

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

In re:

WOODBRIIDGE GROUP OF COMPANIES, LLC, *et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No. 17-12560 (KJC)

(Jointly Administered)

**Hearing Date:**

October 24, 2018 at 10:00 a.m. (ET)

**Objection Deadline:**

October 9, 2018 at 4:00 p.m. (ET)

**DEBTORS' THIRD MOTION FOR ENTRY OF AN ORDER, PURSUANT TO  
BANKRUPTCY RULES 9006 AND 9027, FURTHER EXTENDING THE PERIOD  
WITHIN WHICH THE DEBTORS MAY REMOVE ACTIONS  
PURSUANT TO 28 U.S.C. § 1452**

Woodbridge Group of Companies, LLC and its affiliated debtors and debtors in possession (the "Debtors") in the above-captioned jointly administered chapter 11 cases (the "Chapter 11 Cases"), hereby submit this motion (the "Motion") for entry of an order, substantially in the form attached hereto as **Exhibit A** (the "Proposed Order"), pursuant to Rules 9006 and 9027 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), further extending the period within which the Debtors may remove actions pursuant to 28 U.S.C. § 1452 through and including December 21, 2018. In support of the Motion, the Debtors respectfully state as follows:

**I. JURISDICTION**

1. The United States Bankruptcy Court for the District of Delaware

(the "Court") has jurisdiction over these Chapter 11 Cases and the Motion pursuant to 28 U.S.C.

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<sup>1</sup> 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 this information may be obtained on the website of the Debtors' noticing and claims agent at [www.gardencitygroup.com/cases/WGC](http://www.gardencitygroup.com/cases/WGC), or by contacting the undersigned counsel for the Debtors.

§§ 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. This is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2). Venue of these Chapter 11 Cases and the Motion in this district is proper under 28 U.S.C. §§ 1408 and 1409.

2. Pursuant to Rule 9013-1(f) of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”), the Debtors consent to the Court’s entry of a final judgment or order with respect to the Motion if it is determined that the Court, absent consent of the parties, cannot enter final orders or judgments consistent with Article III of the United States Constitution.

3. The statutory and legal predicates for the relief requested herein are Bankruptcy Rules 9006 and 9027.

## II. BACKGROUND

4. On December 4, 2017, 279 of the Debtors (the “Original Debtors”) commenced voluntary cases under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (the “Bankruptcy Code”). Thereafter, on February 9, 2018, March 9, 2018, March 23, 2018, and March 27, 2018, an additional 27 affiliated Debtors (the “Additional Debtors”) commenced voluntary cases under chapter 11 of the Bankruptcy Code (collectively, the “Petition Dates”). The Debtors’ Chapter 11 Cases are being jointly administered pursuant to Bankruptcy Rule 1015(b) and Local Rule 1015-1.

5. The Debtors are authorized to continue to operate their business and manage their property as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee has been appointed in these Chapter 11 Cases. On December 14, 2017, the Office of the United States Trustee for the District of Delaware (the “U.S. Trustee”) appointed an official committee of unsecured creditors [Docket No. 79] (the “Committee”).

6. On January 23, 2018, the Court held a hearing to resolve, among other matters, two motions to appoint a chapter 11 trustee, and entered an order approving the settlement reached between the Debtors and other parties in interest [Docket No. 357] (the “Settlement Order”). Attached as Exhibit 1 to the Settlement Order was a term sheet enumerating the terms of the settlement (the “Joint Resolution”). By the terms of the Joint Resolution, the Debtors’ board of managers was to be reconstituted as a three-person board (the “New Board”). Further, the Joint Resolution provided for the formation of an ad hoc noteholder group (the “Noteholder Group”) and an ad hoc unitholder group (the “Unitholder Group”) and, together with the Committee and the Noteholder Group, the “Committees”).

7. After an initial extension for the Original Debtors and certain of the Additional Debtors, on June 1, 2018, the Court entered an order [Docket No. 1904] consolidating and further extending the deadline to file notices of removal pursuant to 28 U.S.C. § 1452 and Bankruptcy Rule 9027 for all of the Original Debtors and all of the Additional Debtors through and including September 24, 2018 (the “Current Removal Deadline”).

