

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

WOODBIDGE GROUP OF COMPANIES,
LLC, *et al.*,¹

Debtors.

Chapter 11

Case No. 17-12560 (KJC)

(Jointly Administered)

Obj. Deadline: August 7, 2018 at 4:00 p.m. (ET)

Ref. Docket No. 888

**NOTICE OF FILING OF CONSENT ORDER
BETWEEN CERTAIN DEBTORS AND THE STATE OF MICHIGAN**

TO: (I) THE DIRECTOR OF THE CORPORATIONS, SECURITIES & COMMERCIAL LICENSING BUREAU OF THE MICHIGAN DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS; (II) THE OFFICE OF THE UNITED STATES TRUSTEE FOR THE DISTRICT OF DELAWARE; (III) COUNSEL FOR THE COMMITTEE; (III) COUNSEL FOR THE NOTEHOLDER GROUP, (IV) COUNSEL FOR THE UNITHOLDER GROUP, (V) THE SECURITIES AND EXCHANGE COMMISSION, AND (VI) ALL PARTIES THAT HAVE REQUESTED NOTICE IN THESE CHAPTER 11 CASES PURSUANT TO LOCAL RULE 2002-1.

PLEASE TAKE NOTICE that, on April 3, 2018, the United States Bankruptcy Court for the District of Delaware (the “Court”) entered the *Order Setting Expedited Procedures for the Approval of Certain Consent Orders* [Docket No. 888] (the “Consent Procedures Order”), which approved expedited procedures for consent orders meeting certain Required Parameters.²

PLEASE TAKE FURTHER NOTICE that, in accordance with the Approval Procedures set forth in the Consent Procedures Order, the Debtors hereby file a proposed form of order, attached hereto as Exhibit A (the “Proposed Authorization Order”), pursuant to section 363(b) of the Bankruptcy Code and Bankruptcy Rule 9019, authorizing and approving certain of the Debtors to enter into the Administrative Consent Agreement and Order (the “Consent Order”) with the Director of the Corporations, Securities & Commercial Licensing Bureau of the Michigan Department of Licensing and Regulatory Affairs. The Consent Order is attached to the Proposed Authorization Order as Exhibit 1. The Consent Order meets the Required Parameters.

¹ The last four digits of Woodbridge Group of Companies, LLC’s federal tax identification number are 3603. The mailing address for Woodbridge Group of Companies, LLC is 14140 Ventura Boulevard #302, Sherman Oaks, California 91423. Due to the large number of debtors in these cases, which are being jointly administered for procedural purposes only, a complete list of the Debtors, the last four digits of their federal tax identification numbers, and their addresses are not provided herein. A complete list of such information may be obtained on the website of the Debtors’ noticing and claims agent at www.gardencitygroup.com/cases/WGC, or by contacting the undersigned counsel for the Debtors.

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Consent Procedures Order.

PLEASE TAKE FURTHER NOTICE that, pursuant to the Consent Procedures Order, any objections to the entry of the Proposed Authorization Order must be filed with the Court, and at the same time served upon the Notice Parties, on or before **August 7, 2018 at 4:00 p.m. (ET)**.

PLEASE TAKE FURTHER NOTICE THAT, IF NO OBJECTIONS ARE TIMELY FILED, SERVED, AND RECEIVED IN ACCORDANCE WITH THIS NOTICE, THEN THE COURT MAY ENTER THE PROPOSED AUTHORIZATION ORDER WITHOUT A HEARING.

Dated: July 31, 2018
Wilmington, Delaware

/s/ Betsy L. Feldman

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-and-

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Counsel for the Debtors and Debtors in Possession

EXHIBIT A

Proposed Authorization Order

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

WOODBRIIDGE GROUP OF COMPANIES, LLC,
et al.,¹

Debtors.

