

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

In re:

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

Remaining Debtors.

Chapter 11

Case No. 17-12560 (BLS)

(Jointly Administered)

Hrg. Date: Dec. 18, 2019 at 11:00 a.m. (ET)

Obj. Deadline: Nov. 20, 2019, at 4:00 p.m. (ET)

**MOTION OF WOODBRIDGE LIQUIDATION TRUST AND WOODBRIDGE
WIND-DOWN ENTITY LLC 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 ADAM ROSENFELD AND KYLE GIESE**

Woodbridge Liquidation Trust (the “Trust”) and the Woodbridge Wind-Down Entity LLC (the “Wind-Down Entity” and with the Trust, the “Movants”), formed pursuant to the confirmed and effective *First Amended Joint Chapter 11 Plan of Liquidation of Woodbridge Group of Companies, LLC and its Affiliated Debtors* [D.I. 2397] (the “Plan”) in the jointly-administered chapter 11 bankruptcy cases (the “Chapter 11 Cases”) of Woodbridge Group of Companies, LLC and its affiliated debtors and debtors in possession (collectively, the “Debtors”), 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 Movants’ entry into that certain *Settlement Agreement* (the “Settlement Agreement”), in the form attached as Exhibit 1 to the Proposed Order, with Adam Rosenfield (“Rosenfield”) and Kyle Giese (“Giese” and with

¹ The Remaining Debtors and the last four digits of their respective federal tax identification numbers are as follows: Woodbridge Group of Companies, LLC (3603) and Woodbridge Mortgage Investment Fund 1, LLC (0172). The Remaining Debtors’ mailing address is 14140 Ventura Boulevard #302, Sherman Oaks, California 91423.

Rosenfeld, the “Agents”) and (ii) granting related relief. In support of this Motion, the Movants 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 Movants 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 managed their financial affairs as debtors in possession.

3. The Chapter 11 Cases were jointly administered pursuant to Bankruptcy Rule 1015(b) and Local Rule 1015-1. No trustee was appointed in the Chapter 11 Cases. On December 14, 2017, the Office of the United States Trustee for the District of Delaware (the

“U.S. Trustee”) appointed an official committee of unsecured creditors (the “Committee”). *See* Docket Nos. 79 & 883. On October 26, 2018, the Court entered an order confirming the Plan. *See* Docket No. 2903. On February 15, 2019 (the “Effective Date”), the effective date of the Plan occurred and the Trust was established. *See* Docket No. 3421.

4. The Plan provides for, among other things, (i) the creation of the Wind-Down Entity, (ii) the vesting of all of the Debtors’ real estate-related assets, including any right, title, and interest of the Debtors in and to the Segregated Commission Fund (as defined below), in the Wind-Down Entity and (iii) the vesting of all of the Debtors’ other assets in the Trust. *See id.*

FACTUAL BACKGROUND

A. Debtors’ Property Sales

5. During the Chapter 11 Cases, the Debtors sold numerous parcels of real estate, in each case utilizing one or more selling brokers and paying a commission to such brokers in respect of such sales.

6. The Agents were formerly affiliated with Woodbridge Luxury Homes of California, Inc. d/b/a Mercer Vine, Inc. (“Mercer Vine”). Mercer Vine was a real estate brokerage company formerly affiliated with the Debtors’ enterprise (but which was not a Debtor in the Chapter 11 Cases or otherwise) and is majority-owned by the RS Protection Trust, a trust settled by Robert Shapiro.

7. The Settlement Agreement concerns commission payments with respect to four properties.

B. 8692 Franklin Sale

8. On July 13, 2017, Mercer Vine, on the one hand, and Debtor Centershot Investments LLC (“Centershot”), on the other hand, entered into that certain *Vacant Land Listing Agreement* (as extended, the “Franklin Listing Agreement”), pursuant to which (i) Mercer Vine

agreed to serve as “Listing Broker” in respect of the sale of the property at 8692 Franklin Avenue, Los Angeles, California (the “Franklin Property”) and (ii) Centershot agreed to pay Mercer Vine a 5% brokerage commission (subject to payment of half of such commission to a buyer agent) upon the sale of the Franklin Property.