### **III. RELIEF REQUESTED**

8. By this Motion, the Debtors seek to further extend the Current Removal Deadline. Specifically, the Debtors request the Court enter the Proposed Order, extending the period within which the Debtors may remove actions and related proceedings through and including December 21, 2018,<sup>2</sup> without prejudice to the rights of the Debtors and their estates to seek further extensions of the time within which to remove actions and related proceedings. The Debtors’ request, if granted, would extend the Current Removal Deadline by approximately three

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<sup>2</sup> Pursuant to Local Rule 9006-2, the filing of the Motion prior to the expiration of the Current Removal Deadline shall automatically extend the Current Removal Deadline until the Court acts on the Motion without the necessity for entry of a bridge order.

months. This is the Debtors' third request for an extension of the Current Removal Deadline for certain Debtors, and second request for other Debtors.

#### IV. BASIS FOR RELIEF

9. Bankruptcy Rule 9027 and 28 U.S.C. § 1452 govern the removal of pending civil actions. Specifically, section 1452(a) provides that:

[a] party may remove any claim or cause of action in a civil action other than a proceeding before the United States Tax Court or a civil action by a governmental unit to enforce such governmental unit's police or regulatory power, to the district court for the district where such civil action is pending, if such district court has jurisdiction of such claim or cause of action under section 1334 of this title.

28 U.S.C. § 1452(a). Bankruptcy Rule 9027(a)(2) further provides, in pertinent part, that:

[i]f the claim or cause of action in a civil action is pending when a case under the [Bankruptcy] Code is commenced, a notice of removal may be filed in the bankruptcy court only within the longest of (A) 90 days after the order for relief in the case under the Code, (B) 30 days after entry of an order terminating a stay, if the claim or cause of action in a civil action has been stayed under § 362 of the Code, or (C) 30 days after a trustee qualifies in a chapter 11 reorganization case but not later than 180 days after the order for relief.

Fed. R. Bankr. P. 9027(a)(2).

10. Bankruptcy Rule 9006(b) makes clear that the Court may extend unexpired time periods, such as the Debtors' removal period, without notice. Specifically, Rule 9006(b) states that:

[W]hen an act is required or allowed to be done at or within a specified period by [the Bankruptcy Rules] or by a notice given thereunder or by order of court, the court for cause shown may at any time in its discretion . . . with or without motion or notice order the period enlarged if the request therefor is made before the expiration of the period originally prescribed or as extended by a previous order.

Fed. Bankr. R. P. 9006(b)(1). Accordingly, because the Current Removal Deadline has not yet expired, the Court is authorized to grant the relief requested herein. *See Robert Plan Corp. v. Am. Int'l Grp. Inc.*, No. 09-200 (GEB) (DEA), 2009 U.S. Dist. LEXIS 69540, at \*15 (D. N.J. Aug. 10, 2009) (stating that the period in which to file a motion to remove actions may be expanded pursuant to Bankruptcy Rule 9006); *Raff v. Gordon*, 58 B.R. 988, 990 (Bankr. E.D. Pa. 1986) (same); *Jandous Elec. Constr. Corp. v. City of N.Y. (In re Jandous Elec. Constr. Corp.)*, 106 B.R. 48, 50 (Bankr. S.D.N.Y. 1989) (same); *In re Boyer*, 108 B.R. 19, 26 (Bankr. N.D.N.Y. 1988) (same).

11. The Debtors are parties to actions currently pending in the courts of certain states and federal districts (each an "Action," and collectively, the "Actions"), and believe that it is prudent to seek an extension of the time established by Bankruptcy Rule 9027 to protect the rights of the Debtors and their estates to remove these Actions.

12. As this Court is aware, the first several weeks of these Chapter 11 Cases were marked by unceasing litigation among the Debtors, the Securities and Exchange Commission (the "SEC"), the Committee, and the forebearers of the Noteholder Group and the Unitholder Group. Those parties reached a settlement in January 2018 that created the Noteholder Group and Unitholder Group, and resulted in substantial changes to the Debtors' management, including installation of the New Board, and appointment of a new Chief Executive Officer, a new Chief Restructuring Officer, and new bankruptcy co-counsel for the Debtors.