Chapter 11

Case No. 17-12560 (KJC)

(Jointly Administered)

Ref. Doc. Nos. 888 & ____

**ORDER, PURSUANT TO SECTION 363(b) OF THE BANKRUPTCY CODE AND
BANKRUPTCY RULE 9019, AUTHORIZING AND APPROVING THE DEBTORS'
ENTRY INTO PROPOSED CONSENT ORDER**

Upon the *Order Setting Expedited Procedures for the Approval of Certain Consent Orders* (the “Consent Procedures Order”) entered by this Court on April 3, 2018; and upon the *Notice of Filing of Consent Order between Certain Debtors and the State of Michigan* (the “Proposed Authorization Order”) filed by the above-captioned debtors and debtors in possession (collectively, the “Debtors”) providing notice of the Debtors’ request for the Court to authorize entry into the Administrative Consent Agreement and Order (the “Consent Order”) attached hereto as Exhibit 1 with the Director of the Corporations, Securities & Commercial Licensing Bureau of the Michigan Department of Licensing and Regulatory Affairs; and this Court having found that it has jurisdiction to consider the Proposed Authorization Order, and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware, dated February 29, 2012; and this Court having found that venue of these cases and the Proposed Authorization

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Order in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that this matter is a core proceeding pursuant to 28 U.S.C. § 157(b); and this Court having determined that it may enter a final order consistent with Article III of the United States Constitution; and it appearing that notice of the Proposed Authorization Order has been given as set forth in the Consent Procedures Order and that such notice is adequate and no other or further notice need be given; and this Court having found and determined that the relief sought in the Motion is in the best interest of the Debtors, their estates, their creditors and all other parties in interest; and that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. Pursuant to section 363(b) of the Bankruptcy Code and Bankruptcy Rule 9019, the Debtors' entry into the Consent Order is approved.
2. Nothing in the Consent Order shall be, or deemed to be, an admission or a declaration against interest by the Debtors or used in any way by the Debtors or any party in the Debtors' cases to prejudice any rights or claims made by any party in these cases, including, but not limited to, the Debtors, the Ad Hoc Unit Holders Committee, the Ad Hoc Noteholders Committee or the Creditors Committee, all of which rights are expressly preserved.
3. The Debtors are authorized and empowered to take any and all actions necessary to consummate the Consent Order and to carry out, effectuate or otherwise enforce the terms, conditions and provisions of thereof.
4. The fourteen (14) day stay of effectiveness imposed by Bankruptcy Rule 6004(h) is hereby waived and the relief granted herein shall take effect immediately upon the entry of this Order.

5. The Court shall retain jurisdiction over any and all matters arising from or related to the interpretation or implementation of this Order.

Dated: _____, 2018
Wilmington, Delaware

KEVIN J. CAREY
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT 1

Consent Order

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
CORPORATIONS, SECURITIES & COMMERCIAL LICENSING BUREAU

In the matter of:

WOODBIDGE MORTGAGE INVESTMENT Complaint No. 332973
FUND 1, LLC, Unregistered;

WOODBIDGE MORTGAGE INVESTMENT Complaint No. 332976
FUND 2, LLC, Unregistered;

WOODBIDGE MORTGAGE INVESTMENT Complaint No. 332977
FUND 3, LLC, Unregistered;

WOODBIDGE MORTGAGE INVESTMENT Complaint No. 332978
FUND 3A, LLC, Unregistered;

WOODBIDGE MORTGAGE INVESTMENT Complaint No. 332979
FUND 4, LLC, Unregistered; and

WOODBIDGE STRUCTURED FUNDING, LLC, Complaint No. 332980
Unregistered,

Respondents.