9. On February 1, 2018, the Debtors filed their *Motion for Entry of an Order (I) Authorizing the Sale of 8692 Franklin Avenue Etc.* (the “Franklin Sale Motion”), pursuant to which the Debtors sought authority, among other things, (i) to sell the Franklin Property for the amount of \$1,500,000 and (ii) to hold commission funds in the amount of \$37,500 (the “Franklin Commission Funds”) in a segregated account pending further order of the Bankruptcy Court.² *See* Docket No. 458.

10. On February 13, 2018, the Bankruptcy Court entered an order approving the Franklin Sale Motion, and the sale of the Franklin Property subsequently closed. Since closing, the Franklin Commission Funds have been held in a segregated account. *See* Docket No. 574.

C. 2363 Apollo Drive

11. On February 10, 2018, Giese, on the one hand, and Debtor Pemberley Investments, LLC (“Pemberley”), on the other hand, entered into that certain *Single Party Compensation Agreement* (the “Apollo Listing Agreement”), pursuant to which (i) Giese agreed to serve as “Listing Broker” in respect of the sale of the property at 2362 Apollo Drive, Los Angeles, California (the “Apollo Property”) and (ii) Pemberley agreed to pay Giese a 5% brokerage commission (subject to payment of a portion to buyer’s broker) upon the sale of the Apollo Property to Pejman Ben-Cohen.

12. On April 10, 2018, the Debtors filed their *Motion for Entry of an Order (I)*

² Commission was paid to buyer’s agent.

Authorizing the Sale of 2362 Apollo Drive Etc. (the “Apollo Sale Motion”), pursuant to which the Debtors sought authority, among other things, (i) to sell the Apollo Property to Pejman Ben-Cohen for the amount of \$2,650,000 and (ii) to hold commission funds in the amount of \$132,500 (the “Apollo Commission Funds”) in a segregated account pending further order of the Bankruptcy Court.³ See Docket No. 931.

13. On April 27, 2018, the Bankruptcy Court entered an order approving the Apollo Sale Motion, and the sale of the Apollo Property subsequently closed. Since closing, the Apollo Commission Funds have been held in a segregated account. See Docket No. 1669.

D. 25085 Ashley Ridge

14. On February 10, 2018, Giese, on the one hand, and Debtor Craven Investments, LLC (“Craven”), on the other hand, entered into that certain *Single Party Compensation Agreement* (the “Ashley Ridge Listing Agreement”), pursuant to which (i) Giese agreed to serve as “Listing Broker” in respect of the sale of the property at 25085 Ashley Ridge Road, Hidden Hills, California (the “Ashley Ridge Property”) and (ii) Craven agreed to pay Giese a 4% brokerage commission (subject to payment of half to buyer’s broker) upon the sale of the Ashley Ridge Property to ELBS Calabasas, LLC.

15. On April 13, 2018, the Debtors filed their *Motion for Entry of an Order (I) Authorizing the Sale of 25085 Ashley Ridge Road Etc.* (the “Ashley Ridge Sale Motion”), pursuant to which the Debtors sought authority, among other things, (i) to sell the Ashley Ridge Property to ELBS Calabasas, LLC for the amount of \$9,000,000 and (ii) to hold commission funds in the amount of \$180,000 (the “Ashley Ridge Commission Funds”) in a segregated account pending further order of the Bankruptcy Court.⁴ See Docket No. 1262.

³ Giese served as both buyer’s and seller’s agent; no other commission was paid.

⁴ Commission was paid to the buyer’s agent.

16. On May 2, 2018, the Bankruptcy Court entered an order approving the Ashley Ridge Sale Motion, and the sale of the Ashley Ridge Property subsequently closed. Since closing, the Ashley Ridge Commission Funds have been held in a segregated account. *See* Docket No. 1708.

E. 24025 Hidden Ridge

17. On February 10, 2018, Debtor Cablestay Investments, LLC (“Cablestay”) entered into that certain *California Residential Purchase Agreement and Joint Escrow Instructions* concerning the sale of the property at 24025 Hidden Ridge Road, Calabasas, California (the “Hidden Ridge Property”).

18. On March 15, 2018, the Debtors filed their *Motion for Entry of an Order (I) Authorizing the Sale of 24025 Hidden Ridge Road Etc.* (the “Hidden Ridge Sale Motion”), pursuant to which the Debtors sought authority, among other things, (i) to sell the Hidden Ridge Property to DKD LLC for the amount of \$14,950,000, (ii) to pay a 5% brokerage commission (totaling \$747,500), to be allocated in accordance with the commission instructions annexed to the Hidden Ridge Sale Motion (the “Hidden Ridge Commission Instructions”), and (iii) to hold commission funds in the amount of \$137,041.67 (the “Hidden Ridge Commission Funds”) in a segregated account pending further order of the Bankruptcy Court.⁵ *See* Docket No. 762.

