

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

In re:

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

Debtors.

WOODBRIIDGE GROUP OF COMPANIES, LLC,  
and WOODBRIIDGE STRUCTURED FUNDING,  
LLC,<sup>2</sup>

Plaintiffs,

v.

KAILA ALANA LOYOLA,

Defendant.

Chapter 11

Case No. 17-12560 (KJC)

(Jointly Administered)

Adv. Proc. No. 18-50716

**Hrg. Date: October 24, 2018, at 10:00 a.m. (ET)**  
**Obj. Deadline: October 9, 2018, at 4:00 p.m. (ET)**

**DEBTORS' MOTION FOR ENTRY OF AN ORDER, PURSUANT TO SECTION 105(a) OF THE BANKRUPTCY CODE AND BANKRUPTCY RULE 9019, AUTHORIZING AND APPROVING ENTRY INTO A SETTLEMENT WITH KAILA ALANA LOYOLA**

Woodbridge Group of Companies, LLC and its affiliated debtors and debtors in possession (collectively, the "Debtors") in the above-captioned cases (the "Chapter 11 Cases") hereby move the Court (this "Motion") for the entry of an order, substantially in the form attached hereto as **Exhibit A** (the "Proposed Order"), pursuant to section 105(a) of title 11 of the United

<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> Claimant (defined below) filed her Claim (also defined below) solely against Woodbridge Group of Companies, LLC. However, a prepetition state court complaint she filed in California named both Woodbridge Group of Companies, LLC, and Woodbridge Structured Funding, LLC. Out of an abundance of caution both debtors are therefore named as plaintiffs in this complaint.

States Code, 11 U.S.C. §§ 101–1532 (the “Bankruptcy Code”) and Rule 9019 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), authorizing and approving the Debtors to enter into that certain *Settlement Agreement* dated as of September 21, 2018 (the “Settlement Agreement”), in the form attached as **Exhibit 1** to the Proposed Order, with Kaila Alana Loyola (“Claimant” and, together with the Debtors, the “Parties”), and granting related relief. In support of this Motion, the Debtors respectfully state as follows:

### **JURISDICTION**

1. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 1334(b) and 157 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware dated as of February 29, 2012. This is a core proceeding pursuant to 28 U.S.C. § 157(b) and, 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 entry of a final order by the Court in connection with this Motion to the extent that it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution. Venue is proper before the Court pursuant to 28 U.S.C. §§ 1408 and 1409. The statutory and legal predicates for the relief requested herein are Bankruptcy Code section 105(a) and Bankruptcy Rule 9019.

### **GENERAL BACKGROUND**

2. On December 4, 2017, a total of 279 Debtors commenced voluntary cases under chapter 11 of the Bankruptcy Code. Thereafter, on February 9, 2018, March 9, 2018, March 23, 2018, and March 27, 2018, additional affiliated Debtors (27 in total) commenced voluntary cases under chapter 11 of the Bankruptcy Code (collectively, the “Petition Dates”). Pursuant to

sections 1107(a) and 1108 of the Bankruptcy Code, the Debtors are continuing to manage their financial affairs as debtors in possession.

3. The Chapter 11 Cases are being jointly administered pursuant to Bankruptcy Rule 1015(b) and Local Rule 1015-1. No trustee has been appointed in the Chapter 11 Cases. An official committee of unsecured creditors (the “Committee”) was appointed on December 14, 2017 [Docket No. 79]. On January 23, 2018, the Court approved a settlement providing for the formation of an ad hoc noteholder group (the “Noteholder Group”) and an ad hoc unitholder group (the “Unitholder Group”) [Docket No. 357].

4. On August 22, 2018, the Debtors filed the *First Amended Joint Chapter 11 Plan of Liquidation of Woodbridge Group of Companies, LLC and its Affiliated Debtors* [Docket No. 2397] (as it may be amended, supplemented, or modified from time to time pursuant to the terms thereof, the “Plan”) and 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] (as it may be amended, supplemented, or modified from time to time, the “Disclosure Statement”). On August 22, 2018, the Court entered an order approving the Disclosure Statement [Docket No. 2396].

### **THE PARTIES’ RELATIONSHIP AND DISPUTES**

5. From on or about May 4, 2015 through on or about August 5, 2015, Claimant was employed by one of the Debtors, Woodbridge Structured Funding, LLC. Claimant was discharged from employment by that Debtor on or about August 5, 2015.

6. On November 13, 2015, Claimant filed a complaint in the Superior Court of the State of California for the County of Los Angeles (the “California Superior Court”) entitled *Kaila Alana Loyola v. Woodbridge Structured Funding, LLC, a Delaware limited liability company; Robert Shapiro, an individual; Liana Balayan, an individual; Diana Balayan, an*

*individual; and Does 1-25, inclusive*, Case No. BC 601193 (the “California Action”). Claimant is a transgender woman who claims that (i) she was wrongfully terminated by the Debtors and, while employed, subjected to abuse by two of her former colleagues, and (ii) the Debtors’ managerial employees, including Robert Shapiro, did not make reasonable efforts to prevent or end the harassment, and instead wrongfully terminated Claimant from employment. Claimant asserts causes of action against two of the Debtors for various alleged violations of section 12940 of the California Government Code (prohibiting discrimination in employment based, *inter alia*, on gender and gender identity), intentional infliction of emotional distress, and wrongful termination. Claimant also seeks punitive damages. A copy of the operative First Amended Complaint filed in the California Action is attached to the Claim (as defined below). The California Action remains pending, although it was automatically stayed following the filing of the Chapter 11 Cases.

7. On June 18, 2018, Claimant filed a Proof of Claim in the Chapter 11 Cases, which was assigned Claim No. 8811 (the “Claim”). The Claim seeks \$14,000,000 (Fourteen Million Dollars) and was filed as a general unsecured claim against two of the Debtors, Woodbridge Group of Companies, LLC, and Woodbridge Structured Funding, LLC. The Claim is based on the causes of action asserted in the California Action.

