

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

In re:

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

Debtors.

Chapter 11

Case No. 17-12560 (KJC)

(Jointly Administered)

Hrg. Date: April 5, 2018, at 11:00 a.m. (ET)

Obj. Deadline: March 29, 2018, at 4:00 p.m. (ET)

**DEBTORS' MOTION FOR ENTRY OF AN ORDER SETTING EXPEDITED
PROCEDURES FOR THE APPROVAL OF CERTAIN CONSENT ORDERS**

Woodbridge Group of Companies, LLC and its affiliated debtors and debtors in possession in the above-captioned cases (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 sections 105 and 363 of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (the “Bankruptcy Code”) and Rules 9007 and 9019 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), setting expedited procedures for the approval of consent orders with certain state regulatory agencies (the “Agencies”) so long as the orders meet the parameters set out herein. In support of this Motion, the Debtors, by and through their undersigned attorneys, 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

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.

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 sought herein are Bankruptcy Code sections 105 and 363 and Bankruptcy Rules 9007 and 9019.

2. On December 4, 2017 (the “Petition Date”), each of the Debtors commenced a voluntary case under chapter 11 of the Bankruptcy Code (the “Chapter 11 Cases”). 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 Court has entered an Order [Docket No. 45] authorizing the joint administration of the Chapter 11 Cases, pursuant to Bankruptcy Rule 1015(b) and Local Rule 1015-1.

4. On December 14, 2017, the Office of the United States Trustee for the District of Delaware (the “U.S. Trustee”) appointed the official committee of unsecured creditors (the “Creditors Committee”) [Docket No. 79]. On January 23, 2018, the Court approved a settlement providing for the formation of an ad hoc noteholder group (the “Ad Hoc Noteholders Committee”) and an ad hoc unitholder group (the “Ad Hoc Unit Holders Committee”) and together with the Creditors Committee and the Ad Hoc Noteholders Committee, the “Constituencies”) [Docket No. 357].

5. In addition, the settlement provided that the Debtors would replace their Board of Managers with three new members (the “New Board”). The New Board subsequently selected a new Chief Executive Officer and Chief Restructuring Officer.

6. Certain Agencies have commenced or threatened to commence investigations or actions against the Debtors in respect of alleged violations of state corporate and securities laws that occurred prior to the commencement of these Chapter 11 Cases (and, as such, prior to the appointment of the New Board). The Debtors are in negotiations with many Agencies to resolve these regulatory matters via entry into consent orders (the “Consent Orders”) that would prohibit the Debtors from unlawfully offering or selling securities – something that the Debtors have no intention of doing anyway.

7. The Debtors are prepared to enter into Consent Orders, and the Constituencies are prepared to support such Consent Orders, provided they meet the following parameters (collectively, the “Required Parameters”):

- (a) The Consent Orders shall not provide for monetary penalties, disgorgement, or restitution, but may reserve an Agency’s right to seek such relief in the future.
- (b) The Consent Orders will provide that the Debtors neither admit nor deny the allegations (both factual and legal) made by the Agency. The Debtors may agree not to make any statement to the effect that they do not admit the allegations without also stating that they do not deny the allegations, and may further agree not to contend that any allegation in the Consent Order is without factual basis.

- (c) The Consent Orders will not impair the Debtors' rights under Bankruptcy Code section 1145.

8. The Court has already seen one motion to approve a Consent Order. Specifically, on February 21, 2018, the Debtors filed the *Debtors' Motion for Entry of an Order, Pursuant to Section 363(b) of the Bankruptcy Code and Bankruptcy Rule 9019, Authorizing and Approving the Debtors' Entry into a Consent Order with California with Respect to the Offer or Sale of Securities* (the "California Consent Order"), seeking formal court approval to resolve one of the cease and desist orders against the Debtors. In that instance, the relevant Agency insisted that Court approval of the California Consent Order be sought on shortened notice, and the Debtors expect that other Agencies will as well.

9. The Debtors are grateful for Court's flexibility in accommodating motions being heard on short notice in these Chapter 11 Cases. On a going-forward basis, however, the Debtors believe that seeking approval for each Consent Order on shortened notice will be an unnecessary burden to the Court and all parties in interest. In addition, the Debtors expect that to negotiate significantly more Consent Orders in the near future, and submit that the expedited procedures sought by this Motion will streamline the process while preserving all substantive rights.

