EII ED IN

#### Cause No. 01-21-00284-CV

		FILED IN 1st COURT OF APPEALS
GREAT VALUE STORAGE, LLC and	S	IN THE COURT OF HOUST ON, STEXAS
WORLD CLASS CAPITAL	S	4/10/2023 7:08:58 PM
GROUP, LLC,	§ §	DEBORAH M. YOUNG Clerk of The Court
Appellants,	$\mathbb{S}$	
v.	S	FIRST DISTRICT OF TEXAS
	S	
PRINCETON CAPITAL	S	
CORPORATION,	S	
	8	
Appellee,	Š	HOUSTON, TEXAS
11		

## RECEIVER'S REPLY TO APPELLANTS' AND APPELLEE'S RESPONSES TO COURT'S MARCH 30, 2023 ORDER

TO THE HONORABLE FIRST COURT OF APPEALS:

The Receiver, Mr. Seth Kretzer, respectfully replies to Appellants' and Appellee's responses to the Court's March 30, 2023 order. For the reasons below, and the grounds set forth by this Court, this appeal should be dismissed for want of jurisdiction.

"The Settlement Agreement evidences a business deal among the Parties, ending multiple contentious and expensive litigation proceedings . . . which all carry substantial business risk. . . . thereby ending years' long disputes . . . ."

— Counsel for Appellee, Princeton, in the Princeton Motion to Approve Settlement, at 11 (Aug. 27, 2022) (No. 21-31121-mvl11).

"Princeton has been satisfied . . . ."

— Counsel for Appellants, Appellants' Post-Hearing Submission at 7 (Mar. 10, 2023) (No. 2019-18855).

# I. THE WORDS OF THE PARTIES PROVIDE THE MOST RELEVANT EVIDENCE THAT THIS COURT LACKS SUBJECT MATTER JURISDICTION OVER THIS APPEAL.

The most relevant and determinative evidence on the issue of whether this Court lacks subject matter jurisdiction as a result of the Parties' mutual settlement comes from the words of the Parties in the settlement documents discussed below, and their statements in pleadings, open court, and SEC filings, as set forth below. To date, the Parties have provided this Court only a portion of their Settlement Agreement, not the full agreement, omitting key provisions and terms. Attached as **Exhibit 1** hereto is the *complete* Settlement Agreement, including the mutually signed August 22, 2022 "Settlement Term Sheet," which the parties explicitly integrated into the final settlement agreement, and the September 20, 2022 Amended Settlement Agreement.

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<sup>&</sup>lt;sup>1</sup> Appellee Princeton Capital Corp. and Appellants are referred to herein as the "Parties."

<sup>&</sup>lt;sup>2</sup> See Settlement Term Sheet, attached as Exhibit 1 to the Emergency Motion Pursuant to Bankruptcy Rule 9019 for Entry of an Order Approving a Settlement and Compromise Between Princeton Capital Corporation and Reorganized Debtors, filed by Princeton in In re: GVS Texas Holdings I, LLC, Case No. 21-31121, ("Dallas Bankruptcy Case") pending in the U.S. Bankruptcy Court for the Northern District of Texas, Dallas Division ("Dallas Bankruptcy Court"), filed at Doc. No. 1358 on Aug. 27, 2022 ("Princeton Motion to Approve Settlement") (highlights added by Receiver).

<sup>&</sup>lt;sup>3</sup> Three settlement documents were ultimately executed by the Parties: (1) the August 22, 2022 Settlement Term Sheet ("Settlement Term Sheet"); (2) the September 2, 2022 Settlement, Assignment and Acceptance Agreement ("Settlement Agreement"); and (3) the September 20, 2022 Amended and Restated Settlement, Assignment and Acceptance Agreement ("Amended Settlement Agreement"). Therefore, the Parties' "Settlement Agreement," as referred to herein, consists of two executed documents: (1) the August 22, 2022 Settlement Term Sheet ("Settlement Term Sheet"), and (2) the September 20, 2022 Amended and Restated Settlement, Assignment and Acceptance Agreement ("Amended Settlement Agreement").

The plain words of the Settlement Agreement, and the integrated Settlement Term Sheet, make perfectly clear that the intention of the Parties was to provide for the payment in full to Princeton of amounts owed to it by Appellants, from funds set aside in the Dallas Bankruptcy Case: "[T]he settlement provides that Princeton will be paid \$11,372,698.89 . . . in exchange for a full mutual release of the settling Defendants, including the Reorganized Debtors and WCH. . . . and provide finality to contentious and prolonged litigation," with the result that "[t]he Settlement Agreement is a clear success for the Defendants and WCH . . . while also permitting Princeton to obtain a recovery without the need for further litigation."

This appeal must therefore be dismissed for want of subject matter jurisdiction.

A. The Settlement Agreement explicitly incorporated the Settlement Term Sheet, in which the Parties mutually pledged—in return for full payment to Princeton and full release of Appellants—that Princeton would file pleadings in several state and federal courts, including this Court, supporting Appellants' opposition to the Receiver.

<sup>&</sup>lt;sup>4</sup> Emergency Motion Pursuant to Bankruptcy Rule 9019 for Entry of an Order Approving a Settlement and Compromise Between Princeton Capital Corporation and Reorganized Debtors, at 3, In re: GVS Texas Holdings I, LLC, No. 21-31121-mvl11, Doc. No. 1358 (Aug. 27, 2022), Exhibit 1 (highlights added by Receiver). On September 2, 2022, Paul-Controlled Reorganized Debtors filed in the Dallas Bankruptcy Case its Emergency Motion Pursuant to Bankruptcy Rule 9019 for Entry of an Order Approving a Settlement and Compromise Between Princeton Capital Corporation and the Reorganized Debtors, Doc. No. 1383, Exhibit 2 (highlights added by Receiver) ("Debtors Motion to Approve Settlement"). This motion was approved by the Dallas Bankruptcy Court in the Order Granting Emergency Motion Pursuant to Bankruptcy Rule 9019 for Entry of an Order Approving a Settlement and Compromise Between Princeton Capital Corporation and the Reorganized Debtors on September 20, 2022, at Doc. 1422 ("Order Approving Settlement with Princeton"). The Receiver filed an appeal from the Order Approving Settlement with Princeton. That appeal is presently inactive.

The Parties explicitly integrated their mutually signed Settlement Term Sheet into the Settlement Agreement. The Settlement Agreement contains the following provisions incorporating the Settlement Term Sheet, "which shall remain in force and effect."<sup>5</sup>

WHEREAS, on August 22, 2022, Princeton and the Great Value Parties executed that certain settlement term sheet providing for the resolution of claims and issues between such parties and separately contemplated the negotiation and execution of a note purchase agreement in furtherance of that resolution. The terms and conditions in this Agreement are the culmination of the negotiations over such note purchase agreement and is new and separate from the settlement agreement discussed in the term sheet;

c. No failure or delay by any party hereto in exercising any right, power, or privilege hereunder or under that settlement term sheet dated August 22, 2022 (the "Settlement Term Sheet") shall operate as a waiver thereof, with all such rights, powers or privileges being expressly preserved, and any waiver of any breach of the provisions of this Agreement shall be without prejudice to any rights with respect to any other or further breach thereof or under the Settlement Term Sheet, which shall remain in force and effect.

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<sup>&</sup>lt;sup>5</sup> See Amended Settlement Agreement, at 3, 12, **Exhibit 1** herein and Exhibit 1 to the Order Approving Princeton Settlement (highlights added by Receiver); see also Debtors Sept. 20, 2022 Motion to Approve Settlement, Doc. No. 1383, at 3, 18 **Exhibit 2** (highlights added by Receiver); see also Settlement Term Sheet, at 4, Exhibit 1 to Princeton Motion to Approve Settlement, **Exhibit 1** herein (highlights added by Receiver).

