

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

In re:

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

Debtors.

WOODBRIIDGE GROUP OF COMPANIES, LLC
and ELDREDGE INVESTMENTS, LLC,

Plaintiffs,

vs.

MONSOON BLOCKCHAIN STORAGE, INC.,

Defendant.

Chapter 11

Case No. 17-12560 (KJC)

(Jointly Administered)

Adversary Proceeding
No. 19-50102 (KJC)

Hearing Date:

**No hearing will be held unless requested or
ordered by the Court**

Objection Deadline:

February 26, 2019, at 4:00 p.m. (ET)

**DEBTORS' MOTION, PURSUANT TO SECTIONS 105(a) AND 107(b) OF THE
BANKRUPTCY CODE AND BANKRUPTCY RULE 9018, FOR AN ORDER
AUTHORIZING THEM TO FILE UNDER SEAL CERTAIN CONFIDENTIAL
INFORMATION ATTACHED AS EXHIBIT E TO THEIR
ADVERSARY COMPLAINT FOR (I) DECLARATORY JUDGMENT REGARDING
OWNERSHIP OF FUNDS HELD IN ESCROW; AND (II) TURNOVER OF
SUCH PROPERTY AS PROPERTY OF THE ESTATE**

Woodbridge Group of Companies, LLC and its affiliated debtors and debtors in
possession in the above-captioned chapter 11 cases (collectively, the "Debtors") hereby move
(the "Seal Motion") for the entry of an order, substantially in the form attached hereto as

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 such information may be obtained on the website of the Debtors' noticing and claims agent at www.gardencitygroup.com/cases/WGC, or by contacting the undersigned counsel for the Debtors.

Exhibit A (the “Proposed Order”), pursuant to sections 105(a) and 107(b) of title 11 of the United States Code (the “Bankruptcy Code”) and Rule 9018 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), authorizing the Debtors to file under seal certain information (the “Confidential Information”) attached as Exhibit E to the Debtors’ *Adversary Complaint for (I) Declaratory Judgment Regarding Ownership of Funds Held in Escrow; and (II) Turnover of Such Property as Property of the Estate* [Adv. D.I. 1] (the “Adversary Complaint”).² As described more fully below, the Confidential Information consists of a letter dated January 24, 2019 from Monsoon Blockchain Storage, Inc., which is the defendant (the “Defendant”) in the above-captioned adversary proceeding (this “Adversary Proceeding”). In support of this Seal Motion, the Debtors respectfully state as follows:

JURISDICTION AND VENUE

1. This Court has jurisdiction to consider 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 February 29, 2012. This is a core proceeding pursuant to 28 U.S.C. § 157(b), and the Debtors consent to the entry of a final order by the Court in connection with this Seal 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 for this matter is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409. The statutory and legal predicates for the relief requested herein are sections 105(a) and 107(b) of the Bankruptcy Code, Rule 9018 of the Bankruptcy Rules, and Local Rule 9018-1(b).

² Capitalized terms used but not otherwise defined in this Seal Motion shall have the meanings ascribed to them in the Adversary Complaint.

BACKGROUND

A. General Background

2. On December 4, 2017, 279 of the 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 in the Chapter 11 Cases on December 14, 2017 [D.I. 79]. On January 23, 2018, the Court approved a settlement providing for the formation of an ad hoc noteholder group (“Noteholder Group”) and an ad hoc unitholder group (“Unitholder Group”) [D.I. 357].

B. The Adversary Complaint

4. On February 12, 2019, Plaintiffs Woodbridge Group of Companies, LLC (“Woodbridge Group”) and Eldredge Investments, LLC (“Eldredge” or the “Seller” and, together with Woodbridge Group, the “Plaintiffs”) commenced the Adversary Proceeding against the Defendant by filing the Adversary Complaint.

5. The Adversary Proceeding concerns the ownership of a \$318,000 “earnest money” deposit (the “Escrowed Funds”) presently in the possession of non-party A&A Escrow Services, Inc. (the “Escrow Agent”), which Escrowed Funds relate to the purchase and sale of the Property owned by Eldredge located at 714 N. Oakhurst Drive, Beverly Hills, California.

6. The Plaintiffs allege two claims for relief in the Adversary Complaint: first, declaratory judgment regarding ownership of the Escrowed Funds, and second, turnover of property to the Debtors' estates. Attached to the Adversary Complaint were several exhibits, which, collectively, describe the history of the business relationship between the Plaintiffs and the Defendant. Exhibit E to the Adversary Complaint is the Confidential Information that the Debtors hereby seek to seal—specifically, that certain letter from the Defendant dated January 24, 2019, where the Defendant presented Eldredge with three “paths forward”: (i) a return of the Escrowed Funds to the Defendant, (ii) an extended closing date to consummate the transaction at issue, or (iii) “a legal dispute.” While the Debtors do not concede as much, the letter was marked “Confidential” by the Defendant, and the Debtors seek to file the letter under seal out of an abundance of caution to protect what could be construed as sensitive business information.

RELIEF REQUESTED

7. By this Seal Motion, the Debtors request entry of an Order authorizing the Debtors to file the Confidential Information under seal. In addition, the Debtors request that the Confidential Information not be made available to anyone, except to (i) the Court, (ii) the U.S. Trustee, (iii) counsel to the Defendant, (iv) counsel to the Committee, (v) counsel to the Noteholder Group, (vi) counsel to the Unitholder Group, and (vii) any other parties as otherwise ordered or required by the Court.

BASIS FOR THE RELIEF REQUESTED

8. Section 107(b) of the Bankruptcy Code provides bankruptcy courts with the authority to issue orders that will protect entities from potential harm that may result from the disclosure of certain confidential information. This section provides in part that:

On request of a party in interest, the bankruptcy court shall, and on the bankruptcy court's own motion, the bankruptcy court may --

- (1) protect an entity with respect to a trade secret or confidential research, development, or commercial information; or
- (2) protect a person with respect to scandalous or defamatory matter contained in a paper filed in a case under this title.

