IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	Chapter 11
WOODBRIDGE GROUP OF COMPANIES, LLC, *et al.*,[1]	Case No. 17-12560 (KJC)
	(Jointly Administered)
Debtors.	**Hearing Date:** **April 2, 2019, at 10:00 a.m. (ET)**
	Objection Deadline: **February 28, 2019, 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 SHELDON L. GOLDMAN

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 States Code, 11 U.S.C. §§ 101–1532 (the "Bankruptcy Code") and Rule 9019 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), (i) authorizing and approving the Debtors to enter into that certain *Settlement Agreement* dated as of February 12, 2019 (the "Settlement Agreement"), in the form attached as **Exhibit 1** to the Proposed Order, with Sheldon L. Goldman ("Goldman"), settling a dispute in connection with claims held by Goldman, as well as the Debtors' causes of action against Goldman, and (ii) granting related relief. In support of this Motion, the Debtors respectfully state as follows:

[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 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, or by contacting the undersigned counsel for the Debtors.

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"). On October 26, 2018, the Court entered an order confirming the Plan [Docket No. 2903].

THE PARTIES' RELATIONSHIP AND DISPUTES

5. Prior to the Petition Dates, Goldman was an external broker (*i.e.*, not an employee of the Debtors) that sold Notes and/or Units (as defined in the Plan) to investors. According to the Debtors' records, Goldman received the following transfers (collectively, the "Transfers") prior to the Petition Dates: (i) commission payments or other compensation from the Debtors in the amount of $7,104.17; (ii) Prepetition Distributions (as defined in the Plan) on account of the Goldman Mainstar Note Claim (as defined below) in the aggregate amount of $9,820.89; and (iii) Prepetition Distributions on account of the Goldman Family Trust Note Claim (as defined below) in the aggregate amount of $18,434.79.

6. Mainstar-FBO Sheldon Goldman filed Proof of Claim No. 6832 against the Debtors (the "Goldman Mainstar Note Claim"). The Goldman Mainstar Note Claim is a Standard Note Claim with an Outstanding Principal Amount of $50,000.00. In addition, the Sheldon & Judy Goldman Family Trust dated 7/14/1994 holds a Standard Note Claim with an Outstanding Principal Amount of $50,000.00 (the "Goldman Family Trust Note Claim" and, together with the Goldman Mainstar Note Claim, the "Goldman Note Claims").

7. The Debtors believe they possess causes of action against Goldman under Bankruptcy Code sections 544, 547, 548, and 550 to avoid and recover the Transfers and to

subordinate the Goldman Note Claims. Goldman asserts that the Goldman Note Claims are valid and enforceable and not subject to subordination and disputes that the Transfers are avoidable. Among other things, Goldman has asserted that he was unaware of (and did not participate in) the Ponzi scheme perpetuated by Robert Shapiro, who controlled the Debtors.

SUMMARY OF THE SETTLEMENT AGREEMENT[2]

8. The Settlement Agreement provides that (i) the Goldman Mainstar Note Claim shall be allowed as a single unsecured claim in the amount of $28,338.83 (*i.e.*, the Outstanding Principal Amount of the Goldman Mainstar Note Claim less (a) the Prepetition Distributions received on account of the Goldman Mainstar Note Claim and (b) $11,840.28, representing the Parties' agreed amount by which the Goldman Mainstar Note Claim should be reduced in respect of the Commission Payments) (the "Allowed Goldman Mainstar Note Claim"); and (ii) the Goldman Family Trust Note Claim shall be allowed as a single unsecured claim in the amount of $31,565.21 (*i.e.*, the Outstanding Principal Amount of the Goldman Family Trust Note Claim less the Prepetition Distributions received on account of the Goldman Family Trust Note Claim) (the "Allowed Goldman Family Trust Note Claim" and, together with the Allowed Goldman Mainstar Note Claim, the "Allowed Note Claims"). Settlement Agreement ¶ 3. The Allowed Note Claims will participate in ratable distributions with all other Note Claims that are allowed in the Bankruptcy Cases. *Id.* at ¶ 4. For purposes of the Plan, the Allowed Note Claims shall be classified and treated as Class 3 Standard Note Claims, with the Net Note Claim of the Allowed Goldman Mainstar Note Claim equal to $28,338.83 and the Net Note Claim of the Allowed Goldman Family Trust Note Claim equal to $31,565.21. *Id.* The Allowed Note Claims shall be the sole and exclusive right to payment or any other relief that Goldman shall have to any

[2] 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.

distribution or recovery in the Chapter 11 Cases, and shall not be entitled to priority under Bankruptcy Code section 507. *Id.*

9. The parties have exchanged mutual releases, including a release by the Debtors of claims relating to or arising from the Transfers, and excluding any claims to enforce the parties' respective rights under the Settlement Agreement. *Id.* ¶¶ 6-7.