The foregoing is agreed to by the Parties as of A	august 22, 2022.
Princeton Capital Corporation	GVS Texas Holdings I, LLC and its related entities
HISPIAL	
The foregoing is agreed to by the Parties as of A	August 22, 2022.
Princeton Capital Corporation	GVS Texas Holdings I, LLC and its related entities
	NdPC-
	World Class Holdings I, LLC
	NdPC

Mr. Paul and Princeton signed and executed the Settlement Term Sheet:<sup>6</sup>

<sup>&</sup>lt;sup>6</sup> See Settlement Term Sheet, Exhibit 1 to Princeton Motion to Approve Settlement, **Exhibit 1** herein (highlights added by Receiver).

Upon payment, the Settlement Term Sheet required Princeton to file a motion in Hon. Judge Ursula Hall's court to terminate the receivership:<sup>7</sup>

4. Following the release of the Settlement Amount to Princeton in accordance with the Order, Princeton agrees to file a motion (the "Princeton Receiver Termination Motion") in Princeton Capital Corporation vs Great Value Storage LLC, et al pending in the 165<sup>th</sup> District Court of Harris County, Texas, case no. 2019-18855 (the "Princeton Lawsuit") seeking the immediate termination of the order appointing Seth Kretzer as Receiver (the

"Receivership Order"), and the receivership in accordance with Texas state law and a determination of the amounts to be paid to Seth Kretzer (the "Receiver"), if any, under the Receivership Order. Nothing herein or the Order shall prevent the World Class Entities, defined below, from opposing any payments to Kretzer. Princeton agrees to litigate such motion in good faith and on an expedited basis. Unless compelled to do so by the court, Princeton agrees it will make no statement regarding the amount of fees to be awarded. Further, for the avoidance of doubt, the failure of the court that appointed the Receiver to act quickly on the request to terminate the receivership shall not constitute a default under this Agreement.

Upon payment, the Settlement Term Sheet also required Princeton to "support motions by World Class Entities" to block Receiver's discovery motions and subpoenas in the 15 pending bankruptcy cases involving entities ultimately owned by Mr. Paul, pending in the U.S. Bankruptcy Court for the Western District of Texas, Austin Division ("Austin Bankruptcy Cases"), in which all but one of Paul's debtor entities

Great Value Storage, LLC, et al., v. Princeton Capital Corp., No. 01-21-00284-CV Receiver's Reply to Appellants' Response to Court's March 30, 2023 Order

<sup>&</sup>lt;sup>7</sup> See Settlement Term Sheet, pp. 1-2, Exhibit 1 to Princeton Motion to Approve Settlement, and p. 9 of Princeton Motion to Approve Settlement, **Exhibit 1** herein (highlights added by Receiver).

were facing so called "death penalty" sanctions<sup>8</sup> for failing to produce documents<sup>9</sup> in response to Receiver's subpoenas:<sup>10</sup>

6. Princeton agrees to have its counsel support motions by World Class Entities to temporarily abate all pending discovery in connection with the Receiver's claims in the bankruptcy cases of World Class Entities pending in the Bankruptcy Court for the Western District of Texas and make a representation at the August 22, 2022 hearing before Judge Davis confirming that the Parties have executed a Settlement Term Sheet which is subject to the execution of a formal settlement agreement and the approval of the Bankruptcy Court for the Northern District of Texas, and the funding of the settlement, and that Princeton supports temporary abatement of the pending actions and discovery until the Closing of this settlement and the funding of the Settlement Amount to Princeton.

Vitally, to illuminate Princeton's current representations to this Court, upon payment, the Settlement Term Sheet also required Princeton to "support the Judgment Debtors (World Class Capital Group, LLC and Great Value Storage, LLC) . . . and any related or affiliated entities (collectively the 'World Class Entities') in their efforts to abate all actions by the Receiver . . . to compel the Receiver to cease exercising authority

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<sup>&</sup>lt;sup>8</sup> See Tr. Motions Hearing ("Austin Bankruptcy Court Show Cause Hearing"), at 12, In re: 6<sup>th</sup> and San Jacinto, LLC, No. 21-10942-tmd (Aug. 22, 2022), U.S. Bankruptcy Court, Western District of Texas, Austin Division ("The Austin Bankruptcy Court"), **Exhibit 5** (highlights by Receiver). Among the purposes for the hearing was for the Court to address the continued refusal of Nate Paul to produce relevant financial documents and records ordered for months, leading to contemplated so called "death penalty" sanctions. (Court: "I'm going to make available the entire range of sanctions that are available, including the death penalty sanction, which is to say that Mr. Paul is not going to get a penny out of any of these estates, . . . .").

<sup>&</sup>lt;sup>9</sup> The Court will find nine *Orders to Show Cause* by Austin Bankruptcy Court attached as Exhibit 1 to Receiver's September 21, 2022 Opposition Response to Princeton's Rule 29.3 Emergency Motion for a Temporary Stay of the Receivership, this appeal, No. 01-21-00284-CV.

<sup>&</sup>lt;sup>10</sup> See Settlement Term Sheet, at 2, Exhibit 1 to Princeton Motion to Approve Settlement, **Exhibit 1** (highlights added by Receiver).

over all World Class Entities and to compel the Receiver to return properties and money taken or transferred by Receiver . . . ":11

9. After the Closing and Princeton's receipt of the Settlement Amount, Princeton will support the Judgment Debtors (World Class Capital Group LLC and Great Value Storage LLC), the Great Value Parties and any related or affiliated entities (collectively the "World Class Entities") in their efforts to abate all actions by the Receiver, including all discovery in all actions, to obtain the withdrawal of all the Receiver's proofs of claims, to compel the Receiver to cease exercising authority over all World Class Entities, to stop or reverse the Receiver's dismissals of lawsuits on behalf of World Class Entities and to compel the Receiver to return properties and money taken or transferred by the Receiver purportedly

in connection with the Receiver's collection of the Princeton Judgment. The term "support" as used in this paragraph shall be limited to jointly filing pleadings seeking such relief with the appropriate World Class Entities and attending hearings on such pleadings to announce its support of the relief sought. Princeton reserves all rights to review, revise, or reject any pleading to which its name will be attached as a movant. If the parties cannot agree on the form of a pleading, the World Class Entities are not entitled to invoke Princeton's name as a movant on such pleading.

Within hours of signing the Parties' Settlement Term Sheet, Princeton began to carry out the terms of its agreements by urging favorable treatment of Paul-controlled bankruptcy debtors. First, although Princeton had never filed an appearance or claim, Princeton made a surprise appearance at the August 22, 2022 Austin Bankruptcy Court hearing on possible "death penalty" sanctions, urging protection of the Paul-controlled debtors: "I do support the abatement [against Receiver's financial records discovery requests] that has been requested [from Paul-controlled debtors] and that the Court has now denied. But I wanted to let you know I supported it. . . . Nate Paul has agreed to

<sup>&</sup>lt;sup>11</sup> See Settlement Term Sheet, pp. 2-3, Exhibit 1 to Princeton Motion to Approve Settlement, and p. 10 of that motion, **Exhibit 1** herein (highlights added by Receiver).

pay my client [Princeton] in full. And now I want to turn my head towards getting the Receiver into a position where the Receiver can be dismissed and paid. So just letting the Court know that I do still support the abatement [in favor of the Paul-controlled debtors]."<sup>12</sup> Next, in this Court, within minutes of receiving its \$11.37 million wire payment, Princeton filed its September 20, 2022 "unopposed" motion to stay the receivership.<sup>13</sup> Then on October 10, 2022, Princeton's bankruptcy counsel informed Austin Bankruptcy Court that the "settlement" had been paid October 7:

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<sup>&</sup>lt;sup>12</sup> See Exhibit 5, Tr., Austin Bankruptcy Court Show Cause Hearing, at 20-21 (highlights by Receiver). Princeton was represented in all bankruptcy proceedings by Hon. Ms. Judith Ross.

<sup>&</sup>lt;sup>13</sup> Princeton's Unopposed Rule 29.3 Emergency Motion for a Temporary Stay of the Receivership, No. 01-21-00284-CV (Sept. 20, 2022).

