

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

In re:

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

Debtors.

WOODBIDGE GROUP OF COMPANIES, LLC;
WOODBIDGE STRUCTURED FUNDING, LLC;
WOODBIDGE MORTGAGE INVESTMENT
FUND 1, LLC; WOODBRIDGE MORTGAGE
INVESTMENT FUND 2, LLC; WOODBRIDGE
MORTGAGE INVESTMENT FUND 3, LLC;
WOODBIDGE MORTGAGE INVESTMENT
FUND 3A, LLC; WOODBRIDGE MORTGAGE
INVESTMENT FUND 4, LLC,

Plaintiffs,

vs.

RICHARD R. FRITTS; SUNWEST TRUST AS
CUSTODIAN FOR RICHARD R. FRITTS IRA,

Defendants.

Chapter 11

Case No. 17-12560 (KJC)

(Jointly Administered)

Adversary Proceeding

Case No. 18-50824 (KJC)

**CERTIFICATION OF COUNSEL REGARDING ORDER
APPROVING STIPULATION EXTENDING TIME OF DEFENDANT
RICHARD R. FRITTS TO RESPOND TO COMPLAINT**

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 Blvd. #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.

The undersigned hereby certifies as follows:

1. Between May 31, 2018 and June 19, 2018, Richard R. Fritts (“Fritts”) and Sunwest Trust as Custodian for Richard R. Fritts IRA (the “IRA Custodian,” and with Fritts, the “Defendants”) filed thirteen Proofs of Claim (the “Claims”) for amounts ranging from “unliquidated” to \$150,000.00. The Claims were assigned Claim Numbers 5832, 5833, 5837, 7778, 9319, 9328, 9331, 9339, 9340, 9341, 9342, 9343, and 9344. These are the only proofs of claim that the Defendants filed in the chapter 11 cases of the above-captioned debtors and debtors in possession (collectively, the “Debtors” and, with the Defendants, the “Parties”).

2. 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”). The Disclosure Statement was approved by the Court on August 22, 2018 [Docket No. 2396].

3. On September 17, 2018, certain of the Debtors filed a complaint (the “Complaint”) in the Court entitled *Woodbridge Group of Companies, LLC et al. v. Richard R. Fritts; Sunwest Trust as Custodian for Richard R. Fritts IRA* in an adversary proceeding captioned Adv. No. 18-50824 (KJC) (the “Adversary Proceeding”). The Adversary Proceeding objects to the Claims and seeks to equitably subordinate any portion of the Claims that might be allowed.

4. The time for the Defendants to respond to the Complaint expires not earlier than October 19, 2018. Pursuant to Rule 7012-2 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”), the Parties may by stipulation—and without a court order—extend a defendant’s time to respond to a complaint for up to 28 days. To avoid the cost of litigation, the Parties have agreed to continue the Defendant’s time to respond to the complaint until November 16, 2018.

5. The Parties are discussing settlement and wish to maintain the status quo without any prejudice or undue cost to either Party. As such, the Parties have entered into a stipulation (the “Stipulation”), which is annexed as Exhibit A to the proposed order attached hereto as Exhibit I (the “Proposed Order”). Subject to the Court’s approval of the Debtors’ entry into the Stipulation, the Stipulation maintains the status quo while the parties explore a settlement. In particular, as more fully set forth in the Stipulation, the Stipulation provides that the Defendants shall not (i) vote or cause any vote to be submitted on the Plan with respect to any of the Claims, or (ii) file any motion seeking temporary allowance of the Claims for voting purposes.

6. Extending the time for the Defendants to respond to the Complaint is warranted given that the Parties are actively negotiating a settlement. Moreover, addressing the Defendants’ voting rights with respect to the Plan while the Parties explore this consensual settlement is justified, as it will eliminate undue cost and promote judicial economy while not prejudicing either Party to the extent settlement negotiations are ultimately unfruitful. As such, the Debtors submit that the entry of the Proposed Order is in the best interests of the Debtors, their estates, and their creditors.

WHEREFORE, the Debtors respectfully request, pursuant to Local Rule 9013-1(b), that the Court enter the Proposed Order at its earliest convenience without further notice or a hearing.