19. On April 3, 2018, the Bankruptcy Court entered an order approving the Hidden Ridge Sale Motion, and the sale of the Hidden Ridge Property subsequently closed. Since closing, the Hidden Ridge Commission Funds have been held in a segregated account. *See* Docket No. 894.

⁵ Cablestay utilized three seller’s agents for the sale of the Hidden Ridge Property, one of whom was Giese. The seller’s portion of the commission was 2.75%, and the buyer’s portion was 2.25%. Each of the three agents shared equally in the seller’s portion of the commission. \$137,041.67 represents Giese’s third of such commission. Commission was paid to the buyer’s agent and seller’s other agents.

20. The aggregate amount of the Franklin Commission Funds, the Apollo Commission Funds, the Hidden Ridge Commission Funds, and the Ashley Ridge Commission Funds (collectively, the “Segregated Commission Funds”) is \$487,041.67.

21. A dispute exists with respect to the Segregated Commission Funds. The Parties wish to resolve the dispute and stipulate to the allocation of the Segregated Commission Funds on the terms and conditions set out in the Settlement Agreement.

SUMMARY OF THE SETTLEMENT AGREEMENT⁶

22. In full satisfaction of any and all right, title, ownership and interest that the Agents, or anyone claiming by or through them, have in the Segregated Commission Funds, the Wind-Down Entity shall release \$95,000 of Segregated Commission Funds to the Agents, in accordance with the instructions set forth in the Settlement Agreement. Settlement Agreement ¶ 3(a).

23. The Agents consent to the release of the balance of the Segregated Commission Funds, in the amount of \$392,041.67, to the Wind-Down Entity as unrestricted funds. Settlement Agreement ¶ 3(b).

24. The Parties will exchange releases as set forth in detail in the Settlement Agreement. *Id.* at ¶¶ 4 & 5.

RELIEF REQUESTED

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

⁶ 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.

BASIS FOR RELIEF

26. 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.” *See* 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.” *See* Fed. R. Bank. P. 9019(a).

27. “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 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).

28. 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.”).

29. The Movants have determined, in an exercise of sound business judgment, that the terms of the Settlement Agreement are fair and reasonable and that the best interests of the Wind-Down Entity, the Trust and the Trust’s beneficial interest holders (*i.e.*, unsecured claimants of the Debtors, including investors, who received Trust interests pursuant to the Plan) 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 between the Movants and the Agents and fall within the reasonable range of litigation possibilities.

30. The Settlement Agreement results in \$392,041.67 being released to the Wind-Down Entity as unrestricted funds, thereby increasing the assets available for the Wind-Down Entity’s operations, and for distribution by the Wind-Down Entity to the Trust. Moreover, the settlement embodied in the Settlement Agreement avoids the need for the Movants to litigate

with the Agents regarding the allocation of the Segregated Commission Funds, which litigation would necessarily involve additional costs, delay, and uncertainty inherent in any litigation—with no guarantee of a result at least as favorable as the Settlement Agreement. By contrast, entry into the Settlement Agreement removes those risks and provides a certain and favorable outcome.

31. Accordingly, the Movants 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

32. The Movants 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 Movants respectfully submit that, in the event any such stay is even applicable, a waiver of such stay is appropriate to permit the Movants to promptly consummate the settlement and finalize the Settlement Agreement.

NOTICE

33. The Movants have provided notice of this Motion to: (i) the U.S. Trustee; (ii) the Agents; and (iii) any person that, as of the filing of this Objection, has filed a specific request for notices and papers on and after the effective date of the Plan. In light of the nature of the relief requested herein, the Movants submit that no other or further notice is necessary.

CONCLUSION

WHEREFORE, the Movants respectfully requests 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: November 6, 2019
Wilmington, Delaware

PACHULSKI STANG ZIEHL & JONES LLP

/s/ Colin R. Robinson

Richard M. Pachulski (CA Bar No. 90073)

Andrew W. Caine (CA Bar No. 110345)

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*Counsel to Woodbridge Liquidation Trust and
Woodbridge Wind-Down Entity LLC*

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

In re:

WOODBRIIDGE GROUP OF COMPANIES, LLC, *et al.*,¹

Remaining Debtors.