From: Judith Ross Judith.Ross@judithwross.com

Subject: Case numbers listed below Date: October 10, 2022 at 4:40 PM

 $\textbf{To:} \ \, \mathsf{sarah\_wood@txwb.uscourts.gov}, \ \, \mathsf{jack\_eiband@txwb.court}$ 

Cc: jong@munsch.com, bcumings@gdhm.com, rosherow@hotmail.com, pat.lowe.law@gmail.clm, nancy.ribaudo@kellyhart.com, michael.mcconnell@kellyhart.com, dawn.ragan@cr3partners.com, Stephen Roberts sroberts@srobertslawfirm.com, Casey.Roy@usdoj.gov, Jason.Cohen@bracewell.com jason.cohen@bracewell.com, anguyen@munsch.com, Mark Ralston mralston@fjrpllc.com, Jennifer\_Lopez@txwb.uscourts.gov, Lynnette R. Warman lwarman@cm.law, Richard G. Grant rgrant@cm.law, James Volberding james@volberdinglawfirm.com, Irea@forsheyprostok.com, kdm@romclaw.com, sthomas@romclaw.com

#### Re:

WC 511 Barton Blvd., LLC; Case No.21-10943-tmd Sixth & San Jacinto, LLC; Case No. 21-10942-tmd WC Alamo Industrial Center, LP; Case No. 22-10047-tmd WC Braker Portfolio, LLC; Case 22-10293-tmd WC 717 Harwood Property LLC; Case No. 21-10630-tmd WC Met Center, LLC; Case No. 21-10698-tmd WC Culebra Crossing SA, LP; Case No. 21-10360-tmd WC South Congress Square, LLC; Case No. 20-11107-tmd WC 3<sup>rd</sup> and Trinity, LP; Case No. 21-10252-tmd Arboretum Crossing, LLC; Case No. 21-10546-tmd

Good afternoon. Please advise Judge Davis that the settlement between Princeton Capital Corporation and the Great Value Storage entities was successfully funded on October 7, 2022. If the Court has any questions, please let me know.

Regard,

Judith W. Ross Ross & Smith, PC 700 North Pearl Street, Suite 1610 Dallas. TX 75201

Consequently, this Court should appreciate that the pleading filed today by Princeton—disclaiming that it "is no longer a party to the Note Payable Agreement that is subject of the trial court's judgment and appeal," in favor the newly created Paulcontrolled Phoenix Lending, LLC ("Phoenix or Phoenix Lending") in its place—was filed in accordance with the protocols of the Settlement Term Sheet, which Princeton

<sup>&</sup>lt;sup>14</sup> Princeton's Response to Court's March 30, 2023 Order, at 2, No. 01-21-00284 (Apr. 10, 2023).

did not inform this Court it had signed. Princeton has to do what Appellants say to avoid repayment of money it has already distributed to its shareholders.

B. Princeton told the Dallas Bankruptcy Court that the Settlement Agreement is "a clear success," "ending multiple contentious and expensive litigation proceedings, . . . which all carry substantial business risk . . . . thereby ending years long disputes."

On August 27, 2022, Princeton told the Dallas Bankruptcy Court something different than it tells this Court today when it declared that, "The Settlement Term Sheet serves as the basis for the forthcoming Settlement Agreement." Princeton announced, "The Settlement Agreement is a clear success for the Defendants and WCH ... while also permitting Princeton to obtain a recovery without the need for further litigation." [T]he settlement provides that Princeton will be paid \$11,372,698.89 ... in exchange for a full mutual release of the settling Defendants, including the Reorganized Debtors and WCH... and provide finality to contentious and prolonged litigation." "As a result, Princeton asserts that the consideration for the settlement is fair, reasonable, .... [and for] the benefit of all parties and the interest of all stakeholders involved, ...." "WCH and Princeton have engaged in good faith, and ultimately, successful settlement discussions, which culminated in the execution of that certain

<sup>15</sup> Princeton Motion to Approve Settlement, at n.2, Exhibit 1 herein (highlights added by Receiver).

<sup>&</sup>lt;sup>16</sup> *Id.* at 3.

<sup>&</sup>lt;sup>17</sup> *Id*.

<sup>&</sup>lt;sup>18</sup> *Id.* at 4.

Settlement Term Sheet on August 22, 2022. . . . The Settlement Term Sheet is binding . . . . "19 "\$11,372,698.89 . . . will be used to fund the settlement of the Judgment." "The Settlement Agreement evidences a business deal among the parties, ending multiple contentious and expensive litigation proceedings, . . . which all carry substantial business risk . . . . thereby ending years long disputes . . . "21

C. Princeton also informed the Securities and Exchange Commission that it "entered into a settlement," and later "closed the settlement and received \$11,372,699," by which it "received payment in full."

Princeton not only represented to the Austin and Dallas Bankruptcy Courts that it had executed a settlement agreement in return for full payment and resolution, it also informed the Securities and Exchange Commission ("SEC"). Informative are Princeton Capital's June 30, 2022 Form 10-Q Report and its September 2, 2022 Form 8-K Report, filed with the Securities and Exchange Commission. On page 28 of its June 30, 2022 report, filed August 12, 2022, Princeton Capital's Chief Executive Officer reported to the SEC, "On June 30, 2021, the Company filed a Motion for Post-Judgment Receivership to appoint a receiver to the court *to collect the judgment on our behalf*. On September 8,

<sup>&</sup>lt;sup>19</sup> *Id.* at 7.

<sup>&</sup>lt;sup>20</sup> *Id.* at 8.

<sup>&</sup>lt;sup>21</sup> *Id.* at 11.

2021, the court granted the appointment of a receiver."<sup>22</sup> Princeton Capital assigned a fair value to its note in this case of \$4,854,720.<sup>23</sup>

Only 28 days later, on page 1 of its September 2, 2022 report, Princeton's CFO reported to the SEC, "On September 2, 2022, the Company, Natin Paul (on behalf of himself individually and on behalf of all entities that he either owns or controls), . . . and Phoenix Lending, LLC, as the Assignee of the Transaction Documents (including certain Promissory Notes) *that were the subject of the State Litigation*, entered into a *settlement*, assignment and acceptance agreement . . . pursuant to which, . . . the Assignee will pay to the Company the amount of \$11,372,698.89."<sup>24</sup>

And on March 30, 2023—two weeks ago—Princeton filed its Annual Report (Form 10-K) with the SEC.<sup>25</sup> Princeton informed the SEC, "On October 7, 2022, the Company *closed the settlement and received \$11,372,699*."<sup>26</sup> "The Company *received* 

<sup>&</sup>lt;sup>22</sup> Princeton Capital Corp, Form 10-Q, Filed 08/12/22 for the Period Ending 06/30/22, Securities and Exchange Commission (Wash. D.C.) at 28 (signed by Mr. Mark S. DiSalvo, Interim Chief Executive Officer) (Emphasis added). The report is available at: <a href="https://ir.princetoncapitalcorp.com/all-sec-filings/content/0001213900-22-047395/0001213900-22-047395.pdf">https://ir.princetoncapitalcorp.com/all-sec-filings/content/0001213900-22-047395/0001213900-22-047395.pdf</a>.

<sup>&</sup>lt;sup>23</sup> *Id.* at 8.

<sup>&</sup>lt;sup>24</sup> Princeton Capital Corp, Form 8-K, Filed 09/09/22 for the Period Ending 09/02/22, Securities and Exchange Commission (Wash. D.C.) at 1 (signed by Mr. Gregory J. Cannella, Chief Financial Officer) (emphasis added). Available at: <a href="https://ir.princetoncapitalcorp.com/all-sec-filings/content/0001213900-22-055043/0001213900-22-055043.pdf">https://ir.princetoncapitalcorp.com/all-sec-filings/content/0001213900-22-055043/0001213900-22-055043.pdf</a>.

<sup>&</sup>lt;sup>25</sup> Princeton Capital Corp, Annual Report, Form 10-K, Filed 03/30/23 for the Period Ending 12/31/22, Securities and Exchange Commission (Wash. D.C.) at 1 (signed by Mr. Mark S. DiSalvo, Interim Chief Executive Officer) (emphasis added). Available at: <a href="https://ir.princetoncapitalcorp.com/all-sec-filings#document-689-0001213900-23-024619">https://ir.princetoncapitalcorp.com/all-sec-filings#document-689-0001213900-23-024619</a>.

