

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

In re: : Chapter 11
: :
WOODBIDGE GROUP OF : Case No. 17-12560 (KJC)
COMPANIES LLC, *et al.*,¹ : :
: (Jointly Administered)
: :
Debtors. : **Hearing Date (proposed):**
: **December 21, 2017 at 9:00 a.m. ET**
: :
: **Objection Deadline (proposed):**
: **At the hearing**

**CORRECTED² MOTION OF THE AD HOC COMMITTEE OF HOLDERS OF
PROMISSORY NOTES OF WOODBRIDGE MORTGAGE
INVESTMENT FUND ENTITIES AND AFFILIATES FOR ENTRY
OF AN ORDER SHORTENING NOTICE WITH RESPECT TO
THE AD HOC COMMITTEE’S MOTION PURSUANT TO
SECTION 1102(a)(2) OF THE BANKRUPTCY CODE DIRECTING
THE APPOINTMENT OF AN OFFICIAL COMMITTEE OF NOTEHOLDERS**

Ad Hoc Committee of Holders of Promissory Notes of Woodbridge Mortgage Investment Fund Entities and Affiliates (the “Ad Hoc Committee”) in the above-captioned chapter 11 cases (the “Chapter 11 Cases”), by and through its undersigned counsel, hereby moves (the “Motion to Shorten”) pursuant to sections 102(1) and 105(a) of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the “Bankruptcy Code”), Rule 9006 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) and Rule 9006-1(e) of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”), for entry of an order, substantially in the form attached hereto as Exhibit A, shortening

¹ The last four digits of Woodbridge Group of Companies, LLC’s federal tax identification number are 3603. The mailing address for Woodbridge Group of Companies, LLC is 14225 Ventura Boulevard #100, Sherman Oaks, California 91423. A complete list of the Debtors, the last four digits of their federal tax identification numbers, and their addresses may be obtained on the website of the Debtors’ noticing and claims agent at www.gardencitygroup.com/cases/WGC.

² This Motion reflects the correction of a typographical and formatting error in the original.

notice and permitting a hearing on December 21, 2017 at 9:00 a.m. (the “Hearing”) in connection with the *Motion of the Ad Hoc Committee of Holders of Promissory Notes of Woodbridge Mortgage Investment Fund Entities and Affiliates Pursuant to Section 1102(a)(2) of the Bankruptcy Code Directing the Appointment of an Official Committee of Noteholders* (the “Committee Motion”). In support of this Motion to Shorten, the Ad Hoc Committee respectfully states as follows:

JURISDICTION

1. The Court has jurisdiction over this Motion to Shorten pursuant to 28 U.S.C. §§ 1334 and 175, 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 matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2), and the Court may enter a final order consistent with Article III of the United States Constitution.

2. The statutory predicates for the relief requested herein are sections 102(1) and 105(a) of the Bankruptcy Code, Rule 9006 of the Bankruptcy Rules and Local Rule 9006-1.

BACKGROUND

3. The hundreds of Debtors in these Chapter 11 Cases are engaged in a \$1 billion real estate development enterprise and related investments. A more complete description of the Debtors’ businesses, capital structure, and the circumstances leading to the Chapter 11 Cases may be found in the “first-day” declaration of Lawrence Perkins, the Debtors’ Chief Restructuring Officer [D.I. 12] (the “Perkins Declaration”).

4. On December 4, 2017 (the “Petition Date”), each of the Debtors filed a voluntary petition for relief with this Court under chapter 11 of the Bankruptcy Code. No request for the appointment of a trustee or examiner has been made in these Chapter 11 Cases. By order of the

Court entered on December 5, 2017, these Chapter 11 Cases are being jointly administered for procedural purposes only [D.I. 45].

5. The Debtors continue to operate their businesses and manage their property as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

6. The largest (by far), constituency of creditors in these Chapter 11 Cases are the nearly 9,000 holders of secured promissory notes issued by certain of the Debtors (the “Noteholders”), whose claims are currently secured by certain of the Debtors’ real and personal property. As this Court is well aware, it appears that the Debtors operated a fraudulent Ponzi scheme whose primary victims are these thousands of Noteholders, many or most of whom are individual retirees who will suffer grave and irreparable harm as a result of the Debtors’ misconduct, and those who aided and abetted the Debtors.