Chapter 11

Case No. 17-12560 (BLS)

(Jointly Administered)

Hrg. Date: Dec. 18, 2019 at 11:00 a.m. (ET)

Obj. Deadline: Nov. 20, 2019, at 4:00 p.m. (ET)

NOTICE OF MOTION

TO: (I) THE UNITED STATES TRUSTEE FOR THE DISTRICT OF DELAWARE; (II) THE TRUST AND ITS COUNSEL; (III) THE AGENTS AND (IV) ANY PERSON FILING A SPECIFIC REQUEST FOR NOTICES AND PAPERS ON AND AFTER THE EFFECTIVE DATE

PLEASE TAKE NOTICE that on November 6, 2019, the Woodbridge Liquidation Trust (the “Trust”) and the Woodbridge Wind-Down Entity LLC (the “Wind-Down Entity”) filed the *Motion of Woodbridge Liquidation Trust And Woodbridge Wind-Down Entity LLC 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 Adam Rosenfeld and Kyle Giese* (the “Motion”) with the United States Bankruptcy Court for the District of Delaware, 824 Market Street, Wilmington, Delaware 19801 (the “Bankruptcy Court”). A copy of the Motion is attached hereto.

PLEASE TAKE FURTHER NOTICE that any response or objection to the entry of an order with respect to the relief sought in the Motion must be filed with the Bankruptcy Court

¹ The Remaining Debtors and the last four digits of their respective federal tax identification numbers are as follows: Woodbridge Group of Companies, LLC (3603) and Woodbridge Mortgage Investment Fund 1, LLC (0172). The Remaining Debtors’ mailing address is 14140 Ventura Boulevard #302, Sherman Oaks, California 91423.

on or before **November 20, 2019 at 4:00 p.m. prevailing Eastern Time** (the “Objection Deadline”).

PLEASE TAKE FURTHER NOTICE that at the same time, you must also serve a copy of the response or objection upon the undersigned counsel on or prior to the Objection Deadline.

IF NO OBJECTIONS ARE TIMELY FILED AND SERVED IN ACCORDANCE WITH THIS NOTICE, THE BANKRUPTCY COURT MAY GRANT THE RELIEF REQUESTED BY THE MOTION WITHOUT FURTHER NOTICE OR HEARING.

PLEASE TAKE FURTHER NOTICE THAT A HEARING TO CONSIDER THE RELIEF SOUGHT IN THE MOTION WILL BE HELD BEFORE THE BEFORE THE HONORABLE BRENDAN L. SHANNON, UNITED STATES BANKRUPTCY JUDGE, IN THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE, 824 N. MARKET STREET, 6TH FLOOR, COURTROOM NO. 1, WILMINGTON, DE 19801 ON **DECEMBER 18, 2019, 2019 AT 11:00 A.M. (PREVAILING EASTERN TIME).**

Dated: November 6, 2019
Wilmington, Delaware

PACHULSKI STANG ZIEHL & JONES LLP

/s/ Colin R. Robinson

Richard M. Pachulski (CA Bar No. 90073)

Andrew W. Caine (CA Bar No. 110345)

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*Counsel to Woodbridge Liquidation Trust and
Woodbridge Wind-Down Entity LLC*

EXHIBIT A

Proposed Order

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

In re:

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

Remaining Debtors.

Chapter 11

Case No. 17-12560 (BLS)

(Jointly Administered)

Ref. Doc. No. ____

**ORDER, PURSUANT TO SECTION 105(a) OF THE BANKRUPTCY CODE AND
BANKRUPTCY RULE 9019, AUTHORIZING AND APPROVING ENTRY INTO A
SETTLEMENT WITH ADAM ROSENFELD AND KYLE GIESE**

Upon the *Motion of Woodbridge Liquidation Trust and Woodbridge Wind-Down Entity 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 Adam Rosenfeld and Kyle Giese* (the “Motion”)² filed by the Woodbridge Liquidation Trust (the “Trust”) and the Woodbridge Wind-Down Entity LLC (the “Wind-Down Entity” and with the Trust, the “Movants”), formed pursuant to the confirmed and effective *First Amended Joint Chapter 11 Plan of Liquidation of Woodbridge Group of Companies, LLC and its Affiliated Debtors* [D.I. 2397] (the “Plan”) in the jointly-administered chapter 11 bankruptcy cases (the “Chapter 11 Cases”) of Woodbridge Group of Companies, LLC and its affiliated 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,

¹ The Remaining Debtors and the last four digits of their respective federal tax identification numbers are as follows: Woodbridge Group of Companies, LLC (3603) and Woodbridge Mortgage Investment Fund 1, LLC (0172). The Remaining Debtors’ mailing address is 14140 Ventura Boulevard #302, Sherman Oaks, California 91423.