10. 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.* ¶ 5.

RELIEF REQUESTED

11. 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

12. 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).

13. "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).

14. 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.").

15. 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 Goldman, and fall well within the reasonable range of litigation possibilities.

16. The Settlement Agreement resolves two claims in the aggregate Outstanding Principal Amount of $100,000.00 in exchange for Allowed Note Claims in the aggregate amount of $59,904.04. This resolution eliminates the need for the Debtors to initiate an adversary proceeding seeking to, *inter alia*, recover the Transfers and subordinate the Goldman Note Claims. Although the Debtors believe they may prevail in any such litigation, they acknowledge that all litigation is inherently uncertain and there is no guarantee of success. Moreover, litigating the dispute with Goldman could consume substantial estate resources, given that he has indicated that he would assert fact-intensive defenses that could require significant discovery. Given the relatively small amount of the Transfers, avoiding litigation is sensible.

17. Further, the Settlement Agreement fixes the amount of Goldman's Allowed Note Claim, which both facilitates timely distributions of value to Goldman and eliminates the need to establish disputed claim reserves 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.[3]

18. In sum, all of the *Martin* factors 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 Note Claims, with Goldman accepting the uncertainty regarding the precise distribution that he will ultimately collect on such claims. The Settlement Agreement eliminates the administrative expense, inconvenience, and delay necessarily attendant to prosecuting an adversary proceeding to object to Goldman's claims and seek recovery of the Transfers. 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 Note Claims pool in a fashion that will enhance the speed and amount of distributions that can be paid to the holders of allowed claims.

19. 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).

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[3] *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.) 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)).

REQUEST FOR WAIVER OF STAY

20. 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 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

21. 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) Goldman; 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.

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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: February 14, 2019
Wilmington, Delaware

/s/ Betsy L. Feldman

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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	Chapter 11
WOODBRIDGE GROUP OF COMPANIES, LLC, *et al.*,[1]	Case No. 17-12560 (KJC)
	(Jointly Administered)
Debtors.	**Hearing Date:** **April 2, 2019, at 10:00 a.m. (ET)**
	Objection Deadline: **February 28, 2019, 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 FOR THE DIP LENDER; (III) COUNSEL FOR THE COMMITTEE; (IV) COUNSEL FOR THE NOTEHOLDER GROUP; (V) COUNSEL FOR THE UNITHOLDER GROUP; (VI) GOLDMAN; 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 Bankruptcy Code and Bankruptcy Rule 9019, Authorizing and Approving Entry into a Settlement with Sheldon L. Goldman*** (the "Motion").

PLEASE TAKE FURTHER NOTICE that responses or objections to the Motion must be filed on or before **February 28, 2019, 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 **APRIL 2, 2019, AT 10:00 A.M. (ET)** BEFORE THE HONORABLE KEVIN J. CAREY IN THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF

[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 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, or by contacting the undersigned counsel for the Debtors.

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: February 14, 2019
Wilmington, Delaware

/s/ Betsy L. Feldman

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EXHIBIT A

Proposed Order

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	Chapter 11
WOODBRIDGE GROUP OF COMPANIES, LLC, *et al.*,[1]	Case No. 17-12560 (KJC)
	(Jointly Administered)
Debtors.	**Ref. Doc. Nos. ____**

ORDER, PURSUANT TO SECTION 105(a) OF THE BANKRUPTCY CODE AND BANKRUPTCY RULE 9019, AUTHORIZING AND APPROVING ENTRY INTO A SETTLEMENT WITH SHELDON L. GOLDMAN

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 Sheldon L. Goldman* (the "Motion")[2] filed by the above-captioned debtors and debtors in 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

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[2] Capitalized terms used, but not otherwise defined herein, have the meaning given to them in the Motion.