7. On December 14, 2017, the Office of the United States Trustee (“OUST”) filed its Notice appointing an Official Committee of Unsecured Creditors (the “Unsecured Creditors Committee”) [D.I. 79], consisting of G3 Group LA, Inc., Ronald E. Myrick Sr., and John J. O’Neill.

8. As described more fully in the Committee Motion, the three Unsecured Creditors Committee members are two individual noteholders who agreed at the December 14, 2017 formation meeting to waive their lien rights in these Chapter 11 Cases, and a single trade creditor.

9. Noteholders who declined to waive their lien rights now have no official representation in these cases, and indeed they face an Unsecured Creditors Committee that is in direct conflict with their interests.

10. Time is of the essence to remedy this injustice for the victim Noteholders in these cases, by the expedient appointment of an official committee of secured Noteholders

(“Noteholder Committee”). The Committee Motion filed by the Ad Hoc Committee seeks such relief on a highly expedited basis.

RELIEF REQUESTED

11. By this Motion to Shorten, the Ad Hoc Committee respectfully requests that the Court enter an order, substantially in the form attached hereto as Exhibit A, shortening notice and permitting the Committee Motion to be heard at the Hearing on December 21, 2017, and permitting any objections to the Committee Motion to be filed at any time up to the time of the Hearing, or made orally at the Hearing.

BASIS FOR RELIEF REQUESTED

12. Section 102(1) of the Bankruptcy Code provides that the phrase “after notice and a hearing” requires only such notice and opportunity for a hearing as may be appropriate under the circumstances. 11 U.S.C. § 102(1). In addition, section 105(a) of the Bankruptcy Code provides that the Court “may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions” of the Bankruptcy Code. 11 U.S.C. § 105(a).

13. Local Rule 9006-1 requires that “all motion papers shall be filed and served in accordance with Local Rule 2002-1(b) at least eighteen (18) days and an additional three (3) days if service is by mail; prior to the hearing date,” unless the Bankruptcy Rules or Local Rules state otherwise. According to Local Rule 9006-1(e), however, the notice period may be shortened “by order of the Court, on written motion specifying the exigencies justifying shortened notice.” Del. Bankr. L.R. 9006-1(e).

14. Moreover, according to Bankruptcy Rule 9006(c), “the court for cause shown may in its discretion with or without motion or notice order the period reduced.” Fed. R. Bankr. P. 9006(c)(1).

15. In exercising such discretion, courts “consider the prejudice to parties entitled to notice and weigh this against the reasons for hearing the motion on an expedited basis.” *In re Phila. Newspapers, LLC*, 690 F.3d 161, 172 (3d Cir. 2012) (noting the commonality of such motions “given the accelerated time frame of bankruptcy proceedings”).

16. The Ad Hoc Committee submits that permitting the Committee Motion to be heard at the Hearing is appropriate under the extraordinary circumstances at hand.

17. As described more fully in the Committee Motion, there were dozens of individual Noteholders who travelled to or who were represented at the formation meeting, seeking to serve on an official representative body. Without exception, all of the Noteholders who refused to waive rights, as requested by OUST, were disenfranchised from the fiduciary, official, representative role they sought to play for the 9000-member community of victimized Noteholders. There were simply sent home, which astonishingly left the entire body of victim Noteholders without any official representation. The only official representation that resulted from the formation meeting was a “pure” Unsecured Creditors Committee that (a) appears to represent a very small purely unsecured creditor constituency, and (b) is in direct conflict with the Noteholders.

18. Although the time of notice requested here is extremely short, it is well-warranted. In the vernacular, all the relevant issues and decision-making for the OUST were all fully “teed up” at the formation. There is little if anything new to consider, factually or legally, in connection with the Committee Motion. The expedited consideration of the Committee Motion, for the protection of the 9000 Noteholder victims in these cases, is nothing short of essential.

