

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

In re:) Chapter 11
)
WOODBRIIDGE GROUP OF COMPANIES,) Case No. 17-12560-(KJC)
LLC, et al., ¹)
) Jointly Administered
)
Debtors.) Hearing Date: August 8, 2018 at 2:00 p.m. (ET)
) Obj. Deadline: August 1, 2018 at 4:00 p.m. (ET)
)
) Re Docket No. 2162

**OBJECTION OF LISE LA ROCHELLE ET AL NOTEHOLDERS TO THE JOINT MOTION OF
THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS AND THE AD HOC
NOTEHOLDER GROUP PURSUANT TO 11 U.S.C. §§ 105(a) AND 363(b) FOR ENTRY OF AN
ORDER APPROVING (A) PROCEDURES RELATING TO PROPOSED NOTEHOLDER
LIQUIDITY FACILITY AND (B) RELATED EXCLUSIVITY PROVISIONS**

Lise La Rochelle, *et al.* Noteholders (the “Secured Noteholders”) through undersigned counsel, in support of their objection to the joint motion of the Official Committee of Unsecured Creditors (the “Creditors’ Committee”) and the Ad Hoc Noteholder Group (the “Noteholders’ Committee”) and together with the Creditors’ Committee, the “Movants”) pursuant to 11 U.S.C. §§ 105(a) and 363(b) for entry of an order approving (a) procedures relating to a proposed up to \$215 million noteholder liquidity facility (the “Noteholder Liquidity Facility”) and (b) related exclusivity provisions state as follows:

1. There is something extremely troubling about a Noteholder Liquidity Facility which charges holders (the “Noteholders”) of the Debtors’ notes (the “Notes”) who are in desperate need of cash 16% interest per annum when the Debtors are liquidating collateral that

¹The 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 14225 Ventura Boulevard #100, Sherman Oaks California 91423. The complete list of 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 noticing and claims agent at www.gardencitygroup.com/cases/wgc.

justifiably belongs to the Noteholders. As one of the Noteholders said in an email to Mr. Pachulski, lead counsel to the Creditors' Committee and Mr. Kotanek, counsel to the Noteholders' Committee "[t]he idea of a loan facility that would allow me to borrow 30% of my money that you have at an interest rate of 16+5% is absolutely ludicrous and a waste of time with the courts and my money that you have!"

2. Since the issue of whether the Noteholders are properly secured has not been determined by this Court, it seems pre-mature and wholly inappropriate for Noteholders to be charged for possibly borrowing their own funds. The amount of interest sought is more than two times what the average Noteholder received from Woodbridge.

The Court should allow the market to dictate access to capital

3. Under the terms of the Noteholder Liquidity Facility, this is the exclusive means by which the Secured Noteholders are able to access immediate cash using their Notes as collateral. The Debtors, as well as the Movants, precluded Noteholders from accessing the market to sell their claims based on the anti-assignment provisions in the Notes. While the Secured Noteholders believe the consideration being offered for the Notes is inadequate, there is reason to believe that at some point offers will increase and some claims buyers may present financing alternatives that provide for better terms than the proposed liquidity facility.

4. Finally, in his objection before the Court to the Secured Noteholders Motion to Terminate exclusivity, Mr. Pachulski noted that a reason an alternative plan could not be presented by Secured Noteholders was that the only financing available was at an interest rate of 15-25%. Isn't that precisely what the Creditors' Committee and Noteholders Committee are advocating with the Noteholder Liquidity Facility? While the Debtors and the Movants claim to want to help the Noteholders, their song and dance simply don't match. The best way to help the

Noteholders is to allow them access to as many available options as the market will bear, including the ability to file their own plan.

5. For this reason, this Court should not limit financing alternatives available to Noteholders exclusively to the proposed Noteholders' Liquidity Facility. Accordingly, the Secured Noteholders request that the relief requested be denied or modified to allow for other alternatives.

Dated: July 31, 2018
Wilmington, Delaware

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-and-

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