_____ /

Issued and entered
this _____ day of _____, 2018

ADMINISTRATIVE CONSENT AGREEMENT
AND ORDER

A. RELEVANT INFORMATION AND STATUTORY PROVISIONS, under the Michigan Uniform Securities Act (2002) (the “Act”), 2008 PA 551, MCL 451.2101 *et seq.*:

1. On August 8, 2017, the Director of the Corporations, Securities & Commercial Licensing Bureau of the Michigan Department of Licensing and Regulatory Affairs (the “Department”), as the Administrator of the Act (the

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“Administrator”), issued a separate Notice and Order to Cease and Desist against each of the above-captioned Respondents. For purposes of this Administrative Consent Agreement and Order (“Consent Order”):

- The above-captioned Respondents are referred to individually by name or generally as a “Woodbridge Entity,” and are referred to collectively as the “Woodbridge Entities.” The term “Woodbridge Entity” means and includes any successor business entity or any business entity owned, operated, or controlled by a Woodbridge Entity, including but not limited to any successor business entity that is formed or emerges as a result of the Woodbridge Bankruptcy (as defined in Paragraph A.7 below)
 - The six (6) separate Notices and Orders to Cease and Desist issued against each of the Woodbridge Entities on August 8, 2017 are referred to collectively as the “C&D Orders”; and
 - The Woodbridge Entities and Department staff are referred to individually as a “Party” and collectively as the “Parties.”
2. The C&D Orders allege that the Woodbridge Entities:
- (a) Offered and sold products known as “First Position Commercial Mortgages” and “Secondary Market Annuities” in Michigan to approximately 230 Michigan residents that were within the Act’s definition of a “security” and were not federally covered, exempt from registration, or registered, in violation of section 301 of the Act, MCL 451.2301; and
 - (b) Omitted material facts in connection with their offer and sale of the First Position Commercial Mortgages and Secondary Market Annuities to approximately 230 Michigan residents, in violation of section 501 of the Act, MCL 451.2501.
3. Based on these alleged violations of the Act, the C&D Orders, *inter*

alia:

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- (a) Ordered the Woodbridge Entities to immediately cease and desist from violating the Act; and
- (b) Notified the Woodbridge Entities of the Administrator's intention to impose a separate civil fine in the amount of \$500,000 each against Woodbridge Mortgage Investment Fund 1, 2, 3, 3A, and 4, LLC, and in the amount of \$20,000 against Woodbridge Structured Funding, LLC, pursuant to MCL 451.2604(4).

4. The C&D Orders were immediately effective pursuant to MCL 451.604(2); however, the Woodbridge Entities, through counsel, timely requested an administrative hearing on the C&D Orders pursuant to the Act (including section 604, MCL 451.2604) and the Michigan Administrative Procedures Act of 1969, 1969 PA 306, MCL 24.201 *et seq.* (including section 71, MCL 24.271) (the "Hearing Request").

5. The Woodbridge Entities are not registered in any capacity under the Act. See MCL 451.2401 through MCL 451.2404.

6. The Parties and their legal counsel participated in a meeting on October 24, 2017 to discuss the C&D Orders and potential resolution, agreeing to hold the Hearing Request in abeyance during settlement negotiations. Thereafter, the Woodbridge Entities cooperated with the Department by providing requested documents, and the Parties engaged in ongoing discussions about resolving this matter through a consent agreement and order.

7. On December 4, 2017, Woodbridge Group of Companies, LLC, the Woodbridge Entities, and other related entities filed voluntary petitions under

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chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”). These bankruptcy cases remain pending and are being jointly administered under case number 17-12560 (the “Woodbridge Bankruptcy”).

8. The Woodbridge Entities are authorized and continue to operate and manage their own property as debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code, and are under the management and control of WGC Independent Manager LLC, the authorized representative of which for purposes of entering into this Consent Order is Bradley D. Sharp, its Chief Restructuring Officer.

9. Notwithstanding the Woodbridge Bankruptcy, the Parties have continued to negotiate a potential resolution and discussed outstanding issues to ensure that the terms of this Consent Order are consistent with applicable bankruptcy law and procedures.

10. The Woodbridge Entities were represented by, and had the advice of, legal counsel throughout the process of resolving the C&D Orders through this Consent Order.

B. AGREEMENT

The Parties agree to resolve the C&D Orders pursuant to the following terms and conditions:

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1. The Woodbridge Entities agree to permanently cease and desist all new and renewal offers and sales of First Position Commercial Mortgages and Secondary Market Annuities to Michigan residents.