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

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 Wind-Down Entity, the Trust, the Debtors' 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 Movants 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. The Wind-Down Entity and the Trust, 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. 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.
5. The Settlement Agreement shall be binding upon and shall inure to the benefit of

the parties thereto and their respective successors and assigns.

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.

EXHIBIT 1

Settlement Agreement

SETTLEMENT AGREEMENT

This settlement agreement (the “Agreement”) is entered into as of November 6, 2019 (the “Execution Date”) by and between Woodbridge Wind-Down Entity LLC (the “Wind-Down Entity”) and the Woodbridge Liquidation Trust (the “Trust”), on the one hand, and Adam Rosenfeld (“Rosenfeld”) and Kyle Giese (“Giese” and with Rosenfeld, the “Agents”) on the other hand. The Wind-Down Entity and the Agents shall collectively be referred to as the “Parties”.

Recitals

A. On various dates between December 4, 2017 and March 27, 2018, Woodbridge Group of Companies, LLC and 305 of its affiliates (collectively, the “Debtors”) commenced voluntary cases under chapter 11 of the Bankruptcy Code 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 (BLS) (the “Bankruptcy Cases”).

B. The Agents were formerly affiliated with Woodbridge Luxury Homes of California, Inc. d/b/a Mercer Vine, Inc. (“Mercer Vine”). Mercer Vine was a real estate brokerage company formerly affiliated with the Debtors’ enterprise (but which is not a Debtor in the Bankruptcy Cases or otherwise) and is majority-owned by the RS Protection Trust, a Trust settled by Robert Shapiro.

C. During the Bankruptcy Cases, the Debtors sold numerous parcels of real property, in each case utilizing one or more selling brokers and paying a commission to such brokers in respect of such sales. This Agreement concerns commission payments with respect to four properties.

D. ***8692 Franklin:***

- a. On July 13, 2017, Mercer Vine, on the one hand, and Debtor Centershot Investments LLC (“Centershot”), on the other hand, entered into that certain *Vacant Land Listing Agreement* (as extended, the “Franklin Listing Agreement”), pursuant to which (i) Mercer Vine agreed to serve as “Listing Broker” in respect of the sale of the property at 8692 Franklin Avenue, Los Angeles, California (the “Franklin Property”) and (ii) Centershot agreed to pay Mercer Vine a 5% brokerage commission (subject to payment of half of such commission to a buyer agent) upon the sale of the Franklin Property.
- b. On February 1, 2018, the Debtors filed their *Motion for Entry of an Order (I) Authorizing the Sale of 8692 Franklin Avenue Etc.* [Docket No. 458] (the “Franklin Sale Motion”), pursuant to which the Debtors sought authority, among other things, (i) to sell the Franklin Property for the amount of \$1,500,000 and (ii) to hold commission funds in the amount of \$37,500 (the

“Franklin Commission Funds”) in a segregated account pending further order of the Bankruptcy Court.¹

- c. On February 13, 2018, the Bankruptcy Court entered an order approving the Franklin Sale Motion [Docket No. 574], and the sale of the Franklin Property subsequently closed. Since closing, the Franklin Commission Funds have been held in a segregated account.