<sup>&</sup>lt;sup>26</sup> *Id.* at 20, F-34 (emphasis added).

payment in full on October 7, 2022."27 "For the fiscal year ended December 31, 2022,

the Company declared and paid a cash dividend of \$0.075 per share of common stock on

or about December 1, 2022 to stockholders of record as of the close of business on

November 21, 2022."28 A graph included by Princeton indicates that the company's share

price spiked when the settlement was announced.<sup>29</sup> Further, Princeton informed the SEC

that Appellants themselves regard the judgment fully paid and settled, revealing that Appellants

had agreed to indemnify Princeton up to \$1 million in for future legal fees incurred by

Princeton: "Further, the GVS affiliated parties agreed to indemnify the Company and

retain \$1 million on reserve in the bankruptcy court for any future legal fees or claims

related to the settlement."30

Notably, despite the Parties' attempts in the Debtors Motion to Approve

Settlement to characterize the agreement as something other than a settlement, Princeton

has never swayed from reporting the deal for exactly what it is, a settlement of the lawsuit

and judgment.

<sup>&</sup>lt;sup>27</sup> *Id.* at 26 (emphasis added).

<sup>&</sup>lt;sup>28</sup> *Id.* at 22.

<sup>&</sup>lt;sup>29</sup> *Id.* at 22.

<sup>&</sup>lt;sup>30</sup> *Id.* at 20 (emphasis added).

D. <u>Appellants</u> also told the Dallas Bankruptcy Court that "The Settlement Agreement is the product of extensive negotiations between Defendants and Princeton," and "provides immediate certainty and finality with respect to the outcome of contentious and expensive litigation with Princeton."

Similarly, *Appellants*, through Paul-controlled entities, explained to the Dallas Bankruptcy Court that they had settled with Princeton. Ms. Sheena Paul—a licensed attorney—testified both as counsel for her client and brother, Mr. Nate Paul, and for Appellant, World Class Capital Group, LLC, *and as "the authorized representative" for Phoenix Lending*.<sup>31</sup> Ms. Paul testified that her client, Mr. Nate Paul, acting alone, authorized her to testify as the designated representative for each of the Reorganized Debtors, the Adversary Defendants, World Class Holdings I, LLC, *and Phoenix Lending*.<sup>32</sup> Significantly, the same law firm (Squire Patton Boggs) represents Appellants, the various Paul-controlled entities, *and Phoenix Lending*.<sup>33</sup> The law firm evidently perceives no conflict of interest because they are all owned and controlled by Mr. Paul.

Ms. Sheena Paul told the Dallas Bankruptcy Court, "The Settlement Agreement is the product of extensive negotiations between Defendants and Princeton," and "provides immediate certainty and finality with respect to the outcome of contentious and expensive

<sup>&</sup>lt;sup>31</sup> Declaration of Sheena Paul (filed in the Dallas Bankruptcy Case), *In re: GVS Texas Holdings I, LLC*, No. 21-31121-mvl11, Doc. No. 1406, at 2 (Sept. 13, 2022) ("Declaration of Sheena Paul"), **Exhibit 3** (highlights added by Receiver).

<sup>&</sup>lt;sup>32</sup> See Transcript of Deposition of Sheena Paul ("Sheena Paul Depo."), **Exhibit 4**, at 7:18 – 10:7; 14:21 – 15:24.

<sup>&</sup>lt;sup>33</sup> **Exhibit 4**, Sheena Paul Depo. at 13:16-22 (Q.: "Does Squire Patton Boggs represent Phoenix Lending?" Ms. Paul: "In connection with the 9019 Motion and this Settlement Agreement, yes.").

litigation with Princeton."<sup>34</sup> "[T]his ensures that Princeton -- there are – there's no further litigation, or no further actions that need to be taken by Princeton to resolve the open litigation or no matters between the Reorganized Debtors debts and Princeton."<sup>35</sup> "And, so, over the course of several weeks of negotiation, this was the deal the parties were able to reach."<sup>36</sup>

Appellants, through Paul-controlled entities, further told the Dallas Bankruptcy Court, "For years, Princeton and the Defendants have disputed whether Princeton is entitled to a pecuniary recovery . . . spawning litigation in several courts including before this Court. . . . The Settlement Agreement is a testament to the Parties' determination and discipline to put aside their differences and negotiate a mutually agreeable settlement." "The Settlement Agreement is a clear success for the Reorganized Debtors, Princeton, the Defendants, and WCH . . . permitting Princeton to obtain a recovery without the need for further extensive and expensive litigation." "Settlement Term Sheet. . . . shall remain in force and effect."

<sup>&</sup>lt;sup>34</sup> Declaration of Sheena Paul, at 6 (Sept. 13, 2022), **Exhibit 3** (highlights added by Receiver).

<sup>&</sup>lt;sup>35</sup> Exhibit 4, Sheena Paul Depo. at 64:14-18.

<sup>&</sup>lt;sup>36</sup> Exhibit 4, Sheena Paul Depo. at 68:18-21.

<sup>&</sup>lt;sup>37</sup> Debtors Motion to Approve Settlement, at 3, **Exhibit 2** (highlights added by Receiver).

 $<sup>^{38}</sup>$  *Id.* 

<sup>&</sup>lt;sup>39</sup> *Id.* at 18. The Debtors Motion to Approve the Settlement Agreement, with the Settlement Term Sheet incorporated, was filed by the law firm Squire Patton Boggs, which also represents Appellants before this Court. The law firm evidently believes there is no conflict of interest because all of the Appellant entities involved, including Phoenix Lending, are ultimately owned and controlled by Mr. Paul.

The Receiver's simple contention is that the Parties should be taken at their words in court and to the SEC. The Parties negotiated and signed an enforceable settlement agreement, containing a binding Settlement Term Sheet, and paid and received \$11.37 million, the full amount owed, to bring the litigation to a close. Considering the *de novo* standard of review for determining appellate jurisdiction,<sup>40</sup> this Court should stop at this point and dismiss this appeal for want of subject matter jurisdiction in light of the Parties' settlement.<sup>41</sup>

II. THE TEXAS SUPREME COURT—AND THIS COURT—PROHIBIT ATTEMPTS TO MANUFACTURE STANDING AND CONTINUE LITIGATION WHEN THERE NO LONGER REMAINS ANY JUSTICIABLE APPELLATE CONTROVERSY.

"The parties may not create a justiciable interest by agreement."42

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<sup>&</sup>lt;sup>40</sup> Black v. Wash. Mut. Bank, 318 S.W.3d 414, 416 (Tex. App.—Houston [1st Dist.] 2010, pet. dism'd w.o.j.) ("Whether a court has subject-matter jurisdiction is a question of law, subject to de novo review."), ("Subject-matter jurisdiction is fundamental and may be raised for the first time on appeal.") (Quoting Texas Supreme Court); see also Badaiki v. Miller, No. 14-17-00450-CV, 2019 Tex. App. LEXIS 1384, \*4 (Tex. App.—Houston [14th Dist.] Feb. 26, 2019, no pet.) ("Lack of subject-matter jurisdiction generally bars a court from doing anything other than dismissing the suit.") (Citing Fin. Comm'n of Tex. v. Norwood, 418 S.W.3d 566, 578 (Tex. 2013)); Ahmad v. State, 615 S.W.3d 496, 500 (Tex. App.—Houston [1st Dist.] 2020, no pet.) ("Subject matter jurisdiction can be raised at any time. Alfonso v. Skadden, 251 S.W.3d 52, 55 (Tex. 2008) (per curiam). Subject matter jurisdiction is a question of law, which we review de novo. Meyers v. JDC/Firethorne, Ltd., 548 S.W.3d 477, 486 (Tex. 2018).") (Landau, J., with Justices Peter Kelly and Keyes).