8. On August 30, 2018, two of the Debtors filed a complaint in the Bankruptcy Court entitled *Woodbridge Group of Companies, LLC, and Woodbridge Structured Funding, LLC v. Kaila Alana Loyola*, Adversary Proceeding No. 18-50716 (KJC) (the “Adversary Proceeding”). The Adversary Proceeding objects to the Claim and seeks to equitably subordinate any portion of the Claim that might be allowed.

9. The Debtors deny all of Claimant's allegations set forth in the California Action and deny that they have any legal or equitable responsibility for the damages alleged by Claimant, and further deny that they have engaged in any alleged unlawful, unfair or improper conduct. As set forth in the complaint filed in the Adversary Proceeding, the Debtors assert that Claimant's damages, if any, are not remotely close to \$14,000,000 and, in any event, the Claim should be equitably subordinated because Claimant was or should have been aware that the Debtors were engaged in fraud and that her services would advance that fraud. Claimant denies all of the Debtors' allegations set forth in the Adversary Proceeding and further denies that she has engaged in any inequitable conduct.

10. The Parties' counsel have engaged in extensive negotiations, including an in-person meeting attended by counsel for the Committee, with Claimant's counsel regarding the Claim, the Adversary Proceeding, and a potential consensual resolution thereof. On September 21, 2018, the Parties entered into the Settlement Agreement.

### **SUMMARY OF THE SETTLEMENT AGREEMENT**<sup>3</sup>

11. The Settlement Agreement provides that the Claim shall be bifurcated into an allowed compensatory damage claim (the "Compensatory Claim") and an allowed punitive damage claim (the "Punitive Claim") as follows:

- a. The Compensatory Claim shall be allowed as a single claim in the amount of \$2,495,000 (Two Million Four Hundred Ninety Five Thousand Dollars). The Compensatory Claim shall be a non-priority General Unsecured Claim (as that term is defined in the Plan) for all purposes against the estate of Woodbridge Group of Companies, LLC. The official claims agent may so note the treatment of the Compensatory Claim on the claims register it maintains. Under the Plan, the Compensatory Claim will be placed in Class 4.
- b. The Punitive Damage Claim shall be allowed as a single claim in the amount of \$10,000,000 (Ten Million Dollars). The Punitive Damage Claim shall be an

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<sup>3</sup> In the event of a conflict between any term addressed in this summary with any term in the Settlement Agreement, the Settlement Agreement will govern in all respects.

unsecured claim against the estate of Woodbridge Group of Companies, LLC, and shall be subordinate to all non-subordinated Claims (as that term is defined in the Plan) of any kind (whether for principal or interest) that are allowed in the Bankruptcy Cases, including General Unsecured Claims (as that term is defined in the Plan), Note Claims (as that term is defined in the Plan), and Unit Claims (as that term is defined in the Plan). The official claims agent may so note the treatment of the Punitive Damage Claim on the claims register it maintains. Under the Plan, the Punitive Damage Claim will be placed in Class 7.

Settlement Agreement ¶ 3.

12. The Compensatory Claim and the Punitive Claim shall constitute the entire monetary consideration to which Claimant is entitled under the Settlement Agreement, and Claimant shall not seek any further compensation or consideration from the Debtors. *Id.* ¶ 4.<sup>4</sup>

13. Claimant has agreed to complete a Class 4 ballot voting the Compensatory Claim in favor of the Plan. *Id.* ¶ 15.<sup>5</sup>

14. Promptly following the Effective Date (as defined in the Settlement Agreement), (i) Claimant will cause the California Action to be dismissed with prejudice as to all parties except Robert Shapiro, *id.* ¶ 7; and (ii) the Debtors shall cause the Adversary Proceeding to be dismissed with prejudice, *id.* ¶ 8.

15. The parties have exchanged mutual releases, subject to the occurrence of the Effective Date, excluding only any claims to enforce the parties' respective rights under the Settlement Agreement. *Id.* ¶¶ 9-11.

16. The Settlement Agreement will not be effective until it has been approved by the Court and certain other standard conditions to its effectiveness have occurred. *See id.* ¶ 6.

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<sup>4</sup> The Claimant, through her attorney, has been advised that the Punitive Damage Claim is almost certainly not going to receive a distribution.

<sup>5</sup> The Debtors and Claimant have concurrently entered into the *Stipulation Regarding Claim of Kaila Alana Loyola and Plan Voting* to facilitate this part of the Settlement Agreement forthwith.

**RELIEF REQUESTED**

17. By this Motion, the Debtors request the entry of an order, pursuant to section 105(a) of the Bankruptcy Code and Bankruptcy Rule 9019(a), authorizing and approving the Settlement Agreement, and granting related relief.

**BASIS FOR RELIEF**

18. Section 105(a) of the Bankruptcy Code provides that “[t]he court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title.” 11 U.S.C. § 105(a). Bankruptcy Rule 9019 provides, in pertinent part, that “on motion by the trustee and after notice and a hearing, the court may approve a compromise or settlement.” FED. R. BANK. P. 9019(a).

19. “The federal courts have a well-established policy of encouraging settlement to promote judicial economy and limit the waste of judicial resources.” *Russian Standard Vodka (USA), Inc. v. Allied Domecq Spirits & Wine USA, Inc.*, 523 F. Supp. 2d 376, 384 (S.D.N.Y. 2007); *see also, e.g., U.S. Bancorp Mortg. Co. v. Bonner Mall P’ship*, 513 U.S. 18, 27–28 (1994) (discussing the general utility of settlement vis-à-vis judicial economy). The force of this established federal policy is particularly acute in the bankruptcy context, where compromises and settlements are “a normal part of the process of reorganization.” *Protective Comm. for Indep. Stockholders of TMT Trailer Ferry, Inc. v. Anderson*, 390 U.S. 414, 424 (1968). Indeed, in order to “minimize litigation and expedite the administration of a bankruptcy estate, ‘compromises are favored in bankruptcy.’” *Myers v. Martin (In re Martin)*, 91 F.3d 389, 393 (3d Cir. 1996) (quoting 9 Alan N. Resnick & Henry J. Sommer, *COLLIER ON BANKRUPTCY* ¶ 9019.03[1] (15th ed. rev. 1993)); *see also In re Penn. Cent. Transp. Co.*, 596 F.2d 1102 (3d Cir. 1979); *In re World Health Alts., Inc.*, 344 B.R. 291, 296 (Bankr. D. Del. 2006); *In re Culmtech, Ltd.*, 118 B.R. 237, 238 (Bankr. M.D. Pa. 1990).