13. The Debtors' new management and professionals have worked tirelessly since their respective appointments and retentions to become familiar with and continue working on the many important matters in these Chapter 11 Cases, and to address the concerns and issues

of the various constituencies, including several in-person meetings with counsel to the Committees, and countless telephonic meetings with the foregoing constituencies (among others). Those meetings were substantive, productive, and cooperative. In less than two months (*i.e.*, by late March 2018), the parties reached a settlement (the “Plan Term Sheet”) that set the framework for a plan that compromises the numerous complex and novel legal issues involved in these Chapter 11 Cases and contemplates material recoveries to investors.

14. Since that time, the Debtors and the Committees have worked cooperatively on a chapter 11 plan and disclosure statement, and the parties are targeting a plan effective date and initial distribution this calendar year. In addition, the Debtors have worked with and sought input from the SEC regarding, among other things, various plan-related issues and potential claims that the SEC may assert in these Chapter 11 Cases. On July 9, 2018, the Debtors filed a proposed disclosure statement and chapter 11 plan [Docket Nos. 2138 & 2139], and thereafter, the Debtors filed certain amendments thereto. On August 22, 2018, the Court entered an order [Docket No. 2396], which, among other relief, approved the Debtors’ disclosure statement and authorized the Debtors to solicit votes on a chapter 11 plan, and the Debtors filed the *Disclosure Statement for the First Amended Joint Chapter 11 Plan of Liquidation of Woodbridge Group of Companies, LLC and Its Affiliated Debtors* [Docket No. 2398] and the *First Amended Joint Chapter 11 Plan of Liquidation of Woodbridge Group of Companies, LLC and Its Affiliated Debtors* [Docket No. 2397] (as amended, supplemented, or modified from time to time pursuant to the terms thereof, the “Plan”).

15. In addition to working with the Committees and the SEC to negotiate and solicit votes on the Plan, the Debtors’ new management and professionals have also devoted a substantial amount of time, energy, and resources toward several other important matters in these

Chapter 11 Cases. Indeed, since the institution of the Debtors' new management and professionals, the Debtors have made significant progress toward maximization of value for the estates. Among other things, the Debtors have (i) sought and obtained Court approval to sell approximately forty-five (45) real properties, with an aggregate value exceeding \$150 million, and resolved disputes in connection with the payoff of seller notes on three other real properties, which payoffs totaled, in the aggregate, over \$47 million; (ii) analyzed numerous prepetition leases and agreements, including agreements between the Debtors and Robert Shapiro (or his affiliates), and rejected over twenty (20) of those leases and agreements, including rejection of the Debtors' *Transition Services Agreement* with a Shapiro-related entity, as well as termination of four residential leases between the Debtors and Jeri Shapiro; (iii) obtained approval of the \$100 million debtor-in-possession financing facility, as well as the right to use cash collateral, which approval provided important liquidity relief to the Debtors; (iv) filed Schedules of Assets and Liabilities and Statements of Financial Affairs for over 300 Debtors, as well as certain amendments thereto; (v) devoted significant resources to cooperating with the Committees (and their respective advisors), including, among other things, regular conference calls, document production, and the continued updating and maintenance of a comprehensive data room; (vi) obtained control over, and filed chapter 11 bankruptcy cases for, additional Debtor affiliates; (vii) resolved formal and informal objections from various parties in interest to the Debtors' proposed orders in these Chapter 11 Cases; (viii) negotiated and obtained consent orders with numerous regulatory agencies (*e.g.*, Colorado, Idaho, Oregon, and Michigan) pursuant to Court-approved procedures for the approval of consents with state agencies; (ix) obtained this Court's approval of deadlines and related procedures for the filing of proofs of claims and proofs of interest in the Chapter 11 Cases, which general bar date expired on June 19, 2018; (x) obtained

this Court's approval of numerous stipulations resolving filed claims and filed three omnibus claim objections as well as several individual claim objections; (xi) obtained this Court's approval of settlements reached between the Debtors and certain parties in interest that have resulted in substantial recoveries and/or savings to the Debtors' estates, including the recovery of approximately \$650,000 of escrowed funds in connection with a purchase agreement between Debtor Kirkstead Investments, LLC and counterparty QBDK Huron, LLC; and (xii) litigated various matters in certain adversary proceedings related to the Debtors' Chapter 11 Cases, including, but not limited to, an adversary proceeding commenced by certain noteholders concerning the Debtors' "Owlwood Estate."