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 Goldman, 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: _____, 2019
Wilmington, Delaware

KEVIN J. CAREY
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT 1

Settlement Agreement

Settlement Agreement

This settlement agreement (the "Agreement") is entered into as of February 12, 2019 (subject to the provisions regarding effectiveness herein) by and between Sheldon L. Goldman ("Goldman"), on the one hand, and Woodbridge Group of Companies, LLC and its affiliated debtors and debtors in possession (the "Debtors," and, together with Goldman, 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. 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").[1] On October 26, 2018, the Bankruptcy Court entered an order confirming the Plan (Docket No. 2903).

C. Mainstar-FBO Sheldon Goldman filed Proof of Claim No. 6832 against the Debtors (the "Goldman Mainstar Note Claim"). The Goldman Mainstar Note Claim is a Standard Note Claim with an Outstanding Principal Amount of $50,000.00. In addition, the Sheldon & Judy Goldman Family Trust dated 7/14/1994 holds a Standard Note Claim with an Outstanding Principal Amount of $50,000.00 (the "Goldman Family Trust Note Claim" and, together with the Goldman Mainstar Note Claim, the "Goldman Note Claims").

D. According to the Debtors' records, prior to the filing of the Bankruptcy Cases, Goldman received the following payments:

a. Goldman received commission payments or other compensation from the Debtors in the amount of $7,104.17 (the "Commission Payments");

b. Goldman received Prepetition Distributions on account of the Goldman Mainstar Note Claim in the aggregate amount of $9,820.89; and

c. Goldman received Prepetition Distributions on account of the Goldman Family Trust Note Claim in the aggregate amount of $18,434.79.

E. The Debtors have advised Goldman that they believe that the preceding claims may be subject to disallowance and/or subordination. The Debtors have further advised Goldman that they believe they possess causes of action against him to avoid and recover the Commission Payments.

[1] Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Plan.

F. The Parties wish to 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, in consideration of the foregoing, the Parties stipulate and agree as follows:

Agreement

1. The foregoing recitals, set out at paragraphs A through F, 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 5.

3. Subject to the conditions set forth in paragraph 5, upon the Effective Date (as defined below), (i) the Goldman Mainstar Note Claim shall be allowed as a single unsecured claim in the amount of $28,338.83 (*i.e.*, the Outstanding Principal Amount of the Goldman Mainstar Note Claim *less* (a) the Prepetition Distributions received on account of the Goldman Mainstar Note Claim and (b) $11,840.28, representing the Parties' agreed amount by which the Goldman Mainstar Note Claim should be reduced in respect of the Commission Payments) (the "Allowed Goldman Mainstar Note Claim"); and (ii) the Goldman Family Trust Note Claim shall be allowed as a single unsecured claim in the amount of $31,565.21 (*i.e.*, the Outstanding Principal Amount of the Goldman Family Trust Note Claim *less* the Prepetition Distributions received on account of the Goldman Family Trust Note Claim) (the "Allowed Goldman Family Trust Note Claim" and, together with the Allowed Goldman Mainstar Note Claim, the "Allowed Note Claims").

4. The Allowed Note Claims will participate in ratable distributions with all other Note Claims that are allowed in the Bankruptcy Cases. For purposes of the Plan, the Allowed Note Claims shall be classified and treated as Class 3 Standard Note Claim, with the Net Note Claim of the Allowed Goldman Mainstar Note Claim equal to $28,338.83 and the Net Note Claim of the Allowed Goldman Family Trust Note Claim equal to $31,565.21. For the avoidance of doubt, the Allowed Note Claims shall be the sole and exclusive right to payment or any other relief that Goldman, and his respective predecessors, successors, or assigns shall have to any distribution or recovery in the Bankruptcy Case or any chapter 7 bankruptcy case into which the Bankruptcy Case is converted, and shall not be entitled to priority under Bankruptcy Code section 507.