20. The decision whether to approve a proposed settlement is committed to the discretion of the bankruptcy court, “which must determine if the compromise is fair, reasonable, and in the interest of the estate.” *In re Louise’s, Inc.*, 211 B.R. 798, 801 (D. Del. 1997). In exercising that discretion, the Third Circuit Court of Appeals has stated that courts should consider “(1) the probability of success in litigation; (2) the likely difficulties in collection; (3) the complexity of the litigation involved and the expense, inconvenience and delay necessarily attending it; and (4) the paramount interest of the creditors.” *In re Martin*, 91 F.3d at 393; *see also Will v. Nw. Univ. (In re Nutraquest, Inc.)*, 434 F.3d 639, 644 (3d Cir. 2006); *In re Marvel Entm’t Grp., Inc.*, 222 B.R. 243, 249 (D. Del. 1998). The proponent of a settlement is not required to demonstrate “that the settlement is the best possible compromise. Rather, the court must conclude that the settlement is ‘within the reasonable range of litigation possibilities.’” *In re World Health*, 344 B.R. at 296 (internal citations and quotation marks omitted); *see also, e.g., Nellis v. Shugrue*, 165 B.R. 115, 123 (S.D.N.Y. 1994) (Sotomayor, J.) (“[I]n assessing the fairness of the settlement, a judge does not have to be convinced that the settlement is the best possible compromise or that the parties have maximized their recovery.”); *In re Coram Healthcare Corp.*, 315 B.R. 321, 330 (Bankr. D. Del. 2004) (“[T]he court does not have to be convinced that the settlement is the best possible compromise.”).

21. The Debtors have determined, in an exercise of the Debtors’ sound business judgment, that the terms of the Settlement Agreement are fair and reasonable and that the best interests of the Debtors’ estates and creditors will be served by the entry of the Proposed Order. The terms of the Settlement Agreement are the product of good faith, arm’s-length negotiations among the Debtors and Claimant, and fall well within the reasonable range of litigation possibilities.

22. The Settlement Agreement resolves the Claim asserted in the amount of \$14,000,000 in exchange for an Allowed Class 4 General Unsecured Claim of \$2,495,000 and an Allowed Class 7 Subordinated Claim of \$10,000,000. This resolution eliminates the need for the Debtors to litigate the Adversary Proceeding to object to and subordinate the Claim. Although the Debtors believe they may prevail in such litigation, they acknowledge that all litigation is inherently uncertain and there is no guarantee of success. Moreover, litigating the dispute with Claimant would consume significant estate resources, including potentially millions of dollars in attorneys' fees if the matter were to go to trial. In addition, the Claim raises unique issues of California state law, and thus conceivably could best be litigated outside of the Bankruptcy Court, which would delay the matter's resolution and create additional uncertainties. Even if everything were litigated in the Bankruptcy Court, the Bankruptcy Court would likewise need to consider the specific facts of this unique dispute and the consequences of those facts under both California state law and Bankruptcy Code section 510(c). Litigating these fact-intensive matters to conclusion in any forum would be time-consuming and risky for both sides.

23. Further, the Settlement Agreement fixes the amount of Claimant's Allowed Class 4 Claim, which both facilitates timely distributions of value to Claimant and eliminates the need to establish a disputed claim reserve that would reduce (at least temporarily) distributions to other creditors. Such an outcome not only is highly favorable for the Debtors' estates and creditors, but also advances the longstanding federal policy that bankruptcy cases should be promptly administered for the benefit of creditors who will get only partial recoveries on their claims.<sup>6</sup>

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<sup>6</sup> See, e.g., *Bullard v. Blue Hills Bank*, 135 S. Ct. 1686, 1694 (2015) (“[E]xpedition is always an important consideration in bankruptcy.”); *Katchen v. Landy*, 382 U.S. 323, 328-29 (1966) (describing longstanding recognition “that a chief purpose of the bankruptcy laws is ‘to secure a prompt and effectual administration and settlement of the estate of all bankrupts within a limited period’” (quoting *Ex parte Christy*, 44 U.S. (3 How.)

24. In sum, all of the *Martin* factors<sup>7</sup> support approval of the proposed settlement.

The Settlement Agreement reflects the Debtors' likely ability to succeed on the merits in litigation while acknowledging the risks and uncertainties that are inherent in any legal dispute. The Settlement Agreement fixes the amount of an Allowed General Unsecured Claim and Allowed Subordinated Claim, with Claimant accepting the uncertainty regarding the precise distributions that Claimant will ultimately collect on such claims. The Settlement Agreement eliminates the significant expense, inconvenience, and delay necessarily attendant to prosecuting the Adversary Proceeding. The Settlement Agreement also advances the paramount interests of the creditors by timely resolving disputed claims and working to fix the amount of the Allowed General Unsecured Claims pool in a fashion that will enhance the speed and amount of distributions that can be paid to the holders of allowed claims.

25. For all these reasons, the Debtors respectfully submit that the Settlement Agreement is fair, reasonable, and in the best interests of the estates and should therefore be approved under Bankruptcy Rule 9019 and Bankruptcy Code section 105(a).