<sup>&</sup>lt;sup>41</sup> Allen v. United Servs. Auto. Ass'n, No. 01-20-00305-CV, 2020 Tex. App. LEXIS 10131, \*13 (Tex. App.—Houston [1st Dist.] Dec. 22, 2020, no pet.) (Countiss, J.) ("In fact, "[a] court can—and if in doubt, must—raise standing on its own at any time. And a party may challenge its opponent's standing at any stage of a proceeding.") (Citing Meyers v. JDC/Firethorne, Ltd., 548 S.W.3d 477, 484 (Tex. 2018) and Tex. Ass'n of Bus. v. Tex. Air Control Bd., 852 S.W.2d 440, 443-46 (Tex. 1993) (declaring standing is never presumed, cannot be waived, and may be raised for first time on appeal)).

<sup>&</sup>lt;sup>42</sup> Adele Hedges, 1 TEX. PRAC. GUIDE CIVIL PRETRIAL § 2:16 (citing Holland v. Taylor, 153 Tex. 433, 435,

Disregarding the principle that parties cannot collusively manufacture standing where none exists, Appellants implore this Court to fix the obvious mootness deficiency, identified by the Court's March 30, 2023 order, by substituting the Appellee, Princeton, with a newly minted entity, Phoenix Lending. But Phoenix Lending is merely an empty, uncapitalized shell company wholly owned by Mr. Paul (the same person who wholly owns both Appellants, Great Value Storage, LLC, and World Class Capital Group, LLC). Mr. Paul created Phoenix August 31, 2022<sup>43</sup>—two days before signing the settlement agreement and nine days before Ms. Sheena Paul's deposition—for no other purpose than the perpetration of this specific fraudulent assignment.<sup>44</sup>

In other words, Appellants are trying to advance a position in which the Appellee (Princeton) has no standing—because it has been satisfied in full—and instead to manufacture standing by the slight-of-hand of switching a front company as the nominal holder of a debt that has been paid in full. A debt that no longer exists.

The Texas Supreme Court holds such attempt to be illegal:

The requirement in this State that a plaintiff have standing to assert a claim derives from the Texas Constitution's separation of powers among the departments of government, which denies the judiciary authority to decide

<sup>43</sup> See State of Delaware Secretary of State

(https://icis.corp.delaware.gov/eCorp/EntitySearch/NameSearch.aspx) (Enter Name Search:

<sup>270</sup> S.W.2d 219, 220 (1954)).

<sup>&</sup>quot;Phoenix Lending"); see also Sheena Paul Depo., at p. 24, Exhibit 4.

<sup>&</sup>lt;sup>44</sup> The Parties signed the Settlement Agreement on September 2, 2022, and the revised version, with terms imposed by the Dallas Bankruptcy Court, on September 20, 2022. *See* **Exhibit 4**, Sheena Paul Depo. at 47:1-11.

issues in the abstract, and from the Open Courts provision, which provides court access only to a "person for an injury done him". A court has no jurisdiction over a claim made by a plaintiff without standing to assert it. For standing, a plaintiff must be personally aggrieved; his alleged injury must be concrete and particularized, actual or imminent, not hypothetical.<sup>45</sup>

The Supreme Court reminded, "Texas courts have long held that an appealing party may not complain of errors that do not injuriously affect it or that merely affect the rights of others."

The hallmark case from this Court is *Salazar v. HPA Tex. Sub 2016-1, LLC*,<sup>47</sup> a doctrinal case quoting from the Fourteenth Court of Appeals' decision in *Alarcon v. Velazguez*.<sup>48</sup>

"Only the party whose primary legal right has been breached may seek redress for the injury." *Alarcon v. Velazquez*, 552 S.W.3d 354, 359 (Tex. App.—Houston [14th Dist.] 2018, pet. denied). "Without a breach of a legal right belonging to a specific party, that party has no standing to litigate." *Id.* 

If this Court does not reject the sophistry urged by Appellants, Phoenix could easily defraud some unknowing third party into buying its putative "note payable agreement" with a "face value" of millions of dollars—but with an actual value of zero because the obligation has been paid in full. Ms. Sheena Paul in fact acknowledged her

<sup>&</sup>lt;sup>45</sup> DaimlerChrysler Corp. v. Inman, 252 S.W.3d 299, 304-05 (Tex. 2008) (citations omitted).

<sup>&</sup>lt;sup>46</sup> Torrington Co. v. Stutzman, 46 S.W.3d 829, 843 (Tex. 2000).

<sup>&</sup>lt;sup>47</sup> No. 01-19-00330-CV, 2020 Tex. App. LEXIS 10279, \*10 (Tex. App.—Houston [1st Dist.] Dec. 29, 2020, pet. denied).

<sup>&</sup>lt;sup>48</sup> 552 S.W.3d 354, 359 (Tex. App.—Houston [14th Dist.] 2018, pet. denied).

brother and client might try to sell the note payable agreement.<sup>49</sup> The purchaser would discover it had been defrauded when it contacted the owner of Great Value Storage, LLC to demand payment, only to learn that that owner of Great Value is none other than Nate Paul, who also owns Phoenix, the shell company which sold the purchaser the note. Would Mr. Paul then honor the note payable agreement and pay another \$11.37 million to the purchaser? Or would Mr. Paul then reveal that the note had been fully paid in the September 2022 settlement, and, of course, no longer existed because of the Texas merger doctrine? The logic of *Salazar v. HPA Tex. Sub 2016-1, LLC* is an insuperable obstacle to judicial countenance of such predictable fraud by Phoenix and Mr. Paul.<sup>50</sup>

Why on earth would Appellants wish to do this? Because Mr. Paul wants to be on both sides of this appeal and the lower court action. Mr. Paul wants to be Appellant and Appellee, and Plaintiff and Defendant, in effect, suing himself and appealing himself. Then Mr. Paul will ask this Court and the 165<sup>th</sup> District Court for advisory opinions in his favor, by submitting "agreed" and "unopposed" motions to upend the receivership,

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<sup>&</sup>lt;sup>49</sup> See Exhibit 4, Sheena Paul Depo. at 62:24-25 ("If Phoenix then sells the note to somebody else, I mean that's its own business decision."), at 66:1-6 ("Correctly, what I said is that the new noteholder [Phoenix] will make business decisions as to what it intends to do with the asset it purchased.")

<sup>50</sup> Accord Morlock, L.L.C. v. Bank of N.Y., 448 S.W.3d 514, 520 (Tex. App.—Houston [1st Dist.] 2014, no pet.) ("It is a fundamental rule of law that only the person whose primary legal right has been breached may seek redress for an injury.").

reverse the secured creditor settlement agreements executed by Receiver, and avoid paying the Receiver's fees. The Court should dismiss this appeal for lack of subject matter jurisdiction in light of settlement and full satisfaction of the Appellee, Princeton. None of Appellants' objections can overcome an unchangeable circumstance: Mr. Paul signed a settlement agreement, by "Nate Paul, on behalf of himself individually and *on behalf all entities that he either owns or control* (in whole or in part) [excluding the two present parent company judgment debtors controlled by Paul],"<sup>51</sup> and paid Princeton \$11.37 million, for which Appellants declare, "Princeton has been satisfied . . . ."<sup>52</sup>

- III. THE PARTIES ARE PROHIBITED BY THE MERGER DOCTRINE FROM ASSIGNING PRINCETON'S NOTE PAYABLE AGREEMENT TO A NEWLY CREATED APPELLANT-CONTROLLED ENTITY.
  - A. Under the merger doctrine, the note payable agreement on which Princeton filed suit merged with Hon. Judge Hall's final judgment. When that occurred, the note payable agreement ceased to exist and consequently cannot be assigned to Appellants' newly formed and controlled entity.

Appellants contend that Mr. Paul has obtained control of Princeton's original note payable agreement via a newly formed shell company, Phoenix Lending. Appellants overlook the merger doctrine. Under Texas law, the merger doctrine renders invalid the proposed assignment by Princeton of its note payable agreement to the newly formed entity controlled by Appellants, Phoenix Lending, created two days

<sup>&</sup>lt;sup>51</sup> See Amended Settlement, at p. 23, Exhibit 1.