16. Accordingly, the Debtors still need some additional time to review the Actions to determine if any should be removed pursuant to Bankruptcy Rule 9027(a). The Debtors thus submit that further extending the Current Removal Deadline is in the best interests of the Debtors, their estates, and creditors. The extension sought will afford the Debtors, and their management and professionals, an opportunity to make more fully informed decisions concerning the removal of any Actions and will ensure that the Debtors and their estates do not forfeit the valuable rights afforded to them under 28 U.S.C. § 1452. Furthermore, the Debtors submit that granting the extension requested herein will not prejudice the rights of their adversaries in the Actions because, in many (if not all) circumstances, such parties may not prosecute these actions absent relief from the automatic stay. In addition, nothing herein will prejudice any party to an Action that the Debtors may ultimately attempt to remove from seeking the remand of such action under 28 U.S.C § 1452(b) at the appropriate time.

17. For the reasons set forth above, the Debtors submit that extending the Current Removal Deadline through and including December 21, 2018 is necessary, prudent, and in the best interests of the Debtors, their estates, and creditors.

#### **V. NOTICE**

18. Notice of this Motion will be provided to the following parties: (i) the U.S. Trustee; (ii) counsel to the Committee; (iii) counsel to the Noteholder Group; (iv) counsel to the Unitholder Group; (v) counsel to the DIP Lender; (vi) all parties to the Actions and their counsel, if known; and (vii) all parties who have filed a notice of appearance and request for service of papers pursuant to Bankruptcy Rule 2002. In light of the nature of the relief requested, the Debtors respectfully submit that no other or further notice is necessary.

#### **VI. CONCLUSION**

WHEREFORE, the Debtors request the Court enter the Proposed Order, granting the relief requested herein and such other and further relief as is just and proper.

Dated: September 21, 2018  
Wilmington, Delaware

/s/ Betsy L. Feldman  
YOUNG CONAWAY STARGATT & TAYLOR, LLP  
Sean M. Beach (No. 4070)  
Edmon L. Morton (No. 3856)  
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-and-

KLEE, TUCHIN, BOGDANOFF & STERN LLP  
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*Counsel to the Debtors and Debtors in Possession*

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

In re:

WOODBRIIDGE GROUP OF COMPANIES, LLC, *et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No. 17-12560 (KJC)

(Jointly Administered)

**Hearing Date:**

**October 24, 2018 at 10:00 a.m. (ET)**

**Objection Deadline:**

**October 9, 2018 at 4:00 p.m. (ET)**

**NOTICE OF MOTION**

TO: (I) THE OFFICE OF THE UNITED STATES TRUSTEE FOR THE DISTRICT OF DELAWARE, (II) COUNSEL TO THE DIP LENDER, (III) COUNSEL FOR THE COMMITTEE, (IV) COUNSEL FOR THE NOTEHOLDER GROUP, (V) COUNSEL FOR THE UNITHOLDER GROUP, (VI) COUNSEL TO THE SECURITIES AND EXCHANGE COMMISSION; (VII) ALL PARTIES TO THE ACTIONS AND THEIR COUNSEL, IF KNOWN; AND (VIII) ALL PARTIES THAT, AS OF THE FILING OF THE MOTION, HAVE REQUESTED NOTICE IN THESE CHAPTER 11 CASES PURSUANT TO BANKRUPTCY RULE 2002

**PLEASE TAKE NOTICE** that Woodbridge Group of Companies, LLC and its affiliated debtors and debtors in possession in the above-captioned cases (collectively, the “Debtors”) have filed the attached *Debtors’ Third Motion for Entry of an Order, Pursuant to Bankruptcy Rules 9006 and 9027, Further Extending The Period Within Which The Debtors May Remove Actions Pursuant to 28 U.S.C. § 1452* (the “Motion”).