### **REQUEST FOR WAIVER OF STAY**

26. The Debtors seek a waiver of any stay of the effectiveness of the order approving this Motion. Pursuant to Bankruptcy Rule 6004(h), any "order authorizing the use, sale, or lease of property other than cash collateral is stayed until the expiration of 14 days after entry of the

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292, 312 (1845)); *Wiswall v. Campbell*, 93 U.S. (3 Otto) 347, 350-51 (1876) (emphasizing how "[p]rompt action is everywhere required by law," and that this principle requires quick resolutions of claims against a bankruptcy estate, as "[w]ithout it there can be no dividend"); *Bailey v. Glover*, 88 U.S. (21 Wall.) 342, 346-47 (1875) (discussing how "[i]t is obviously one of the purposes of the Bankrupt law, that there should be a speedy disposition of the bankrupt's assets," which is a goal "only second in importance to securing equality of distribution"); *Kowal v. Malkemus (In re Thompson)*, 965 F.2d 1136, 1145 (1st Cir. 1992) (noting "the important policy favoring efficient bankruptcy administration"); *Century Glove, Inc. v. First Am. Bank*, 860 F.2d 94, 98 (3d Cir. 1988) (highlighting how "issues central to the progress of the bankruptcy petition, those likely to affect the distribution of the debtor's assets, or the relationship among the creditors, should be resolved quickly" (citation and quotation marks omitted)).

<sup>7</sup> The second *Martin* factor—the likely difficulties in collection—is not applicable here, as the Debtors do not seek an affirmative recovery against Claimant.

order, unless the court orders otherwise.” FED. R. BANKR. P. 6004(h). The Debtors respectfully submit that a waiver of such stay is appropriate here because any delay in consummating the settlement could jeopardize the consensus reached between the parties and therefore would be detrimental to the Debtors, their creditors, and their estates.

**NOTICE**

27. The Debtors have provided notice of this Motion to: (i) the Office of the United States Trustee for the District of Delaware; (ii) counsel for the DIP lender; (iii) counsel for the Committee; (iv) counsel for the Noteholder Group; (v) counsel for the Unitholder Group; (vi) counsel for Claimant; and (vii) all parties who have requested notice in the Chapter 11 Cases pursuant to Bankruptcy Rule 2002. In light of the nature of the relief requested herein, the Debtors submit that no other or further notice is necessary.

*[Remainder of page intentionally left blank]*

**CONCLUSION**

WHEREFORE, the Debtors respectfully request that the Court (i) enter the Proposed Order granting the relief requested herein and (ii) grant such other and further relief as may be just and proper under the circumstances.

Dated: September 25, 2018  
Wilmington, Delaware

/s/ Betsy L. Feldman

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*Counsel for the Debtors and Debtors in Possession*

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

<p>In re:</p> <p>WOODBRIIDGE GROUP OF COMPANIES, LLC, <i>et al.</i>,<sup>1</sup></p> <p style="text-align: center;">Debtors.</p> <hr/> <p>WOODBRIIDGE GROUP OF COMPANIES, LLC, and WOODBRIDGE STRUCTURED FUNDING, LLC,<sup>2</sup></p> <p style="text-align: center;">Plaintiffs,</p> <p style="text-align: center;">v.</p> <p>KAILA ALANA LOYOLA,</p> <p style="text-align: center;">Defendant.</p>	<p>Chapter 11</p> <p>Case No. 17-12560 (KJC)</p> <p>(Jointly Administered)</p> <p>Adv. Proc. No. 18-50716</p> <p><b>Hearing Date:</b> October 24, 2018, at 10:00 a.m. (ET)</p> <p><b>Objection Deadline:</b> October 9, 2018, at 4:00 p.m. (ET)</p>
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**NOTICE OF MOTION**

TO: (I) THE OFFICE OF THE UNITED STATES TRUSTEE FOR THE DISTRICT OF DELAWARE; (II) COUNSEL FOR THE DIP LENDER; (III) COUNSEL FOR THE COMMITTEE; (IV) COUNSEL FOR THE NOTEHOLDER GROUP; (V) COUNSEL FOR THE UNITHOLDER GROUP; (VI) COUNSEL FOR KAILA ALANA LOYOLA; AND (VII) ALL PARTIES WHO HAVE REQUESTED NOTICE IN THE 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’ Motion for Entry of an Order, Pursuant to Section 105(a) of the*

<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> Claimant (defined below) filed her Claim (also defined below) solely against Woodbridge Group of Companies, LLC. However, a prepetition state court complaint she filed in California named both Woodbridge Group of Companies, LLC, and Woodbridge Structured Funding, LLC. Out of an abundance of caution both debtors are therefore named as plaintiffs in this complaint.

***Bankruptcy Code and Bankruptcy Rule 9019, Authorizing and Approving Entry Into a Settlement with Kaila Alana Loyola*** (the “Motion”).

**PLEASE TAKE FURTHER NOTICE** that responses or 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 North Market Street, Wilmington, Delaware 19801. At the same time, you must serve a copy of any response or 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 OF DELAWARE, 824 NORTH MARKET STREET, 5TH FLOOR, COURTROOM NO. 5, WILMINGTON, DELAWARE 19801.**

**PLEASE TAKE FURTHER NOTICE THAT, IF NO OBJECTIONS TO THE MOTION ARE TIMELY FILED, SERVED, AND RECEIVED IN ACCORDANCE WITH THIS NOTICE, THEN THE COURT MAY GRANT THE RELIEF REQUESTED IN THE MOTION WITHOUT FURTHER NOTICE OR A HEARING.**

Dated: September 25, 2018  
Wilmington, Delaware

/s/ Betsy L. Feldman  
YOUNG CONAWAY STARGATT & TAYLOR, LLP  
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-and-

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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, <i>et al.</i> , <sup>1</sup>  Debtors.	Chapter 11  Case No. 17-12560 (KJC)  (Jointly Administered)
WOODBRIIDGE GROUP OF COMPANIES, LLC, and WOODBRIIDGE STRUCTURED FUNDING, LLC, <sup>2</sup>  Plaintiffs,  v.  KAILA ALANA LOYOLA,  Defendant.	Adv. Proc. No. 18-50716  Ref. Docket No. ____