RELIEF REQUESTED

10. By this Motion, the Debtors request entry of an order setting the following expedited procedures for approval (collectively, the "Approval Procedures") of Consent Orders that meet the Required Parameters:

- (a) After the Debtors, the Agencies, and the Constituencies have agreed to a Consent Order, the Debtors shall file such Consent Order under a notice and serve: (i) the relevant state Agency, (ii) the U.S. Trustee; (iii) counsel to the Committee; (iv) counsel for the Ad Hoc Noteholders Committee;

(v) counsel for the Ad Hoc Unit Holders Committee; (vi) the Securities and Exchange Commission; and (vii) all parties on the Rule 2002 list maintained by the Debtors (collectively the “Notice Parties”).

(b) If the Debtors receive no written objection within five (5) business days following service of the Consent Order, the Debtors will be authorized to submit an order to the Court under certification of counsel approving the Debtors’ entry into the applicable Consent Order.

(c) If the Debtors receive a written objection within such five (5) business day period and such objection cannot be consensually resolved, the Debtors’ request to enter into the relevant Consent Order shall be heard at the next scheduled omnibus hearing (or such other hearing as the Debtors and objecting party agree).

11. Each order approving a Consent Order will provide that neither the Consent Order nor the Court’s approval thereof: (i) affects the Debtors’ testimonial obligations or right to take differing legal or factual positions in litigation or other legal proceedings; or (ii) shall be, or deemed to be, an admission or a declaration against interest by the Debtors or used in any way by the Debtors or any party to the Debtors’ Chapter 11 Cases to prejudice any rights or claims made by any party in the Chapter 11 Cases, including but not limited to the Debtors, the Ad Hoc Unit Holders Committee, the Ad Hoc Noteholders Committee or the Creditors Committee, all of which rights are expressly preserved.

BASIS FOR RELIEF

12. The Court has broad authority to “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). The “provisions of this title,” *id.*, include the right to seek Court approval to “use, sell, or lease, other

than in the ordinary course of business, property of the estate.” 11 U.S.C. § 363(b)(1). The Debtors also have the right to seek Court approval of compromises under Bankruptcy Rule 9019. Entry into Consent Orders with state regulatory agencies impacts the Debtors’ use of estate property (by, *inter alia*, prohibiting certain uses of such property), and also compromises and resolves disputes between the Debtors and such Agencies.

13. Motions to use estate property outside the ordinary course and to approve compromises are subject to certain notice and hearing requirements. *See, e.g.*, Bankruptcy Rule 2002(a)(2) & (3). The Court has authority under Bankruptcy Rule 9007 to vary these notice and hearing requirements in appropriate circumstances. *See also* 11 U.S.C. § 102(1).

14. The Debtors respectfully submit that Court approval of Consent Orders via the Approval Procedures proposed herein is “appropriate” (11 U.S.C. § 105(a)) to carry out the provisions of the Bankruptcy Code, and provides “such opportunity for a hearing as is appropriate in the particular circumstances,” 11 U.S.C. § 102(1)(a). With the Approval Procedures in place and applicable only to Consent Orders that meet the Required Parameters (and hence are presumptively acceptable to all Constituencies), the amount of time necessary to examine any particular proposed Consent Order is limited and all parties in interest can be expected to promptly raise their concerns. And if a written objection is timely made, there will be no approval of the proposed Consent Order without a hearing before this Court – either at the next already-scheduled omnibus hearing or at such other time as the Debtors and the objecting party may agree.

15. In short, the requested Approval Procedures are carefully tailored and appropriate, and they preserve all parties’ substantive rights to object to any particular Consent Order while at the same time accommodating the Agencies’ desires to resolve these matters expeditiously and

without unwarranted delay. Further, the Approval Procedures reduce the burden on the Court and all parties with respect to motions for orders shortening time, specially set hearings, and the like.

REQUEST FOR WAIVER OF STAY

16. To implement the foregoing, 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.” The Debtors submit that the relief requested in this Motion is necessary and appropriate for the reasons set forth herein. Accordingly, the Debtors submit that ample cause exists to justify a waiver of the 14-day stay imposed by Bankruptcy Rule 6004(h).

17. To implement the foregoing immediately, the Debtors respectfully request a waiver of the notice requirements of Bankruptcy Rule 6004(a) to the extent that they are deemed applicable.

NOTICE

18. The Debtors have provided notice of this Motion to: (i) the U.S. Trustee; (ii) counsel for the DIP Lender; (iii) counsel for the Committee; (iv) counsel for the Ad Hoc Noteholder Group; (v) counsel for the Ad Hoc Unit Holder Group; and (vi) 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.

[Remainder of page intentionally left blank]

WHEREFORE, the Debtors respectfully request that the Court: (i) enter the Proposed Order attached hereto as Exhibit A, which grants the relief requested herein; and (ii) grant such further relief as may be just and proper under the circumstances.