**PLEASE TAKE FURTHER NOTICE** that any objections to the Motion must be filed on or before **October 9, 2018 at 4:00 p.m. (ET)** (the “Objection Deadline”) with the United States Bankruptcy Court for the District of Delaware, 3rd Floor, 824 N. Market Street, Wilmington, Delaware 19801. At the same time, you must serve a copy of any objection upon the undersigned counsel to the Debtors so as to be received on or before the Objection Deadline.

**PLEASE TAKE FURTHER NOTICE THAT A HEARING ON THE MOTION WILL BE HELD ON OCTOBER 24, 2018 AT 10:00 A.M. (ET) BEFORE THE HONORABLE KEVIN J. CAREY IN THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT**

<sup>1</sup> 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 this information may be obtained on the website of the Debtors’ noticing and claims agent at [www.gardencitygroup.com/cases/WGC](http://www.gardencitygroup.com/cases/WGC), or by contacting the undersigned counsel for the Debtors.

OF DELAWARE, 824 NORTH MARKET STREET, 5TH FLOOR, COURTROOM NO. 5,  
WILMINGTON, DELAWARE 19801.

**PLEASE TAKE FURTHER NOTICE THAT, IF YOU FAIL TO RESPOND IN  
ACCORDANCE WITH THIS NOTICE, THEN THE COURT MAY GRANT THE  
RELIEF REQUESTED IN THE MOTION WITHOUT FURTHER NOTICE OR A  
HEARING.**

Dated: September 21, 2018  
Wilmington, Delaware

/s/ Betsy L. Feldman  
YOUNG CONAWAY STARGATT & TAYLOR, LLP  
Sean M. Beach (No. 4070)  
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*Counsel to the Debtors and Debtors in Possession*

**EXHIBIT A**

**Proposed Order**

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

In re:

WOODBRIIDGE GROUP OF COMPANIES, LLC, *et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No. 17-12560 (KJC)

(Jointly Administered)

Ref. Docket No. \_\_\_\_

**THIRD ORDER, PURSUANT TO BANKRUPTCY RULES  
9006 AND 9027, FURTHER EXTENDING THE PERIOD WITHIN WHICH THE  
DEBTORS MAY REMOVE ACTIONS PURSUANT TO 28 U.S.C. § 1452**

Upon consideration of the motion (the “Motion”)<sup>2</sup> of the Debtors for the entry of an order, pursuant to Bankruptcy Rules 9006 and 9027, further extending the period within which the Debtors may remove actions pursuant to 28 U.S.C. § 1452 through and including December 21, 2018; and all pleadings related thereto; and due and proper notice of the Motion having been given; and it appearing that no other or further notice of the Motion is required; and it appearing that the Court has jurisdiction to consider the Motion in accordance with 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 it appearing that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and it appearing that venue of this proceeding and the Motion is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing that this Court may enter a final order consistent with Article III of the United States Constitution; and this Court having

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<sup>1</sup> 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 this information may be obtained on the website of the Debtors’ noticing and claims agent at [www.gardencitygroup.com/cases/WGC](http://www.gardencitygroup.com/cases/WGC), or by contacting the undersigned counsel for the Debtors.

<sup>2</sup> Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Motion.

found and determined that the relief requested in the Motion is in the best interest of the Debtors, their estates, their creditors, and all parties in interest; and after due deliberation and good and sufficient cause appearing therefor, **IT IS HEREBY ORDERED THAT:**

1. The Motion is GRANTED as set forth herein.

2. The time period provided by Bankruptcy Rule 9027 within which the Debtors and their estates may file notices of removal of claims and causes of action is further enlarged and extended through and including December 21, 2018 (the "Removal Deadline"). This Removal Deadline shall apply to the Original Debtors and the Additional Debtors.

3. This Order shall be without prejudice to the rights of the Debtors and their estates to seek further extensions of the Removal Deadline.

4. This Court shall retain jurisdiction and power to hear and determine all matters arising from or related to the implementation of this Order.

Dated: \_\_\_\_\_, 2018  
Wilmington, Delaware

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KEVIN J. CAREY  
UNITED STATES BANKRUPTCY JUDGE