**ORDER, PURSUANT TO SECTION 105(a) OF THE BANKRUPTCY CODE AND  
BANKRUPTCY RULE 9019, AUTHORIZING AND APPROVING ENTRY INTO A  
SETTLEMENT WITH KAILA ALANA LOYOLA**

Upon the *Debtors' Motion for Entry of an Order, Pursuant to Section 105(a) of the  
Bankruptcy Code and Bankruptcy Rule 9019, Authorizing and Approving Entry Into a Settlement  
with Kaila Alana Loyola* (the "Motion")<sup>3</sup> filed by the above-captioned debtors and debtors in

<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> Claimant (defined below) filed her Claim (also defined below) solely against Woodbridge Group of Companies, LLC. However, a prepetition state court complaint she filed in California named both Woodbridge Group of Companies, LLC, and Woodbridge Structured Funding, LLC. Out of an abundance of caution both debtors are therefore named as plaintiffs in this complaint.

<sup>3</sup> Capitalized terms used, but not otherwise defined herein, have the meaning given to them in the Motion.

possession (collectively, the “Debtors”); and this Court having found that it has jurisdiction to consider the Motion 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 Motion 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 Motion has been given as set forth in the Motion 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, and their creditors; and that the legal and factual bases set forth in the Motion and the entire record of the Chapter 11 Cases establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor,

**IT IS HEREBY ORDERED THAT:**

1. The Motion is GRANTED as set forth herein.
2. Pursuant to section 105(a) of the Bankruptcy Code and Bankruptcy Rule 9019, the Debtors are authorized to enter into the Settlement Agreement, in substantially the form attached hereto as **Exhibit 1**, which Settlement Agreement is authorized, approved in its entirety, and incorporated as an order of this Court.
3. Subject to the occurrence of its “Effective Date,” the Debtors and Claimant, as applicable, are authorized and empowered to take any and all actions necessary or appropriate to consummate, carry out, effectuate, or otherwise enforce the terms, conditions, and provisions of the Settlement Agreement.
4. Garden City Group, Inc. is directed to modify the official claims register it

maintains to comport with the relief granted by this Order.

5. 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.

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

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

\_\_\_\_\_  
KEVIN J. CAREY  
UNITED STATES BANKRUPTCY JUDGE

**EXHIBIT 1**

**Settlement Agreement**

**SETTLEMENT AGREEMENT AND MUTUAL RELEASE OF ALL CLAIMS**

This Settlement Agreement and Mutual Release of All Claims (the “Agreement”) is voluntarily entered into as of September 21, 2018 (subject to the provisions regarding effectiveness herein) by and between Kaila Alana Loyola (“Claimant”), on the one hand, and Woodbridge Group of Companies, LLC and its affiliated debtors and debtors in possession (the “Debtors,” and, together with Claimant, the “Parties,” and each individually a “Party”), on the other hand.

Recitals

A. The Debtors’ chapter 11 bankruptcy cases are pending in the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”), jointly administered under the chapter 11 case entitled *In re Woodbridge Group of Companies, LLC, et al.*, No. 17-12560-KJC (the “Bankruptcy Cases”).

B. From on or about May 4, 2015 through on or about August 5, 2015, Claimant was employed by one of the Debtors, Woodbridge Structured Funding, LLC. Claimant was discharged from employment by that Debtor on or about August 5, 2015.

C. On November 13, 2015, Claimant filed a complaint in the Superior Court of the State of California for the County of Los Angeles (the “California Superior Court”) entitled *Kaila Alana Loyola v. Woodbridge Structured Funding, LLC, a Delaware limited liability company; Robert Shapiro, an individual; Liana Balayan, an individual; Diana Balayan, an individual; and Does 1-25, inclusive*, Case No. BC 601193 (the “California Action”). The complaint was subsequently amended and answered. The California Action remains pending, although it was automatically stayed following the filing of the Bankruptcy Cases.

D. On June 18, 2018, Claimant filed a Proof of Claim in the Bankruptcy Cases, which was assigned Claim No. 8811 (the “Claim”). The Claim seeks \$14,000,000 (Fourteen Million Dollars) and was filed as a general unsecured claim against two of the Debtors, Woodbridge Group of Companies, LLC, and Woodbridge Structured Funding, LLC.

E. On August 22, 2018, the Debtors filed their *First Amended Joint Chapter 11 Plan of Liquidation of Woodbridge Group of Companies, LLC and Its Affiliated Debtors* (the “Plan”) and the *Disclosure Statement for First Amended Joint Chapter 11 Plan of Liquidation of Woodbridge Group of Companies, LLC and Its Affiliated Debtors* (the “Disclosure Statement”) in the Bankruptcy Cases as Docket Nos. 2397 and 2398. Claimant and her counsel have received and had an opportunity to review both the Plan and Disclosure Statement.

F. On August 30, 2018, two of the Debtors filed a complaint in the Bankruptcy Court entitled *Woodbridge Group of Companies, LLC, and Woodbridge Structured Funding, LLC v. Kaila Alana Loyola*, Adversary Proceeding No. 18-50716 (the “Adversary Proceeding”). The Adversary Proceeding objects to the Claim and seeks to equitably subordinate any portion of the Claim that might be allowed.

G. The Debtors deny all of Claimant’s allegations set forth in the California Action and deny that they have any legal or equitable responsibility for the damages alleged by

Claimant, and further deny that they have engaged in any alleged unlawful, unfair or improper conduct. Claimant denies all of the Debtors' allegations set forth in the Adversary Proceeding and further denies that she has engaged in any inequitable conduct.

H. The Parties wish to fully and finally resolve all of the matters set out above and to otherwise settle any and all other disputes between or among them, known and unknown, on the terms and conditions set out in this Agreement.

Now, therefore, for full and valuable consideration, in consideration of the foregoing and the terms, covenants and conditions contained herein, the Parties agree as follows:

Agreement

1. The foregoing recitals, set out at paragraphs A through H, inclusive, are incorporated herein as an integral part of this Agreement.