NOTICE

19. Notice of this Motion to Shorten will be provided to (i) the OUST, (ii) counsel for the Debtors, (iii) counsel for Hankey Capital, LLC (the DIP Lender), (iv) counsel for the Unsecured Creditors Committee, and (v) all parties who have entered an appearance or request for service of papers in these Chapter 11 Cases. In light of the nature of the relief requested herein, the Ad Hoc Committee respectfully represents that no other or further notice is necessary.

CONCLUSION

WHEREFORE, the Ad Hoc Committee respectfully requests that the Court enter an order substantially in the form attached hereto scheduling a hearing on the Committee Motion on December 21, 2017, or such other date and time as the Court may order; requiring objections, if any, to the Committee Motion to be filed and served on or before the Hearing or made orally at the Hearing, and granting such other and further relief as is just and proper.

Dated: December 18, 2017
Wilmington, Delaware

DRINKER BIDDLE & REATH LLP

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*Counsel to the Ad Hoc Committee of Holders
of Promissory Notes of Woodbridge Mortgage
Investment Fund Entities and Affiliates*

Exhibit A

Proposed form of Order

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

In re:	:	Chapter 11
	:	
WOODBRIIDGE GROUP OF COMPANIES LLC, <i>et al.</i> , ¹	:	Case No. 17-12560 (KJC)
	:	
	:	(Jointly Administered)
	:	
Debtors.	:	Ref Docket No. __
	:	

**ORDER SHORTENING NOTICE AND SCHEDULING A HEARING
WITH RESPECT TO THE MOTION OF THE AD HOC COMMITTEE OF
HOLDERS OF PROMISSORY NOTES OF WOODBRIDGE MORTGAGE
INVESTMENT FUND ENTITIES AND AFFILIATES PURSUANT TO
SECTION 1102(a)(2) OF THE BANKRUPTCY CODE DIRECTING
THE APPOINTMENT OF AN OFFICIAL COMMITTEE OF NOTEHOLDERS**

Upon the Motion to Shorten² filed by the Ad Hoc Committee of Holders of Promissory Notes of Woodbridge Mortgage Investment Fund Entities and Affiliates (the “Ad Hoc Committee”) pursuant to sections 102(1) and 105(a) of the Bankruptcy Code, Bankruptcy Rule 9006 and Local Rule 9006-1(e), for entry of an order shortening notice with respect to the *Motion of the Ad Hoc Committee of Holders of Promissory Notes of Woodbridge Mortgage Investment Fund Entities and Affiliates Pursuant to Section 1102(a)(2) of the Bankruptcy Code Directing the Appointment of an Official Committee of Noteholders* (“Committee Motion”) and setting the Hearing on the Committee Motion, and permitting any objections to the Committee Motion to be filed at any time up to the time of the Hearing, or made orally at the Hearing; it

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² Capitalized terms otherwise not defined herein shall have the meanings ascribed to them in the Motion to Shorten.

appearing that this Court has jurisdiction to consider the Motion to Shorten pursuant to 28 U.S.C. §§ 157 and 1334; and it appearing that venue of these Chapter 11 Cases and the Motion to Shorten in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing that this matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and this Court having found that the relief requested in the Motion to Shorten is in the best interests of the Debtors, their estates, their creditors and other parties-in-interest; and it appearing that proper and adequate notice of the Motion to Shorten has been given and that no other or further notice is necessary; and after due deliberation thereon; and this Court having reviewed the Motion to Shorten; and good and sufficient cause appearing therefor, ORDERED, ADJUDGED, AND DECREED THAT:

1. The Motion to Shorten is GRANTED as set forth herein.
2. The Committee Motion will be considered at a hearing scheduled for December 21, 2017, at 9:00 a.m. (Eastern Time) (the "Hearing").
3. Objections, if any, to the Committee Motion shall be filed at any time prior to the Hearing or made orally at the Hearing.
4. The Court shall retain jurisdiction with respect to all matters arising from or relating to the interpretation or implementation of this Order.

Dated: December __, 2017

The Honorable Kevin J. Carey
United States Bankruptcy Judge