

**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

Hearing Date: Jan. 18, 2018, at 10:00 a.m. (ET)
(proposed hearing time for D.I. 250)

Re: D.I. 85 and 250 (proposed hearing time)

**DEBTORS' STATEMENT IN SUPPORT OF (I) MOTION
OF THE AD HOC COMMITTEE OF HOLDERS OF PROMISSORY
NOTES OF WOODBRIDGE MORTGAGE INVESTMENT FUND ENTITIES
AND AFFILIATES PURSUANT TO SECTION 1102(a)(2) OF THE BANKRUPTCY
CODE DIRECTING THE APPOINTMENT OF AN OFFICIAL COMMITTEE OF
NOTEHOLDERS, AND (II) MOTION OF THE AD HOC COMMITTEE OF
UNITHOLDERS OF WOODBRIDGE MORTGAGE INVESTMENT FUND
ENTITIES PURSUANT TO SECTION 1102(a)(2) DIRECTING APPOINTMENT
OF AN OFFICIAL COMMITTEE OF UNITHOLDERS**

Woodbridge Group of Companies, LLC and its affiliated debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the "Debtors") hereby submit this statement in support of the *Motion of the Ad Hoc Committee of Holders of Promissory Notes of Woodbridge Mortgage Investment Fund Entities and Affiliates Pursuant to Section 1102(a)(2) of the Bankruptcy Code Directing the Appointment of an Official Committee of Noteholders* [D.I. 85] (the "Noteholder Motion")² and *Motion of the Ad Hoc Committee of Unitholders of Woodbridge Mortgage Investment Fund Entities Pursuant to Section 1102(a)(2) Directing*

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 14225 Ventura Boulevard #100, 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 proposed undersigned counsel for the Debtors.

² Two joinders were filed by other noteholders at Docket Nos. 89 and 198.

Appointment of an Official Committee of Unitholders [D.I. 250] (the “Unitholder Motion,”³ and collectively, the “Motions”)⁴ as follows:

1. The Debtors file this statement in support of the Motions. As stated in the Motions, although approximately 7,000 Noteholders hold approximately \$750 million in claims pertaining to the Notes, and approximately 2,000 Unitholders hold over \$200 million in claims or interests, the two Noteholders that serve as members of the Official Committee of Unsecured Creditors (the “Creditors’ Committee”) do not adequately represent their interests. Notably, those two Noteholders are situated differently from—and are adverse to—all of the other Noteholders, particularly since they waived any and all lien rights in respect of their Notes in order to serve on the Creditors’ Committee, making them not representative of the Noteholders or Unitholders. Outside of these two Noteholders, the Debtors estimate that the current pool of unsecured claims amounts to approximately \$6 million in trade debt owed to vendors and contractors.⁵

2. The Debtors recognize that, given the size and holdings of their Noteholder and Unitholder constituency (the “Investors”), there are benefits to appointing an official committee, or committees, of Investors. For instance, given the number of Investors and the amount of claim or interest holdings, official committees charged with fiduciary duties to all Investors would likely facilitate restructuring and settlement negotiations and aid in the efficient administration of these Chapter 11 Cases by providing informational access to the Investors and receiving service of Court filings on behalf of the Investors. Moreover, official Investor

³ A motion to shorten notice was filed requesting that a hearing be set for December 18, 2018, but the motion to shorten is still pending [D.I. 251].

⁴ Capitalized terms used but not defined herein shall have the meanings given to them in the Motions.

⁵ See *Declaration of Lawrence R. Perkins in Support of the Debtors’ Chapter 11 Petitions and Request for First Day Relief*, at ¶ 44 [D.I. 12].

committees would reduce the burden to the Investors of retaining separate counsel and forming disparate *ad hoc* groups.

3. The Debtors also recognize, however, that appointment of additional official committees in the Chapter 11 Cases will result in increased costs for the estates, in the form of the Debtors' obligation to pay the reasonable fees and expenses incurred by their respective counsel (and, possibly, a financial advisor). Accordingly, the Debtors respectfully submit that, if an official Noteholder committee and/or an official Unitholder committee is formed, the Court should require the Creditors' Committee and the Investor committees to operate under a budget or budgets commensurate with each respective constituency. This budget could be approved after negotiations among the Debtors, the Creditors' Committee, and the official Investor committees, and subsequently approved by the Court.

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WHEREFORE, the Debtors respectfully request that the Court grant the Motions and enter such other and further relief as is equitable and just.

Dated: January 16, 2018
Wilmington, Delaware

/s/ Sean M. Beach

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