2. The Woodbridge Entities agree to permanently cease and desist offering or selling any securities in Michigan that are not registered or exempt under the Act or the rules promulgated under the Act or the predecessor Act.

3. All claims of Michigan residents holding any First Position Commercial Mortgages, Secondary Market Annuities, or other Woodbridge Entity investments ("Michigan Claimants") are subject to the bankruptcy proof of claim and/or proof of interest resolution process in the Woodbridge Bankruptcy. All claims and interests asserted by Michigan Claimants are subject to the jurisdiction of the Bankruptcy Court. This Paragraph B.3 is not intended to and legally cannot waive, limit, or otherwise alter any rights of Michigan Claimants to pursue rescission and repayment through the Woodbridge Bankruptcy or under other applicable law.

4. The Department will impose no civil fines against the Woodbridge Entities as part of this Consent Order in an effort to maximize recoveries by Michigan and other consumer investors through the Woodbridge Bankruptcy.

5. The Department will report and publish this Consent Order according to its current policy, as follows:

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- This Consent Order is a public record required to be published and made available to the public, consistent with section 11 of the Michigan Freedom of Information Act, MCL 15.241. The Department will publish this Consent Order consistent with its current policy, whereby copies of orders issued under the Act are posted to the Department's website and a summary of order content is included in monthly disciplinary action reports separately published on the Department's website.

6. Notwithstanding the potential application of MCL 451.2412(9), this Consent Order expressly preserves the Department's and Administrator's ability to rely on and assert, in any future proceeding under the Act, all activities, conduct, and alleged Act violations by the Woodbridge Entities contained in or relating to the C&D Orders.

7. The Woodbridge Entities neither admit nor deny any allegations in the C&D Orders or any wrongdoing in connection with this matter, and consent to entry of this Consent Order only for the purpose of resolving the C&D Orders in an expeditious fashion that avoids the time and expense associated with an administrative proceeding on the Hearing Request and any appeals therefrom. The Parties agree that this Consent Order is automatically admissible in a proceeding to enforce its provisions or in any administrative proceeding under the Act.

As part of this Consent Order, and for purposes of the above statement that the Woodbridge Entities "neither admit nor deny any allegations in the C&D Orders or any wrongdoing in connection with this matter," the Woodbridge Entities agree that they:

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- (a) Will not take any action or make or permit to be made any public statement denying, directly or indirectly, any allegation in the Consent Order or creating the impression that the Consent Order is without factual basis; and
- (b) Will not make or permit to be made any public statement to the effect that the Woodbridge Entities do not admit the allegations of the Consent Order, or that this Consent Order contains no admission of the allegations, without also stating that Respondents do not deny the allegations.

If the Woodbridge Entities breach the agreement in this immediate paragraph, the Administrator may vacate this Consent Order and restore the administrative proceeding under the C&D Orders.

Nothing in this Paragraph B.7 affects the Woodbridge Entities': (a) testimonial obligations; or (b) right to take differing legal or factual positions in litigation or other legal proceedings. Moreover, nothing in this Consent Order shall be, or deemed to be, an admission or a declaration against interest by the Woodbridge Entities or used in any way by the Woodbridge Entities or any party to their cases in the Woodbridge Bankruptcy to prejudice any rights or claims made by any party in these cases, including but not limited to the Woodbridge Entities, the Ad Hoc Unit Holders Committee, the Ad Hoc Noteholders Committee, or the Creditors Committee, all of which rights are expressly preserved.

8. By consenting to the entry of this Consent Order, the Woodbridge Entities preserve all rights under Section 1145 of the U.S. Bankruptcy Code.