<sup>&</sup>lt;sup>52</sup> Appellants / Defendants' Post-Hearing Submission at 7, No. 2019-18855 (Mar. 10, 2023).

before signing the settlement agreement.<sup>53</sup> Simply put, Princeton no longer owned a promissory note to sell after Judge Hall signed the March 4, 2021 final judgment.

Under the merger doctrine, it is well established that upon entry of a judgment, the contractual relationship between the parties that gave rise to the debt merges into the judgment.<sup>54</sup> *Res judicata* serves the public goals of affording full respect to prior judgments and relieving courts from repetitious litigation, and the private goal of "repose"—to be finally free from the cost and hassle of litigation.<sup>55</sup>

The doctrine of merger is a specific application of *res judicata*, and operates with the same principles.<sup>56</sup> Under the doctrine, "if a plaintiff prevails in a lawsuit, his cause of action merges into the judgment and the cause of action dissolves."<sup>57</sup> "[I]n Texas, the doctrine of merger holds that all rights under a contract are extinguished by and merged into the terms of a judgment."<sup>58</sup>

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<sup>&</sup>lt;sup>53</sup> See note supra. Phoenix Lending was incorporated in Delaware August 31, 2022, two days before the first version of the Settlement Agreement, September 2, 2022, revised pursuant to the Bankruptcy Court's instructions, September 20, 2022.

<sup>&</sup>lt;sup>54</sup> Puga v. Donna Fruit Co., 634 S.W.2d 677, 679 (Tex. 1982).

 $<sup>^{55}</sup>$  Charles Alan Wright & Arthur R. Miller, 18 Federal Practice and Procedure  $\S$  4403, 23-27 (2d ed. 2012).

<sup>&</sup>lt;sup>56</sup> Puga v. Donna Fruit Co., 634 S.W.2d 677, 679 (Tex. 1982) ("The doctrine of res judicata deals generally with the conclusive effects of judgments, encompassing the separate judicial doctrines of merger, bar and collateral estoppel."); see also Jeanes v Henderson, 688 S.W.2d 100, 103 (Tex. 1985).

<sup>&</sup>lt;sup>57</sup> Jeanes v. Henderson, 688 S.W.2d 100, 103 (Tex. 1985).

Memorandum Opinion by Hon. Bankruptcy Judge Davis, *In re Russell Allen Graves, Carol L. Graves*, Case No. 14-11240-tmd (Bankr. W.D. Tex. 2016), *see* n.49. *See also Bynum v. Shatto*, 514 S.W.2d 808, 810 (Tex. App.—Corpus Christi, 1974, writ ref'd) (affirming holding that the "plaintiff's cause of action on the note had merged in the Harris County judgment"); *Krauss v.* West, 123 S.W.2d 946, 948 (Tex. App.—El Paso 1938, writ dism'd) ("[W]hen appellee brought suit on the first note and secured

Therefore, applying these long-standing principles, when the district court issued a final judgment on March 4, 2021 in favor of Princeton Capital and against the Appellants, the underlying note payable agreement on which Princeton filed suit merged into the final judgment. On that date, Princeton no longer possessed interests in the note payable agreement as the note payable agreement functionally ceased to exist. There was therefore no longer any note payable agreement between the Parties which could be assigned by Princeton to Paul's newly formed Phoenix Lending. The purported assignment of the note payable agreement constitutes a legal nullity. And in fact, Appellants conceded to the Dallas Bankruptcy Court that "the judgment and the note are not severable. The judgment is the memorialization of the obligations and the litigation related to the note. So it's all part of the same." 59

## B. Phoenix Lending is merely a shell company owned and controlled by Nate Paul, created two days before signing the settlement agreement.

A party cannot manufacture legal standing by suing itself and demanding a trial, then an appeal, aiming to obtain self-serving advisory opinions. Consequently, a second barrier to the settlement agreement's purported assignment of Princeton's note payable

Great Value Storage, LLC, et al., v. Princeton Capital Corp., No. 01-21-00284-CV Receiver's Reply to Appellants' Response to Court's March 30, 2023 Order

a judgment thereon ... her note and deed of trust lien were merged into the first judgment."); *Standard Sav. & Loan Ass'n v. Miller*, 114 S.W.2d 1201, 1208 (Tex. Civ. App.—Fort Worth 1938, no writ.) ("Plaintiffs' original right for personal judgment on the note executed by them, and for foreclosure of the mortgage given to secure the same, were all merged in the judgment.").

59 *See* Exhibit 4, Sheena Paul Depo. at 63:24-25, 64:1-3.

agreement is that it would put the owner of both the Appellee and the Appellants on both sides of the appeal and the district court action. The newly minted "Phoenix Lending" is yet another Paul and World Class entity, created by Mr. Paul,<sup>60</sup> for the purpose of using the reserved funds of the Reorganized Debtors (that is, the sixteen Paul controlled entities in the chapter 11 bankruptcy in the Northern District of Texas) in an attempt to "purchase" the judgment.<sup>61</sup> The newly formed entity is owned exclusively by Mr. Paul, who is the president and sole member.<sup>62</sup> A Houston attorney named Mickey Altman is the only other officer and was given the title of vice president by Mr. Paul.<sup>63</sup>

Bank records obtained by the Receiver, however, reveal that Mr. Altman was paid at least \$87,721.51 out of the accounts of World Class Holding Company, LLC and World Class Holdings, LLC between January 1, 2022, and May 10, 2022.<sup>64</sup> Mr. Altman has an

<sup>&</sup>lt;sup>60</sup> Ms. Sheena Paul, attorney and Nate Paul's sister, testified that Phoenix was formed on August 31, 2022, nine days before Ms. Paul's deposition, by Appellants' attorney Brian Elliot at the request of either she or her brother, Mr. Nate Paul. *See* Ms. Sheena Paul Depo., at p. 24, **Exhibit 4.** 

<sup>&</sup>lt;sup>61</sup> Phoenix was formed August 31, 2022, by Mr. Brian Elliot, a long-time lawyer for Natin Paul, on behalf of a Natin Paul employee or independent contractor known as Mickey Altman, a Houston attorney. Mickey Altman is shown on ZoomInfo as currently employed by World Class Capital Group, LLC in New York. Mickey Altman signed as corporate officer for Phoenix Lending. *See* Amended Settlement Agreement, at p. 62, **Exhibit 1**.

<sup>&</sup>lt;sup>62</sup> Paul is designated as president of the newly formed entity and the only member of the LLC. Sheena Paul Depo. at 24:21–25, 25:1-2, **Exhibit 4.** 

<sup>63</sup> See Amended Settlement Agreement, at p. 62, **Exhibit 1**; see also Sheena Paul Depo. at 24:5–25:2, **Exhibit 4**. Defendants' and purchaser's counsel instructed Ms. Paul not to answer any questions about Mr. Altman's prior business relationship with any of the World Class entities. Sheena Paul Depo. at 25:3–27:6.

<sup>&</sup>lt;sup>64</sup> Receiver's Objection to Emergency Motion [to Settlement Agreement], filed in Dallas Bankruptcy Case, at Doc. No. 1403, p. 6 (Sep. 12, 2022).

agency relationship of some type for or under Mr. Paul. Perhaps more importantly, Ms. Sheena Paul admitted that Mr. Altman did not participate at all in the negotiation of the settlement agreement (which was signed two days after Phoenix was formed) but merely signed it on behalf of Phoenix at Mr. Paul's direction.<sup>65</sup>

If a defendant in a lawsuit were permitted to purchase a note payable against himself and continue litigation, he would wind up owing himself, then suing himself. Through the merger doctrine, the merger of a note payable agreement into a court's final judgment eliminates this contradiction.<sup>66</sup>

Applying the merger doctrine, when Phoenix Lending (the "assignee") putatively acquired the judgment through an assignment from Princeton Capital, the essential qualities of the judgment creditor (now, Phoenix, controlled by Mr. Paul) and the judgment debtors (World Class Capital Group, LLC and Great Value Storage, LLC, also controlled by Mr. Paul) became united in the same individual and entity (Nate Paul and World Class). But the merger doctrine prohibits such a contrivance. First, Princeton's note payable agreement merged into the district court's March 4, 2021 judgment, thereby becoming a legal nullity and ceasing to be anything that Princeton

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<sup>&</sup>lt;sup>65</sup> **Exhibit 4**, Sheena Paul Depo. at 30:9–31:4; 33:3-6.