5. This Agreement is not effective unless and until all 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.

c. The time to commence an appeal of the Compromise Order pursuant to Rule 8002(a) of the Federal Rules of Bankruptcy Procedure has run and no appeal has been filed, or any such appeal has been dismissed or resolved by the highest court to which the order or judgment was appealed or from which review, rehearing, remand, or a writ of certiorari was sought.

d. The Compromise Order has not been stayed pursuant to Rule 8007 of the Federal Rules of Bankruptcy Procedure.

The first date on which all the preceding (paragraphs 5.a above through 5.d, inclusive) have occurred is the "Effective Date." Upon the Effective Date, this Agreement shall become effective and shall be binding upon the Parties.

6. To the maximum extent permitted by law, Goldman, on behalf of himself, his agents, successors, assigns, attorneys, and representatives (collectively, the "Goldman Releasing Parties"), hereby release, acquit, and discharge, and covenant and agree that they will refrain and forbear from commencing, instituting, prosecuting, or continuing, any lawsuit, action, claim, right, demand, cause of action, suit or other proceeding (including filing any further claim) against the Debtors, their estates, their affiliates, predecessors, successors, assignors, and assignees, except for any claims to enforce rights, obligations, and duties arising out of this Agreement.

7. To the maximum extent permitted by law, the Debtors and their predecessors, successors, assignors, and assignees (the "Woodbridge Releasing Parties") hereby release, acquit, and discharge, and covenant and agree that they will refrain and forbear from commencing, instituting, prosecuting, or continuing, any lawsuit, action, claim, right, demand, cause of action, suit or other proceeding against Goldman, his predecessors, successors, assignors, and assignees, except for any claims to enforce rights, obligations, and duties arising out of this Agreement.

8. The Parties hereby acknowledge that it is their intention that the releases set forth in paragraphs 6 and 7 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 the Goldman Releasing Parties and Woodbridge Releasing Parties have or had against the parties whom they are releasing in paragraphs 6 and 7. 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 6 and 7, 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.

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 OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE

RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

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 the Releasing Parties should eventually suffer additional damages on account of the claims released above, they will not be permitted to make any claim for such damages.

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.

9. Each Party shall bear its own attorneys' fees and costs in connection with the Bankruptcy Cases 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 and costs and expenses incurred in said action, suit or proceeding, including any appeal.

10. To the best of Goldman's knowledge, following reasonable inquiry, as of the date of this Agreement set forth above, Goldman represents and warrants that the only claim or right to payment of which he is aware that he has against the Woodbridge Releasing Parties or their bankruptcy estates is represented by the claims listed in Recital C above. In the event the Parties discover subsequently that there exists any other claim or action, Goldman will take all necessary action to withdraw or dismiss it forthwith upon request by the Debtors.

11. 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.

12. Each Party represents and warrants to all of the other Parties and each of them, that 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.

13. 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.

14. 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 authority of the Bankruptcy Court to enter a final judgment in connection therewith.

15. 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.

a. To Goldman:

Sheldon Goldman
1463 Twinridge Road
Santa Barbara, California 93111
Email: mitmazal@gmail.com

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

Joseph E. Sarachek, Esq.
101 Park Avenue, Floor 27
New York, New York 10017
Email: joe@saracheklawfirm.com

b. To the Debtors:

Woodbridge Group of Companies, LLC
14140 Ventura Boulevard, #302
Sherman Oaks, California 91423
Email: 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, 39th Floor
Los Angeles, California 90067
Email: mtuchin@ktbslaw.com and 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 he, she or it receives notices or payments may do so by giving notice as provided in this paragraph 15.

16. 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.

17. This Agreement 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.

18. 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 as a whole is to be construed more or less favorably to any one Party. Furthermore, the Parties hereby waive California Civil Code § 1654.

19. If the Bankruptcy Court declines to approve this Agreement despite the Parties' efforts to obtain such approval, 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.

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

21. 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.

22. 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.

23. This Agreement may be executed in several 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.

[Remainder of page intentionally left blank]

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).

WOODBRIDGE GROUP OF COMPANIES, LLC, ET AL.

By:_____
Name: Bradley D. Sharp
Title: Chief Restructuring Officer

SHELDON L. GOLDMAN

_____

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).

WOODBRIDGE GROUP OF COMPANIES, LLC, ET AL.

By:_____
Name: Bradley D. Sharp
Title: Chief Restructuring Officer

SHELDON L. GOLDMAN