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November 30, 2020

By ECF and E-Mail

Honorable Michael E. Wiles
United States Bankruptcy Court
Southern District of New York
One Bowling Green
New York, New York 10004-1408

Re: *In re Westinghouse Electric Company LLC, et al.* (the “Debtors”),
Case No. 17-10751 (Bankr. S.D.N.Y.)

Dear Judge Wiles:

On behalf of W Wind Down Co LLC (“Wind Down Co”), I write in response to the November 13, 2020 letter to the Court from Mr. Russ V. Debnam regarding certain employment-related taxes withheld from the Distribution made to Mr. Debnam on account of his Allowed Class 3A General Unsecured Claim.¹

As the Court is aware, on July 7, 2020, the Court entered the *Order Regarding the Claim of Russ V. Debnam*, capping the maximum allowable amount of Mr. Debnam’s claim at \$200,000, based on the maximum amount of wages that Mr. Debnam could have earned working on the V.C. Summer Project had his employment not been terminated.² As noted in Wind Down Co’s last letter to the Court regarding Mr. Debnam’s claim,³ following the entry of the July 7th order, Wind Down Co notified Mr. Debnam that his claim would be allowed at the \$200,000 capped amount and promptly caused the issuance of a Distribution check to Mr. Debnam in satisfaction of his Allowed Class 3A General Unsecured Claim.

Because Mr. Debnam’s Allowed Claim arises from his employment with the Debtors, and is based on lost wages, applicable federal and state law requires Wind Down Co to withhold income taxes and remit both the employer and employee portion of employment taxes to the

¹ See *Letter to the Court by Russ V. Debnam re: Employer Payroll Taxes* [ECF No. 4595].

² [ECF No. 4575].

³ See *Letter in Response to the September 23, 2020 Letter from Mr. Russ V. Debnam* [ECF No. 4585] *Regarding Taxes Withheld from the Distribution Made on Account of Mr. Debnam’s Allowed Class 3A General Unsecured Claim* [ECF No 4586].



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Honorable Michael E. Wiles

2

applicable taxing authorities. After accounting for these required withholdings and remissions, the gross Allowed Claim amount of \$200,000 resulted in a net payable amount of \$122,625.60, which is the amount of the Distribution check that was sent to Mr. Debnam. Therefore, the net Distribution amount sent to Mr. Debnam is the maximum amount that Mr. Debnam was entitled to receive based on a gross Allowed Claim amount of \$200,000. All amounts withheld or remitted from Mr. Debnam's Distribution have been paid to applicable taxing authorities, and no such amounts have been retained by Wind Down Co.

Based on Mr. Debnam's most recent letter to the Court, Wind Down Co understands that Mr. Debnam takes issue with Wind Down Co deducting the employer portion of employment taxes from the gross amount of his Allowed Claim. The employer taxes remitted on account of Mr. Debnam's claim totaled \$11,411.93, and comprise social security tax (\$8,537.40), Medicare tax (\$2,734.53) and state and federal unemployment taxes (\$140.00). Wind Down Co, with the assistance of its Distribution Agent, has uniformly calculated Distributions made on account of allowed employee claims in the same manner as Mr. Debnam's Distribution was calculated here. This is consistent with Wind Down Co's obligations both under applicable law and under Section 7.14 of the Plan, which requires that "any party issuing any instrument or making any Distribution described in the Plan shall comply with all applicable withholding and reporting requirements imposed by any federal, state, or local taxing authority, and all Distributions pursuant to the Plan and all related agreements shall be subject to any such withholding or reporting requirements."

For the reasons set forth above, Wind Down Co respectfully submits that it has complied with its obligations under the Plan and the Court's July 7th order, and that no other amounts are owed to Mr. Debnam on account of his Allowed Claim. I will be prepared to address any questions that the Court may have with respect to this matter at the December 2nd hearing.

Respectfully submitted,

/s/ Kyle J. Kimpler
Kyle J. Kimpler

cc:

Russ V. Debnam