<sup>&</sup>lt;sup>66</sup> Although from another jurisdiction, a decision with similar facts is *Access Realty Grp.*, *Inc. v. Kane*, 2019 IL App (1st) 180173 (Sept. 13, 2019) (Merger doctrine applies when judgment creditor's judgment is later acquired by entity whose sole shareholder owes a debt to judgment debtor).

could assign to anyone. Second, even applying Appellant's logic, the Appellants now owe themselves, as creditor and debtor, on a fully satisfied judgment. The merger doctrine eliminates both of these contradictions.

### C. The shell company, Phoenix Lending, has suffered no injury.

The newly formed front company, Phoenix Lending, has suffered no injury. Nullification by operation of the merger doctrine leaves zero dollars for Phoenix to collect. Quoting *DaimlerChrysler v. Inman*, this Court has recently explained:

First, we look at the plaintiff's alleged injury. The plaintiff must be personally injured, meaning they must plead facts that show they, not a third party, suffered an injury. . . . see Tex. Const. art. I, § 13. The injury 'must be concrete and particularized, actual or imminent, [and] not hypothetical.'

Even assuming Princeton "assigned" something to Phoenix, the value of the object of the assignment is zero. In other words, Phoenix is owed nothing because the assignee—Princeton—was paid in full.

Consequently, the proper course of action is for this Court to dismiss this appeal for lack of subject matter jurisdiction. Princeton will still be entitled to keep the \$11.37 million in full satisfaction of the Court's judgment. And in fact, Princeton distributed

<sup>&</sup>lt;sup>67</sup> Polo Meadow Tr. v. Walden on Lake Hous. Cmty. Servs. Ass'n, No. 01-21-00258-CV, 2022 Tex. App. LEXIS 6141, \*4 (Tex. App.—Houston [1st Dist.] Aug. 23, 2022, no pet. h.) (Quoting 252 S.W.3d 299, 304-05 (Tex.) (citations omitted).

this money to its shareholders last December by declaring a special dividend.<sup>68</sup> In sum, this appeal is even more moot now than it was last year.

### IV. THIS COURT HAS NO JURISDICTION TO CONSIDER AN APPEAL PROSECUTED BY PHOENIX RATHER THAN PRINCETON.

A party generally has standing to appeal a judgment only if the party is aggrieved by the judgment.<sup>69</sup> If Phoenix were permitted to accede to the position of appellee that Princeton has occupied since September 2021—when Appellants filed their notice of appeal—from whom is Phoenix asking to collect? From two defunct companies wholly owned by the same person who wholly owns Phoenix?<sup>70</sup>

This Court most fully explained standing on appeal in the case of Nephrology

Leaders & Assocs. v. Am. Renal Assocs. LLC:71

<sup>&</sup>lt;sup>68</sup> Princeton Capital Corp, Annual Report, Form 10-K, Filed 03/30/23 for the Period Ending 12/31/22, Securities and Exchange Commission (Wash. D.C.) at 1, 22 (signed by Mr. Mark S. DiSalvo, Interim Chief Executive Officer) ("For the fiscal year ended December 31, 2022, the Company declared and paid a cash dividend of \$0.075 per share of common stock on or about December 1, 2022 to stockholders of record as of the close of business on November 21, 2022.") The report is available at: <a href="https://ir.princetoncapitalcorp.com/all-sec-filings#document-689-0001213900-23-024619">https://ir.princetoncapitalcorp.com/all-sec-filings#document-689-0001213900-23-024619</a>.

<sup>&</sup>lt;sup>69</sup> Pike v. Tex. EMC Mgmt., LLC, 610 S.W.3d 763, 775 (Tex. 2020).

<sup>&</sup>lt;sup>70</sup> On November 15, 2021, Appellant Great Value Storage, LLC ("GVS") filed the affidavit of Barbie Lee, "bookkeeper," who testified that GVS is insolvent. *See GVS Letter*, Nov. 15, 2021, No. 01-21-00284-CV, Exhibit 1, Declaration of Barbie Lee. On December 31, 2021, Appellants GVS and World Class Capital Group, LLC ("WCCG") filed affidavits of Ms. Lee and Mr. Paul, who testified that GVS and WCCG are defunct, owning nothing but debts and old furniture. *See* Appellants' *Interim Status Report*, No. 01-21-00284-CV (Dec. 31, 2021), Exhibits H, J and K, *Declarations of Barbie Lee and Natin Paul.* On April 18, 2022, however, Receiver explained why GVS and WCCG no longer have assets, documenting that Paul misappropriated more than \$87 million from WCCG and \$9 million from GVS. *See Brief of the Receiver*, No. 01-21-00284-CV (Apr. 18, 2022). <sup>71</sup> 573 S.W.3d 912, 914 (Tex. App.—Houston [1st Dist.] 2019, no pet.).

In determining whether an appellant has standing, a party's status in the trial court is not controlling. *Tex. Quarter Horse*, 496 S.W.3d at 184. The 'ultimate inquiry is whether the appellant possesses a justiciable interest in obtaining relief from the lower court's judgment.' *Id. (citing Torrington*, 46 S.W.3d at 843-44 (appellate standing requires party's own interests prejudiced by alleged error)). Specifically, to have standing, an appellant must be personally aggrieved, meaning 'his alleged injury must be concrete and particularized, actual or imminent, not hypothetical.' *Fin. Comm'n of Tex. v. Norwood*, 418 S.W.3d 566, 580 (Tex. 2013).

"Because Nephrology lacks standing to bring this appeal, we dismiss it for want of subject-matter jurisdiction."<sup>72</sup>

Having paid the full value of Hon. Judge Hall's March 2021 judgment, is one to assume GVS now wishes to pay \$11.37 million a second time, to its wholly owned sibling company, Phoenix? And further, is one to assume Phoenix also now wishes to adopt Princeton's June 1, 2022 oral arguments to this Court that a Receiver should go seize GVS's and WCCG's assets and transfers to satisfy the March 2021 judgment?

Of course not. "Thus, an appellate court lacks jurisdiction to review a ruling appealed by a party without standing." Unless this Court dismisses for lack of jurisdiction, the next motion from Phoenix will be to strike the Appellee's November 29, 2021 Brief filed by Princeton, then file a substitute brief opposing the receivership

<sup>&</sup>lt;sup>72</sup> *Id.* at 917 (also noting "it does not follow that we disregard the Texas Constitution's standing requirements of injury and redressability.").

<sup>&</sup>lt;sup>73</sup> Kenneth D. Eichner, P.C. v. Dominguez, No. 14-18-00399-CV, 2022 Tex. App. LEXIS 897, \*18 (Tex. App.—Houston [14th Dist.] Feb. 8, 2022, pet. denied).

originally sought by Princeton, and then ask this Court to re-argue the appeal this Court heard June 1, 2022,<sup>74</sup> asking now to undo the receivership. Phoenix will seek to flip what Princeton told this Court about the value and necessity of the Receiver. Princeton fought tooth and nail for Receiver—in opposition to Appellants' motions to stay the receivership in the Fall of 2021, again in Princeton's appellate brief, again at oral argument on June 1, 2022, and yet again in its June 10, 2022 post-argument submission—73 days before signing the Settlement Term Sheet:

This Court should deny Appellants' Rule 29.3 motion to suspend the Receivership. Appellants claim that the Receiver is exceeding its authority, yet refuse to raise any purported issues directly with the trial court or produce any documents that would substantiate the ownership of the various World Class assets that the Receiver is attempting to collect. . . . There is no good cause to suspend the Receivership."<sup>75</sup>

"[]Appellants [Nate Paul] are unhappy that *the Receiver is, in fact, acting pursuant to his authority to secure the judgment debtors' assets.* . . . This Court's close attention to Appellants' actions in this regard is important and Princeton looks forward to the opportunity to fully brief the legal and factual merits supporting trial court's entry of the Receivership Order and the necessity for such order, should Appellants ultimately file an appellate brief on this issue." <sup>76</sup>

"There is an *emergency need for the Receiver* to take action to prevent Appellants from contributing to removing assets outside of the reach of

<sup>&</sup>lt;sup>74</sup> See Oral Args., June 1, 2022, no. 01-21-00284-CV.