2. The Parties warrant that they are authorized to enter into this Agreement and that by their signatures below, it will become a binding agreement, subject only to satisfaction of the conditions set forth in paragraph 6.

3. Subject to the conditions set forth in paragraph 6, upon the Effective Date (as defined below), the Claim shall be bifurcated into an allowed compensatory damage claim (the "Compensatory Claim") and an allowed punitive damage claim (the "Punitive Claim") as follows:

a. The Compensatory Claim shall be allowed as a single claim in the amount of \$2,495,000 (Two Million Four Hundred Ninety Five Thousand Dollars). The Compensatory Claim shall be a non-priority General Unsecured Claim (as that term is defined in the Plan) for all purposes against the estate of Woodbridge Group of Companies, LLC. The official claims agent may so note the treatment of the Compensatory Claim on the claims register it maintains. Under the Plan, the Compensatory Claim will be placed in Class 4.

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b. The Punitive Damage Claim shall be allowed as a single claim in the amount of \$10,000,000 (Ten Million Dollars). The Punitive Damage Claim shall be an unsecured claim against the estate of Woodbridge Group of Companies, LLC, and shall be subordinate to all non-subordinated Claims (as that term is defined in the Plan) of any kind (whether for principal or interest) that are allowed in the Bankruptcy Cases, including General Unsecured Claims (as that term is defined in the Plan), Note Claims (as that term is defined in the Plan), and Unit Claims (as that term is defined in the Plan). The official claims agent may so note the treatment of the Punitive Damage Claim on the claims register it maintains. Under the Plan, the Punitive Damage Claim will be placed in Class 7.

4. The Parties agree that the Compensatory Claim and the Punitive Claim constitute the entire monetary consideration to which Claimant is entitled under this Agreement and that

Claimant shall not seek any further compensation or consideration from the Debtors for any claimed damages, compensation, costs or attorneys' fees in connection with Claimant's allegations or any other claims encompassed and released by this Agreement. Claimant agrees and represents that no other form of monetary compensation is owed to her as of the date of this Agreement and that all such monetary compensation has been paid by the Debtors.

5. The Parties agree that Claimant shall have the opportunity, but shall not be obligated, to consult with and to obtain the advice and/or opinion of her own tax counsel regarding an appropriate allocation of the Compensatory Damages on account of personal physical injuries and physical sickness, including, but not limited to, Post Traumatic Stress Disorder, recurrent, delayed or otherwise, and/or the physical effects related to Claimant's gender transition, de-transition and/or hormone therapy, and/or other or related physical injuries and/or sickness. In the event that Claimant does elect to obtain any such opinion or advice from tax counsel, Claimant may, within thirty days of the Effective Date, prepare and provide to the Debtors an addendum to this Agreement containing such allocation. Claimant agrees to assume all liability for and shall be fully responsible for the payment of her share of any and all taxes she may owe as a result of the execution of this Agreement and/or any consideration provided hereunder. Further, Claimant will indemnify, defend and hold Debtors harmless from any and all damages, penalties, taxes, claims and rights to payment, including any attorneys' fees, brought by any person, entity, governmental agency or taxing authority to recover any of Claimant's tax obligations, and/or otherwise arising from any allocation provided by this paragraph.

6. This Agreement is not effective unless and until both of the following have occurred:

a. The Debtors have filed a motion (the "Compromise Motion") in the Bankruptcy Cases pursuant to Bankruptcy Code § 105 and Rule 9019 of the Federal Rules of Bankruptcy Procedure seeking approval of this Agreement.

b. The Bankruptcy Court has granted the Compromise Motion and entered an order (the "Compromise Order") thereon that has not been stayed pursuant to Rule 8007 of the Federal Rules of Bankruptcy Procedure or otherwise.

The first date on which both the preceding (paragraphs 6.a and 6.b) have occurred is the "Effective Date." Upon the Effective Date, this Agreement shall become effective and shall be binding upon the Parties.

7. Promptly following the Effective Date, Claimant shall cause the California Action to be dismissed with prejudice as to all parties except Robert Shapiro against whom Claimant may, at her discretion, continue to prosecute the California Action; provided, however, that nothing herein shall compel Claimant to continue to prosecute the California Action against Robert Shapiro.

8. Promptly following the Effective Date, the Debtors shall cause the Adversary Proceeding to be dismissed with prejudice as to all parties.

9. On the Effective Date, apart from the consideration and obligations arising under this Agreement, the Parties agree to mutually release one another including each other's officers,

directors, employees, attorneys, insurers, partners, partnership, divisions, subsidiaries, joint ventures, commonly controlled corporations, related entities and members (“Released Parties,” and each individually a “Released Party”) from any and all claims, known and unknown, which did or could have arisen out of Claimant’s employment by the Debtors and all claims, known and unknown, arising out of, relating to or deriving from the California Action, the Claim and the Adversary Proceeding and all facts which were or could have been pled in any of the preceding. Claimant for herself, her heirs, spouse, executors, administrators, personal and legal representatives and assigns hereby releases and forever discharges the Released Parties from any and all claims, demands, causes of action, obligations and liabilities whatsoever, whether or not presently known or unknown, or fixed or contingent (“Released Claims,” and each individually a “Released Claim”); provided, however, that notwithstanding anything in this Agreement, Robert Shapiro is not a Released Party and claims against him are not Released Claims.

10. All Parties agree that this Agreement and its terms shall be binding upon their successors, and assigns, and shall inure to the benefit of the servants, agents, employees, parent corporations, subsidiaries, officers, directors, attorneys, and personal representatives of the past or present of the Parties. Each Party agrees that she/it will not make, assert or maintain against any person, entity, partnership, or corporation released herein, any claim, demand, action or suit arising out of or in connection with the matters herein released.