E. **2362 Apollo Drive:**

- a. On February 10, 2018, Giese, on the one hand, and Debtor Pemberley Investments, LLC (“Pemberley”), on the other hand, entered into that certain *Single Party Compensation Agreement* (the “Apollo Listing Agreement”), pursuant to which (i) Giese agreed to serve as “Listing Broker” in respect of the sale of the property at 2362 Apollo Drive, Los Angeles, California (the “Apollo Property”) and (ii) Pemberley agreed to pay Giese a 5% brokerage commission (subject to payment of a portion to buyer’s broker) upon the sale of the Apollo Property to Pejman Ben-Cohen.
- b. On April 10, 2018, the Debtors filed their *Motion for Entry of an Order (I) Authorizing the Sale of 2362 Apollo Drive Etc.* [Docket No. 931] (the “Apollo Sale Motion”), pursuant to which the Debtors sought authority, among other things, (i) to sell the Apollo Property to Pejman Ben-Cohen for the amount of \$2,650,000 and (ii) to hold commission funds in the amount of \$132,500 (the “Apollo Commission Funds”) in a segregated account pending further order of the Bankruptcy Court.²
- c. On April 27, 2018, the Bankruptcy Court entered an order approving the Apollo Sale Motion [Docket No. 1669], and the sale of the Apollo Property subsequently closed. Since closing, the Apollo Commission Funds have been held in a segregated account.

F. **25085 Ashley Ridge:**

- a. On February 10, 2018, Giese, on the one hand, and Debtor Craven Investments, LLC (“Craven”), on the other hand, entered into that certain *Single Party Compensation Agreement* (the “Ashley Ridge Listing Agreement”), pursuant to which (i) Giese agreed to serve as “Listing Broker” in respect of the sale of the property at 25085 Ashley Ridge Road, Hidden Hills, California (the “Ashley Ridge Property”) and (ii) Craven agreed to pay Giese a 4% brokerage commission (subject to payment of half to buyer’s broker) upon the sale of the Ashley Ridge Property to ELBS Calabasas, LLC.

¹ Commission was paid to the buyer’s agent.

² Giese served as both buyer’s and seller’s agent; no other commission was paid.

- b. On April 13, 2018, the Debtors filed their *Motion for Entry of an Order (I) Authorizing the Sale of 25085 Ashley Ridge Road Etc.* [Docket No. 1262] (the “Ashley Ridge Sale Motion”), pursuant to which the Debtors sought authority, among other things, (i) to sell the Ashley Ridge Property to ELBS Calabasas, LLC for the amount of \$9,000,000 and (ii) to hold commission funds in the amount of \$180,000 (the “Ashley Ridge Commission Funds”) in a segregated account pending further order of the Bankruptcy Court.³
- c. On May 2, 2018, the Bankruptcy Court entered an order approving the Ashley Ridge Sale Motion [Docket No. 1708], and the sale of the Ashley Ridge Property subsequently closed. Since closing, the Ashley Ridge Commission Funds have been held in a segregated account.

G. 24025 Hidden Ridge:

- a. On February 10, 2018, Debtor Cablestay Investments, LLC (“Cablestay”) entered into that certain California Residential Purchase Agreement and Joint Escrow Instructions concerning the sale of the property at 24025 Hidden Ridge Road, Calabasas, California (the “Hidden Ridge Property”).
- b. On March 15, 2018, the Debtors filed their *Motion for Entry of an Order (I) Authorizing the Sale of 24025 Hidden Ridge Road Etc.* [Docket No. 762] (the “Hidden Ridge Sale Motion”), pursuant to which the Debtors sought authority, among other things, (i) to sell the Hidden Ridge Property to DKD LLC for the amount of \$14,950,000, (ii) to pay a 5% brokerage commission (totaling \$747,500), to be allocated in accordance with the commission instructions annexed to the Hidden Ridge Sale Motion (the “Hidden Ridge Commission Instructions”), and (iii) to hold commission funds in the amount of \$137,041.67 (the “Hidden Ridge Commission Funds”) in a segregated account pending further order of the Bankruptcy Court.⁴
- c. On April 3, 2018, the Bankruptcy Court entered an order approving the Hidden Ridge Sale Motion [Docket No. 894], and the sale of the Hidden Ridge Property subsequently closed. Since closing, the Hidden Ridge Commission Funds have been held in a segregated account.

H. The aggregate amount of the Franklin Commission Funds, the Apollo Commission Funds, the Hidden Ridge Commission Funds, and the Ashley Ridge Commission Funds (collectively, the “Segregated Commission Funds”) is \$487,041.67.

³ Commission was paid to the buyer’s agent.

⁴ Cablestay utilized three seller’s agents for the sale of the Hidden Ridge Property, one of whom was Giese. The seller’s portion of the commission was 2.75%, and the buyer’s portion was 2.25%. Each of the three agents shared equally in the seller’s portion of the commission. \$137,041.67 represents Giese’s third of such commission. Commission was paid to the buyer’s agent and seller’s other agents.

