestline for all monetary obligations of Owners, including the payment of Working Capital for the hotels as requested by Crestline.

34. To date, Defendants have failed and refused to make such payment or otherwise respond.

35. Accordingly, Crestline seeks a declaration that Defendants are obligated to fund the Working Capital pursuant to the Guaranty, in light of Owner's breach of Section 7.01 of the Management Agreement by failing to fund such Working Capital.

36. This matter has created a case of actual controversy within this Court's jurisdiction, such that a declaration of the parties' contractual rights pursuant to 22 U.S.C. § 2201 is proper.

WHEREFORE, Crestline Hotels & Resorts, LLC, demands judgment in its favor and against Urban Commons LLC, Taylor Woods, and Howard Wu, and declare that Defendants are obligated to fund the Working Capital as requested by Crestline pursuant to the Guaranty, in light of Urban Commons' wholly owned and controlled affiliate, EHT HIDH, LLC's failure to pay such Working Capital in breach of the Management Agreement between EHT HIDH, LLC and Crestline, along with such other and further relief as this Court deems just and proper.

Respectfully submitted,

/s/ Kennedy C. Ramos
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Attorneys for Plaintiff,
Crestline Hotel & Resorts, LLC

CERTIFICATE OF SERVICE

I hereby certify that on the 12th day of June, 2020, I will electronically file the foregoing with the Clerk of Court using the CM/ECF system.

I hereby certify that I will mail the document by U.S. mail to the following non-filing users:

Urban Commons, LLC
10250 Constellation Blvd.
Los Angeles, CA 90067

Taylor Woods
826 Emerald Bay
Laguna Beach, CA 92651-1273

Howard Wu
13600 Bayliss Road
Los Angeles, CA 90049-1815

/s/ Kennedy C. Ramos
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