Dated: September 28, 2018
Wilmington, Delaware

/s/ Betsy L. Feldman
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Counsel to the Debtors and Debtors in Possession

EXHIBIT I

Proposed 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)

Docket Ref. No. ____

**ORDER APPROVING STIPULATION EXTENDING TIME OF DEFENDANT
RICHARD R. FRITTS TO RESPOND TO COMPLAINT**

Upon consideration of that certain *Stipulation Extending Time of Defendant Richard R. Fritts To Respond to Complaint*, a copy of which is annexed hereto as Exhibit A (the “Stipulation”),² and the related certification of counsel (the “Certification of Counsel”) submitted by counsel for the above-captioned debtors and debtors in possession (collectively, the “Debtors”) pursuant to Local Rule 9013-1(b); and due and proper notice of the relief provided for herein having been given under the circumstances; and it appearing that no other or further notice of the relief provided for herein is required; and it appearing that this Court has jurisdiction to consider the Stipulation and the Certification of Counsel and enter this Order 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 as of 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 relief provided for herein is proper pursuant to 28 U.S.C.

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² Capitalized terms used herein, but not otherwise defined, have the meanings ascribed to them in the Stipulation.

§§ 1408 and 1409; and it appearing that the relief provided for herein is in the best interests of the Debtors, their estates, and creditors, and is an appropriate exercise of the Debtors' business judgment; and good and sufficient cause appearing therefor under the circumstances; it is hereby

ORDERED, ADJUDGED, AND DECREED THAT:

1. The Stipulation is hereby approved in all respects and incorporated as if fully set forth herein.
2. The Debtors are authorized to enter into the Stipulation.
3. The Parties are authorized to take any action necessary or appropriate to implement the terms of this Order without further order from this Court.
4. The Court shall retain exclusive jurisdiction over any and all matters arising from or related to the implementation or interpretation of the Stipulation or this Order, resolve any dispute arising out of, relating to, or deriving from the Stipulation, and the power to enter a final order thereon.

Dated: _____, 2018

The Honorable Kevin J. Carey
United States Bankruptcy Judge

EXHIBIT A

Stipulation

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

In re:

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

Debtors.

WOODBIDGE GROUP OF COMPANIES, LLC;
WOODBIDGE STRUCTURED FUNDING, LLC;
WOODBIDGE MORTGAGE INVESTMENT
FUND 1, LLC; WOODBRIDGE MORTGAGE
INVESTMENT FUND 2, LLC; WOODBRIDGE
MORTGAGE INVESTMENT FUND 3, LLC;
WOODBIDGE MORTGAGE INVESTMENT
FUND 3A, LLC; WOODBRIDGE MORTGAGE
INVESTMENT FUND 4, LLC,

Plaintiffs,

vs.

RICHARD R. FRITTS; SUNWEST TRUST AS
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Defendants.

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**STIPULATION EXTENDING TIME OF DEFENDANT
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The Woodbridge Group of Companies, LLC, and its above-captioned co-plaintiffs, debtors and debtors in possession (“Plaintiffs”), and Richard R. Fritts (“Defendant,” and with Plaintiffs, the “Parties,” and individually, a “Party”) hereby stipulate as follows:

A. On September 17, 2018, Plaintiffs filed the *Complaint Objecting to Claims and Counterclaiming for Avoidance and Recovery of Avoidable Transfers and for Statutory and Equitable Subordination* [Adv. Dkt. No. 1] against Defendant.

B. The Parties are exploring a potential settlement of their claims against each other.

C. The time for Defendant to respond to the Complaint expires not earlier than October 19, 2018.

D. Pursuant to Local Bankruptcy Rule 7012-1, the Parties may by stipulation – and without a court order – extend a defendant’s time to respond to a complaint for up to 28 days.

E. To avoid the cost of litigation, the Parties have agreed to continue Defendant’s time to respond to the Complaint until November 16, 2018.

WHEREFORE, the Parties stipulate that:

1. Defendant shall have through and including November 16, 2018 (the “Response Deadline”) to respond to the Complaint.

2. Through and including the Response Deadline, Defendant shall not (i) vote (or cause any vote to be submitted) on the Debtor’s *First Amended Joint Chapter 11 Plan of Liquidation of Woodbridge Group of Companies, LLC and its Affiliated Debtors* (as it may be amended, supplemented, or modified from time to time pursuant to the terms thereof, the “Plan”) with respect to any claims of Defendant (the “Claims”), including, without limitation, Proof of Claim Nos. 5832, 5833, 5837, 7778, 9319, 9328, 9331, 9339, 9340, 9341, 9342, 9343, and 9344; or (ii) file any motion seeking temporary allowance of the Claims for voting purposes.

3. This Stipulation is without prejudice to any Party's substantive rights.

Dated: September 27, 2018
Wilmington, Delaware

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