11. The Parties hereby acknowledge that it is their intention that the releases set forth in paragraphs 9 and 10 shall be effective as a full and final release of and as a bar with prejudice to each and every claim as set forth therein that Claimant and Debtors have or had against the parties whom they are releasing in paragraphs 9 and 10. In connection with such waiver and relinquishment, the Parties acknowledge that they or their attorneys may hereafter discover facts different from or in addition to the facts that they now know or believe to be true with respect to the subject matter of this Agreement, but that it is their intention to hereby fully, finally, absolutely, and forever release any and all claims released pursuant to paragraphs 9 and 10, which now do exist, may exist or heretofore have existed between them, and that in furtherance of such intentions the release as given herein by the Parties shall be and remain in effect as a full and complete release of the claims released, notwithstanding the discovery of any such different or additional facts.

12. Notwithstanding the discovery of any such additional or different facts, the Parties certify that they have read Section 1542 of the California Civil Code set forth below:

**A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.**

The Parties waive application of Section 1542 of the California Civil Code, to the extent applicable, and any other statutes, common law rights, rules or the like which may operate to limit the intent of this Agreement with respect to the claims released above. The Parties understand and acknowledge the significance and consequence of this waiver of Section 1542 of the California Civil Code is that even if Claimant or Debtors should eventually suffer additional

damages on account of the claims released above, they will not be permitted to make any claim for such damages.

13. It is expressly understood and agreed by the Parties that the facts with respect to this Agreement may turn out to be different from the facts now known or believed by the Parties to be true. Each of the Parties expressly assumes the risk of the facts turning out to be different and agrees that this Agreement will be in all respects effective and not subject to termination or rescission by reason of any such differences.

14. It is further expressly understood and agreed by the Parties that this Agreement is in full accord, satisfaction and discharge of any disputed Released Claims encompassed by this Agreement or otherwise arising out of, deriving from or related to the subject matter of the California Action, the Claim and the Adversary Proceeding, and that this Agreement has been executed by the Parties with the express intention of effectuating the legal consequences provided for in Section 1541 of the California Civil Code and all equivalent laws, *i.e.*, the extinguishment of certain obligations, known or unknown. The Parties have read Section 1541 and it is fully understood by them. Section 1541 provides as follows:

**AN OBLIGATION IS EXTINGUISHED BY A RELEASE THEREFROM GIVEN TO THE DEBTOR BY THE CREDITOR, UPON A NEW CONSIDERATION, OR IN WRITING, WITH OR WITHOUT NEW CONSIDERATION.**

This is a bargained-for provision of this Agreement and is further consideration for the covenants and conditions contained herein.

15. Upon execution of this Agreement, consistent with the concurrently executed *Stipulation Regarding Claims of Kaila Alana Loyola and Plan Voting*, and without regard to whether the Effective Date has occurred, Claimant agrees to timely complete and return a Class 4 ballot (the "Ballot") voting the Compensatory Claim in favor of and to accept the Plan.

16. Each Party shall bear her or its own attorneys' fees and costs in connection with the Bankruptcy Cases, the California Action and the Adversary Proceeding through the Effective Date, including the negotiation, documentation, execution, delivery, and performance of this Agreement. Notwithstanding the preceding sentence, should any action, suit or proceeding be commenced by any Party to this Agreement to enforce any provision hereof, the prevailing Party shall be entitled to recover reasonable attorneys' fees, all costs (whether denominated as such in 28 U.S.C. § 1920), and expert expenses incurred in said action, suit or proceeding, including any appeal.

17. The Parties acknowledge that this Agreement represents a compromise of disputed claims and that, by entering into this Agreement, none of the Parties admits or acknowledges the existence of any liability or wrongdoing.

18. Each Party represents and warrants to all of the other Parties and each of them, that she or it has not assigned or transferred any of the claims or interests addressed in this Agreement. Each Party agrees to defend and indemnify all of the other Parties and each of them

against any claim based upon, arising out of, or arising in connection with any such alleged or actual assignment or transfer.

19. The Parties hereby provide assurances of cooperation to each other and agree to take any and all necessary and reasonable steps, including executing any other and further documents or instructions and performing any other and further acts, appropriate to effect the intent of this Agreement. To the best of the Claimant's knowledge, following reasonable inquiry, as of the date of this Agreement set forth above, Claimant represents and warrants that the only claim or right to payment of which she is aware that she has against the Debtors or their bankruptcy estates is represented by the Claim. In the event the Parties discover subsequently that there exists any other claim or action, Claimant will take all necessary action to withdraw or dismiss it forthwith upon request by the Debtors.

20. The Parties specifically consent to the jurisdiction and power of the Bankruptcy Court to determine any dispute relating to this Agreement, including any claim for breach, and to the power and authority of the Bankruptcy Court to enter a final judgment in connection therewith.

21. The Parties may give notice to each other by sending a written communication by overnight mail or e-mail to the Parties at the addresses set forth below, which notice shall be effective on the first business day after notice is sent.

a. To Claimant:

Kaila Alana Loyola  
8525 Tobias Avenue, #220  
Panorama City, CA 91402  
Email: [kaila.loyola@gmail.com](mailto:kaila.loyola@gmail.com)

with a copy (which shall not constitute notice) to:

The Rutten Law Firm, APC  
4221 Coldwater Canyon Avenue  
Studio City, California 91604  
Email: [howard@ruttenlawfirm.com](mailto:howard@ruttenlawfirm.com)  
Attn: Howard Rutten, Esq.

b. To Debtors:

Woodbridge Group of Companies, LLC  
14140 Ventura Boulevard, #302  
Sherman Oaks, California 91423  
Email: [bsharp@dsi.biz](mailto:bsharp@dsi.biz)  
Attention: Bradley D. Sharp, Chief Restructuring Officer

with a copy (which shall not constitute notice) to:

Klee, Tuchin, Bogdanoff & Stern LLP  
1999 Avenue of the Stars, 39<sup>th</sup> Floor  
Los Angeles, California 90067  
Email: [mtuchin@ktbslaw.com](mailto:mtuchin@ktbslaw.com) and [jweiss@ktbslaw.com](mailto:jweiss@ktbslaw.com)  
Attention: Michael L. Tuchin, Esq. and Jonathan M. Weiss, Esq.