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9. This Consent Order is not intended by the Department or the Administrator to subject the Woodbridge Entities or the entity that obtained managerial control of the Woodbridge Entities on December 1, 2017, WGC Independent Manager LLC, or any of its officers, employees, service providers, or agents, to any disqualifications under the laws of the United States, any state, the District of Columbia, or Puerto Rico, including, without limitation, any disqualifications from current or future reliance upon applicable state or federal registration exemptions or safe harbor provisions, including but not limited to 17 CFR §§ 230.506(d)(1) or 230.262(a). The application of this Paragraph B.9 is limited solely to this Consent Order and the conduct resolved in connection therewith, and it does not otherwise limit or affect application of the referenced laws and rules in any other respect.

10. The Woodbridge Entities agree that, effective upon entry of this Consent Order, their Hearing Request is automatically revoked without further action by the Parties.

11. The Woodbridge Entities agree to cooperate with the Department and comply with any reasonable investigative demands made by the Department in the future for purposes of ensuring compliance with this Consent Order or the Act.

12. The Woodbridge Entities acknowledge and agree that: (a) the Administrator has jurisdiction and authority to enter this Consent Order; (b) the Administrator may enter this Consent Order without any further notice to the

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Woodbridge Entities; and (c) upon entry of this Consent Order, it is final and binding (pending Bankruptcy Court approval as provided in Paragraph B.13 below), and the Woodbridge Entities waive any right to a hearing or appeal of this Consent Order and the C&D Orders under the Act, the rules promulgated under the Act or the predecessor Act, the Michigan Administrative Procedures Act of 1969, the U.S. Bankruptcy Code, or other applicable law.

13. This Consent Order shall become fully effective and binding upon the entry of an order by the Bankruptcy Court authorizing the Woodbridge Entities' entry into this Order. As soon as practicable after the entry of this Consent Order, the Woodbridge Entities will file a *Notice of Filing of Consent Order* ("Notice") with the Bankruptcy Court, pursuant to the Bankruptcy Court's April 3, 2018 *Order Setting Expedited Procedures for the Approval of Certain Consent Orders* [Docket No. 888], Federal Rule of Bankruptcy Procedure 9019, and other applicable law, seeking such Bankruptcy Court authorization and to have the Notice heard on an expedited basis. The Parties acknowledge that the effectiveness of this Consent Order as to the Woodbridge Entities is subject in all respects to the Bankruptcy Court's approval.

14. The Parties acknowledge and agree that the Administrator retains the right to pursue any action or proceeding permitted by law to enforce the provisions of this Consent Order.

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15. The Parties agree that facsimile or electronically-transmitted signatures may be submitted in connection with this Consent Order and are binding on that Party to the same extent as an original signature.

[This space left intentionally blank; Signature Page and Order follow]

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Through their signatures, the Parties agree to the above terms and conditions.

WOODBIDGE MORTGAGE INVESTMENT FUND 1, LLC
WOODBIDGE MORTGAGE INVESTMENT FUND 2, LLC
WOODBIDGE MORTGAGE INVESTMENT FUND 3, LLC
WOODBIDGE MORTGAGE INVESTMENT FUND 3A, LLC
WOODBIDGE MORTGAGE INVESTMENT FUND 4, LLC
WOODBIDGE STRUCTURED FUNDING, LLC

By: 
Bradley D. Sharp

Dated: 7-31-18

Title: Chief Restructuring Officer,
WGC Independent Manager LLC

Acknowledged and Reviewed by:

Signed: _____
Matthew P. Allen
Attorney for the Woodbridge Entities

Dated: _____

Approved by:

Signed: _____
Timothy L. Teague
Securities & Audit Division Director
Corporations, Securities & Commercial
Licensing Bureau

Dated: _____

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C. ORDER

The Administrator NOW, THEREFORE, ORDERS:

THE TERMS AND CONDITIONS IN THE FOREGOING FULLY EXECUTED
CONSENT AGREEMENT ARE INCORPORATED BY REFERENCE AND MADE
BINDING AND EFFECTIVE THROUGH THIS CONSENT ORDER.

By: _____

Julia Dale

Administrator and Director

Corporations, Securities & Commercial Licensing Bureau