11 U.S.C. § 107(b).

9. Bankruptcy Rule 9018 sets forth the procedures by which a party may move for relief under section 107(b) of the Bankruptcy Code, and provides that “[o]n motion, or on its own initiative, with or without notice, the court may make any order which justice requires (1) to protect the estate or any entity in respect of a trade secret or other confidential research, development, or commercial information” FED. R. BANKR. P. 9018.

10. Unlike its counterpart in Rule 26(c) of the Federal Rules of Civil Procedure, section 107(b) of the Bankruptcy Code does not require an entity seeking such protection to demonstrate “good cause.” *See, e.g., Video Software Dealers Ass’n v. Orion Pictures Corp. (In re Orion Pictures Corp.)*, 21 F.3d 24, 28 (2d Cir. 1994); *Phar-Mor, Inc. v. Defendants Named Under Seal (In re Phar-Mor, Inc.)*, 191 B.R. 675, 679 (Bankr. N.D. Ohio 1995). Rather, if the material sought to be protected satisfies one of the categories identified in section 107(b), “the court is required to protect a requesting party and has no discretion to deny the application.” *In re Orion Pictures Corp.*, 21 F.3d at 27. Courts are required to provide such protections “generally where open inspection may be used as a vehicle for improper purposes.” *Id.*

11. The Debtors respectfully submit that sealing the Confidential Information is warranted here. The Confidential Information contains a confidentiality disclaimer.³ The relief requested is thus necessary to ensure that the Debtors may comply with the confidentiality requirements of the Confidential Information and to prevent the public disclosure of the

³ While the Debtors do not believe they are bound to do so, they are requesting that the Confidential Information be filed under seal as an accommodation to the Defendant.

Confidential Information. *See, e.g., In re Global Crossing, Ltd.*, 295 B.R. 720, 725 (Bankr. S.D.N.Y. 2003) (finding that the purpose of Bankruptcy Rule 9018 is to “protect business entities from disclosure of information that could reasonably be expected to cause the entity commercial injury”). As such, protecting the Confidential Information furthers the legislative purpose of section 107(b).

NOTICE

12. Notice of this Motion has been provided to: (i) the U.S. Trustee; (ii) counsel to the Defendant; (iii) counsel to the Committee; (iv) the DIP Lender and counsel thereto; (v) counsel to the Noteholder Group; (vi) counsel to the Unitholder Group; (vii) counsel to the SEC; and (viii) all parties requesting notice pursuant to Bankruptcy Rule 2002. In light of the nature of the relief requested herein, the Debtors submit that no other or further notice is necessary.

[Remainder of page intentionally left blank]

WHEREFORE, the Debtors respectfully request that this Court enter the Proposed Order annexed hereto (i) authorizing the Debtors to file the Confidential Information under seal and (ii) granting such other and further relief as is just and proper.

Dated: February 12, 2019
Wilmington, Delaware

/s/ Michael S. Neiburg
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Counsel to the Debtors and Debtors in Possession

EXHIBIT A

Proposed Order

**IN THE UNITED STATES BANKRUPTCY COURT
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In re:

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Debtors.

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Ref. Docket No. ____

**ORDER APPROVING THE DEBTORS' MOTION, PURSUANT TO SECTIONS 105(a)
AND 107(b) OF THE BANKRUPTCY CODE AND BANKRUPTCY RULE 9018, FOR AN
ORDER AUTHORIZING THEM TO FILE UNDER SEAL CERTAIN CONFIDENTIAL
INFORMATION ATTACHED AS EXHIBIT E TO THEIR
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SUCH PROPERTY AS PROPERTY OF THE ESTATE***

*Upon the Debtors' Motion, Pursuant to Sections 105(a) and 107(b) of the Bankruptcy
Code and Bankruptcy Rule 9018, for an Order Authorizing Them to File under Seal Certain
Confidential Information Attached as Exhibit E to their Adversary Complaint for (I) Declaratory
Judgment Regarding Ownership of Funds Held in Escrow; and (II) Turnover of Such Property*

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 such information may be obtained on the website of the Debtors' noticing and claims agent at www.gardencitygroup.com/cases/WGC, or by contacting the undersigned counsel for the Debtors.

as Property of the Estate (the “Seal 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 Seal 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 Seal 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 Seal Motion has been given as set forth in the Seal 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 Seal Motion is in the best interests of the Debtors, their estates, their creditors and all other parties in interest; and that the legal and factual bases set forth in the Seal Motion establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor;

IT IS HEREBY ORDERED THAT:

1. The Seal Motion is GRANTED as set forth herein.
2. The Debtors are authorized to file the Confidential Information under seal.
3. The Confidential Information shall not be made available to anyone, except to the Court, the U.S. Trustee, counsel to the Defendant, counsel to the Committee, counsel to the Noteholder Group, counsel to the Unitholder Group, and other parties as otherwise ordered or required by the Court.

² All capitalized terms used and not defined herein shall have the meanings ascribed to them in the Seal Motion.

4. Any subsequent pleadings or filings that attach the Confidential Information or make reference to the information contained therein shall also be filed under seal and/or redacted to preserve the confidentiality of such information.

5. The terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

6. The Debtors are authorized and empowered to take all actions necessary to implement the relief granted in this Order.

7. This Court shall retain jurisdiction and power with respect to all matters arising from or relating to the interpretation or implementation of this Order.

Dated: _____, 2019
Wilmington, Delaware

KEVIN J. CAREY
UNITED STATES BANKRUPTCY JUDGE