Any Party wishing to change the address or email address at which she or it receives notices or payments may do so by giving notice as provided in this paragraph 21.

22. This Agreement is to be construed under and governed by the internal laws of the State of California (without regard to conflict of laws principles) and, as applicable, the Bankruptcy Code.

23. This Agreement, together with the concurrently executed *Stipulation Regarding Claims of Kaila Alana Loyola and Plan Voting*, contains the entire agreement and understanding among the Parties concerning the matters set forth herein and supersedes all prior or contemporaneous stipulations, negotiations, representations, understandings, and discussions among the Parties or their respective counsel with respect to the subject matter of this Agreement. No other representations, covenants, undertakings, or other earlier or contemporaneous agreements respecting these matters may be deemed in any way to exist or bind any of the Parties. The Parties acknowledge that they have not executed this Agreement in reliance on any promise, representation, or warranty other than those contained in this Agreement.

24. This Agreement is the product of negotiation among the Parties and represents the jointly conceived and bargained-for language mutually determined by the Parties to express their intentions in entering into this Agreement. Any ambiguity or uncertainty in this Agreement is therefore to be deemed to be caused by or attributable to the Parties collectively and is not to be construed against any particular Party. Instead, this Agreement is to be construed in a neutral manner, and no term or provision of this Agreement is to be construed more or less favorably to any one Party. Furthermore, the Parties hereby waive California Civil Code § 1654.

25. Each Party represents, warrants, and agrees that she/it has had a reasonable time within which to consider this Agreement before executing it; she/it has carefully read and fully understands all of the provisions of this Agreement, which is written in a manner she/it clearly understands; she/it knowingly and voluntarily agrees to all of the terms in this Agreement; she/it knowingly and voluntarily intends to be legally bound by this Agreement; and she/it had the opportunity to confer with legal counsel prior to signing this Agreement.

26. Claimant represents and warrants that all bills, costs or liens resulting out of Claimant's alleged injuries or claims are her responsibility to pay. Claimant agrees to assume responsibility for satisfaction of any and all demands for payment, claims or liens of any kinds, which arise from or are related to payments made or services provided to her or on her behalf. Claimant agrees to assume responsibility for all expenses, costs or fees incurred by her related to her alleged injuries or claims, including without limitation, all Medicare conditional payments,

subrogation claims, liens or other rights to payment, relating to medical treatment or lost wages that have been or may be asserted by any health care provider, insurer, governmental entity, employer or other person or entity. Further, Claimant will indemnify, defend and hold Debtors harmless from any and all damages, claims and rights to payment, including any attorneys' fees, brought by any person, entity or governmental agency to recover any of these amounts. This settlement is based upon a good faith determination of the Parties to resolve a disputed claim. The Parties resolved this matter in compliance with both state and federal law. Claimant represents and warrants that she is not a Medicare Beneficiary as of the date of this Agreement and that no conditional payments have been made by Medicare. Claimant further represents and warrants that she is aware of no Medicare conditional payments that have been made on her behalf. Claimant will indemnify, defend and hold Debtors harmless from any and all claims, liens, Medicare conditional payments and rights to payment, known or unknown. If any governmental entity, or anyone acting on behalf of any governmental entity, seeks damages, including multiple damages, from Released Parties relating to payment by such governmental entity, or anyone acting on behalf of such governmental entity, relating to Claimant's alleged injuries or claims, Claimant will defend and indemnify Debtors and hold Debtors harmless from any and all such damages, claims, liens, Medicare conditional payments and rights to payment, including any attorneys' fees sought by such entities

27. If the Bankruptcy Court declines to approve this Agreement despite the Parties' efforts to obtain such approval or if its approval is reversed on appeal, then (i) this Agreement will be null and void and of no force or effect; (ii) no Party shall have any obligations to any other Party arising out of this Agreement; and (iii) the Parties' respective rights and remedies with respect to all matters addressed by this Agreement will be fully reserved and the Parties will be restored to their respective positions, *status quo ante*, as of the date on which this Agreement was executed. Notwithstanding the preceding sentence or any other provision of this Agreement to the contrary, the provisions regarding voting as set forth in paragraph 15 and in the *Stipulation Regarding Claims of Kaila Alana Loyola and Plan Voting* shall apply immediately without regard to whether the Compromise Order is entered as provided herein.

28. This Agreement may not be modified except as mutually agreed to in a writing signed by all the Parties.

29. No waiver, forfeiture or forbearance of or concerning any provision of this Agreement shall be deemed or shall constitute a waiver, forfeiture or forbearance of or concerning any of the other provisions hereof, or a continuing waiver, forfeiture or forbearance.

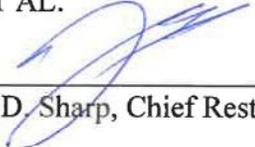
30. If, for any reason, any provision of this Agreement is determined to be invalid or unenforceable, such provision shall be automatically reformed to embody the essence of that provision to the maximum extent permitted by law, and the remaining provisions of this Agreement shall be construed, performed and enforced as if the reformed provision had been included in this Agreement at inception.

31. This Agreement may be executed in counterparts, and any and all such executed counterparts, taken together, will constitute a single agreement binding on all Parties to this Agreement. Facsimiles of signatures may be taken as the actual signatures.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date set forth above (but subject to the provisions regarding effectiveness set forth herein).

WOODBIDGE GROUP OF COMPANIES,  
LLC, ET AL.

KAILA ALANA LOYOLA

By:   
Bradley D. Sharp, Chief Restructuring Officer

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IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date set forth above (but subject to the provisions regarding effectiveness set forth herein).

WOODBIDGE GROUP OF COMPANIES,  
LLC, ET AL.

KAILA ALANA LOYOLA

By: \_\_\_\_\_  
Bradley D. Sharp, Chief Restructuring Officer



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