I. 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) (the “Plan”). The Plan provides for, among other things, (i) the creation of the Wind-Down Entity and Trust, (ii) the vesting of all of the Debtors’ real estate-related assets, including any right, title, and interest of the Debtors in and to the Segregated Commission Funds, in the Wind-Down Entity and (iii) the vesting of all of the Debtors’ other assets in the Trust.

J. The Plan was confirmed by the Bankruptcy Court on October 26, 2018 [Docket No. 2903]. The effective date of the Plan occurred on February 15, 2019.

K. A dispute exists with respect to the Segregated Commission Funds. The Parties wish to resolve the dispute and stipulate to the allocation of the Segregated Commission Funds 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. Incorporation of Recitals. The foregoing recitals, set out at paragraphs A through K, inclusive, are incorporated herein as an integral part of this Agreement.

2. Party Authority. The Parties warrant that they are authorized to enter into this Agreement and that by their signatures below, it will become a binding agreement.

3. Allocation of Segregated Commission Funds.

- a. In full satisfaction of any and all right, title, ownership and interest that the Agents, or anyone claiming by or through them, have in and to the Segregated Commission Funds, the Wind-Down Entity shall release \$95,000 of the Segregated Commission Funds to the Agents (the “Agent Commission Portion”), by check made out to ^{Carbon Properties} [of California]. Such payment shall be made within five (5) business days after the Effective Date of this Agreement.
- b. The Agents consent to the release of the balance of the Segregated Commission Funds, constituting \$392,041.67, to the Wind-Down Entity as unrestricted funds immediately upon the occurrence of the Effective Date of this Agreement.
- c. Other than as set forth herein with respect to the Agent Commission Portion, the Agents, on behalf of themselves and anyone claiming by or through them, hereby fully and finally waive and release any and all right, title, ownership and interest in and to the Segregated Commission Funds.

4. Agents General Release. On the Effective Date of this Agreement, other than as set forth herein with respect to the Segregated Commission Funds, to the maximum extent permitted by law, the Agents, on behalf of themselves and anyone claiming by or through them,

hereby fully and finally release, acquit, and discharge the Trust, the Wind-Down Entity, the Debtors, the Remaining Debtors, and their respective affiliates from any and all claims, demands, and causes of action that exist as of the Effective Date of this Agreement or any time prior thereto (including asserting any right, title or interest in or to the Segregated Commission Funds other than the Agent Commission Portion).

5. Trust and Wind-Down Entity General Release. On the Effective Date of this Agreement, other than as set forth herein with respect to the Segregated Commission Funds, to the maximum extent permitted by law, the Trust and the Wind-Down Entity hereby fully and finally release, acquit, and discharge the Agents from any and all claims, demands, and causes of action that exist as of the Effective Date of this Agreement or any time prior thereto (including asserting any right, title or interest in or to the Agent Commission Portion).

6. Section 1542 Waiver. The Parties hereby acknowledge that it is their intention that the releases set forth in paragraphs 4 and 5 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 Parties have or had against the parties whom they are releasing in such paragraphs. 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 4 and 5, 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 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.

7. Effectiveness of Agreement. This Agreement shall become effective upon entry of an order by the Bankruptcy Court approving this Agreement (the “Effective Date”). If no such order is obtained on or before February 28, 2020, this Agreement shall be void *ab initio*.

8. Attorneys’ Fees. Each Party shall bear its own attorneys’ fees and costs, including the negotiation, documentation, execution, delivery, and performance of this Agreement.

9. Further Assurances and Cooperation. 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.

10. Jurisdiction. 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. If the Bankruptcy Court declines jurisdiction, then the United States District Court for the Central District of California shall have jurisdiction to determine any dispute relating to this Agreement, including any claim for breach.

11. Applicable Law. 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.

12. Entire Agreement. 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.

13. Joint Negotiation and Drafting. 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.

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

15. Waiver. 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.

16. Severability. 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.

17. Counterparts. 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.

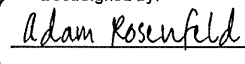
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IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date set forth above.

WOODBIDGE WIND-DOWN ENTITY,
LLC

ADAM ROSENFELD

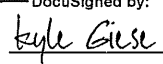
By: 
Name: Frederick Chin
Title: CEO

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KYLE GIESE

WOODBIDGE LIQUIDATION TRUST

By: 
Name: Michael I. Goldberg
Title: Trustee

DocuSigned by:

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