Dated: March 15, 2018
Wilmington, Delaware

/s/ Edmon L. Morton

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*Proposed Counsel for the Debtors and
Debtors in Possession*

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

In re:

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

Debtors.

Chapter 11

Case No. 17-12560 (KJC)

(Jointly Administered)

Hrg. Date: April 5, 2018, at 11:00 a.m. (ET)

Obj. Deadline: March 29, 2018, at 4:00 p.m. (ET)

NOTICE OF MOTION

PLEASE TAKE NOTICE that the above-captioned debtors and debtors in possession (collectively, the “Debtors”) have filed the attached *Debtors’ Motion for Entry of an Order Setting Expedited Procedures for the Approval of Certain Consent Orders* (the “Motion”).

PLEASE TAKE FURTHER NOTICE that the Debtors have requested that responses or objections to the Motion must be filed on or before **March 29, 2018 at 4:00 p.m. (ET)** (the “Objection Deadline”) with the United States Bankruptcy Court for the District of Delaware, 3rd Floor, 824 Market Street, Wilmington, Delaware 19801. At the same time, you must serve a copy of any objection upon the undersigned counsel to the Debtors so as to be received on or before the Objection Deadline.

PLEASE TAKE FURTHER NOTICE THAT THE DEBTORS HAVE REQUESTED A HEARING ON THE MOTION BE HELD ON APRIL 5, 2018 AT 11:00 A.M. (ET) BEFORE THE HONORABLE KEVIN J. CAREY IN THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE, 824 N. 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.

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Dated: March 15, 2018
Wilmington, Delaware

/s/ Edmon L. Morton

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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

Debtors.

Chapter 11

Case No. 17-12560 (KJC)

(Jointly Administered)

Ref. Doc. No. _____

**ORDER SETTING EXPEDITED PROCEDURES FOR
THE APPROVAL OF CERTAIN CONSENT ORDERS**

Upon the *Debtors' Motion for Entry of an Order Setting Expedited Procedures for the Approval of Certain Consent Orders* (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 having found and determined that the relief sought in the Motion is in the best interest

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

of the Debtors, their estates, their creditors and all other parties in interest; and that the legal and factual bases set forth in the 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 Motion is GRANTED as set forth herein.
2. To seek approval of Consent Orders that meet the Required Parameters,³ the

Debtors are authorized but not directed to implement the following Approval Procedures:

- (a) After the Debtors, the Agencies, and the Constituencies have agreed to a Consent Order, the Debtors shall file such Consent Order under a notice and serve: (i) the relevant state Agency, (ii) the U.S. Trustee; (iii) counsel to the Committee; (iv) counsel for the Ad Hoc Noteholders Committee; (v) counsel for the Ad Hoc Unit Holders Committee; (vi) the Securities and Exchange Commission; and (vii) all parties on the Rule 2002 list maintained by the Debtors.
- (b) If the Debtors receive no written objection within five (5) business days following service of the Consent Order, the Debtors will be authorized to submit an order to the Court under certification of counsel approving the Debtors' entry into the applicable Consent Order.
- (c) If the Debtors receive a written objection within such five (5) business day period and such objection cannot be consensually resolved, the Debtors'

³ That is, (i) the Consent Orders shall not provide for monetary penalties, disgorgement, or restitution, but may reserve an Agency's right to seek such relief in the future; (ii) the Consent Orders will provide that the Debtors neither admit nor deny the allegations (both factual and legal) made by the Agency (and the Debtors may agree not to make any statement to the effect that they do not admit the allegations without also stating that they do not deny the allegations, and may further agree not to contend that any allegation in the Consent Order is without factual basis); and (iii) The Consent Orders will not impair the Debtors' rights under Bankruptcy Code section 1145.

request to enter into the relevant Consent Order shall be heard at the next scheduled omnibus hearing (or such other hearing as the Debtors and objecting party agree).

3. Each order approving a Consent Order that is submitted pursuant to the Approval Procedures will provide that neither the Consent Order nor the Court's approval thereof: (i) affects the Debtors' testimonial obligations or right to take differing legal or factual positions in litigation or other legal proceedings; or (ii) shall be, or deemed to be, an admission or a declaration against interest by the Debtors or used in any way by the Debtors or any party to the Debtors' Chapter 11 Cases to prejudice any rights or claims made by any party in the Chapter 11 Cases, including but not limited to the Debtors, the Ad Hoc Unit Holders Committee, the Ad Hoc Noteholders Committee or the Creditors Committee, all of which rights are expressly preserved.

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 Court shall retain jurisdiction over any and all matters arising from or related to the interpretation or implementation of this Order.

Dated: _____, 2018
Wilmington, Delaware

KEVIN J. CAREY
UNITED STATES BANKRUPTCY JUDGE