<sup>&</sup>lt;sup>75</sup> Appellee Princeton Capital Corp. Letter Response to Appellee's June 3, 2022 Post-Argument Letter at 6, No. 1-21-00284-CV (June 10, 2022) (emphasis "any documents" in original; other emphases added).

<sup>&</sup>lt;sup>76</sup> Appellee Princeton Capital Corp. Brf., at 48-49, No. 1-21-00284-CV (Nov. 29, 2021) (emphasis added).

the properly-appointed Receiver, and of Princeton Capital Corporation ("Princeton") as the judgment creditor."<sup>77</sup>

"All parties are best protected during this appeal with the turnover Order securely in place and the contested assets *under careful oversight of the court-appointed Receiver*." 78

"Respectfully, Princeton has experienced much of the same pattern of behavior from Appellants in this dispute and shares the same concern that Appellants' assets will be lost, removed, or materially injured *if not protected by the trial court's Order appointing the Receiver.*" <sup>79</sup>

"As set out in the Receiver's Opposition to Appellants' Motion to Stay, *the Receiver already located non-exempt assets* of the judgment debtors that are available to satisfy the judgment, and which Appellants had failed to disclose in response to any discovery requests and the trial court's Order."

"Allowing the Receiver to secure the Appellants' assets during the pendency of the appeal is the only way to ensure that any assets that remain are not improperly transferred out of the companies to avoid the judgment."

"Last, despite the significant obstacles created by the Judgment Debtors, the Receiver has developed a factual record showing that Debtors have misrepresented information about assets and engaged in fraudulent transfers of funds and properties to avoid the liability to Princeton and others. The Receiver's work is sorely needed to shine the light on what has occurred and unwind the complex financial transactions in order to secure Princeton's judgment from the Debtors' fraud."82

<sup>&</sup>lt;sup>77</sup> Appellee Princeton Letter to Court of Appeals Clerk, at 1, No. 1-21-00284-CV (Oct. 15, 2021) (emphasis added).

<sup>&</sup>lt;sup>78</sup> Princeton's Opposition to Appellants' Emergency Motion to Stay Appointment of Receiver, at 3, No. 1-21-00284-CV (Oct. 13, 2021) (emphasis added).

<sup>&</sup>lt;sup>79</sup> *Ibid* at 9 (emphasis added).

<sup>&</sup>lt;sup>80</sup> *Ibid* at 15 (emphasis added).

<sup>81</sup> Ibid at 20-21 (emphasis added).

<sup>82</sup> Appellee's Response to Appellant's Supplemental Brief Regarding Interlocutory Appeal of

"[T]he Receiver is taking steps to locate valuable real estate assets that the Debtors' own and that are housed within wholly-owned subsidiary entities."83

"There is an emergency need for the Receiver to take action to prevent Appellants from contributing to removing assets outside of the reach of the properly-appointed Receiver, and of Princeton as the judgment creditor. Part of what the Receiver is authorized to do is take control of the judgment debtors' business to ensure that assets that should be available to satisfy the judgment are not depleted or fraudulently transferred away from the debtor entity. . . Princeton respectfully requests that the Court withdraw the October 26, 2021 Order temporarily granting the motion to stay, and reinstate the Receivership with the authority granted by the trial court's September 8, 2021 Order.84

This Court should not permit the subterfuge that Appellants seek.

#### V. THE COURT LACKS SUBJECT MATTER JURISDICTION OVER THIS APPEAL.

For these reasons, therefore, Appellants' contentions are without merit. The Court should dismiss this appeal for want of subject matter jurisdiction for the reasons set forth by the Court.

Upon dismissal of this appeal, Receiver will request the district court to sign two proposed orders by Receiver—previously filed, with copies to all counsel. Approval of these orders will: (1) approve payment of the receivership fees currently held on reserve

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Receiver Order, at 15, No. 1-21-00284-CV (Apr. 15, 2021) (emphasis added).

<sup>83</sup> *Ibid* at 21 (emphasis added).

<sup>&</sup>lt;sup>84</sup> Appellee Princeton Capital Corp. Letter to Court, at 5, No. 1-21-00284-CV (Nov. 16, 2021) (emphases added).

by the Dallas Bankruptcy Court, in accordance with the terms set by the 165th District

Court in its September 8, 2021 Receivership Order, without objection by Appellants, thus

waived, 85 and (2) dismiss the Appellants' remaining lawsuit against Receiver.

As an aside, there is a related pending suit on these same issues by two Appellant-

controlled entities against Receiver. The suit, Harris County district court cause number

2021-77945, was transferred to the 133rd District Court. Receiver's Rule 91a motion to

dismiss, filed December 27, 2021, is pending. Disposing of both cause 2021-77945, and

the primary cause 2019-18855, would be appropriate, thereby resolving all matters

before the district court.

If Appellants nevertheless persist in their settlement agreement assignment

arguments, Receiver will also ask the district court to approve the \$11.37 million

settlement agreement after eliminating the two unnecessary assignment provisions which

violate Texas law.

Respectfully submitted this 10 day of April

2023,

Seth Kretzer

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85 Tex. R. App. P. 33.1(a); Fed. Deposit Ins. Corp. v. Lenk, 361 S.W.3d 602, 604 (Tex. 2012).

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email: jamesvolberding@gmail.com

ATTORNEY FOR RECEIVER

### **CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of this document has been delivered this April 10, 2023 (by court electronic filing only) to all counsel of record for Appellants and Appellee.

James W. Volberding

### JAMES W. VOLBERDING

#### **CERTIFICATE OF COMPLIANCE**

As required by Texas Rule of Appellate Procedure 9.4, I certify that the number of words in this pleading is 7,788, measured from page one through the conclusion, according to Word. This pleading was prepared with Microsoft Word for Apple, version 16.51.

James W. Volberding

JAMES W. VOLBERDING



#### Exhibit 1

#### **Executed Settlement Term Sheet**

Note to Court and Parties: To facilitate review, the August 22, 2022 Settlement Term Sheet is presented first, followed by the file-marked August 27, 2022 motion to which the Settlement Term Sheet was attached. The highlights of selected text are by Receiver. Following the motion, Receiver presents the September 20, 2022 Bankruptcy Court Order, containing the Parties' September 20, 2022 Amended Settlement Agreement ("Amended and Restated Settlement, Assignment and Acceptance Agreement"). The two documents together form the total of the Parties' executed Amended Settlement Agreement.

Settlement Term Sheet between Debtors in *In re GVS Texas Holdings I, LLC* in the United States Bankruptcy Court for the Northern District of Texas -Dallas Division Case No. 21-31121-MVL (the "GVSH Case") and World Class Holdings I, LLC, (such parties collectively referred to as the "Great Value Parties"), on the one hand, and Princeton Capital Corporation ("Princeton"), on the other (the "Parties").

The Great Value Parties and Princeton will enter into a written settlement agreement (the "Settlement Agreement") consistent with, and including, the following terms:

- 1. \$11,372,698.89 (the "Settlement Amount") of GVSH funds currently held in reserve for Princeton in *In re GVS Texas Holdings I, LLC* in the United States Bankruptcy Court for the Northern District of Texas -Dallas Division Case No. 21-31121-MVL (the "Princeton Reserve") will be used to fund the settlement of the judgment in favor of Princeton in *Princeton Capital Corporation vs Great Value Storage LLC, et al* pending in the 165<sup>th</sup> District Court of Harris County, Texas, case no. 2019-18855 (the "Princeton Judgment"), subject to the satisfaction of all conditions below.<sup>1</sup>
- 2. This Agreement, the execution of which shall occur no later than 2 p.m. CDT, Monday, August 22, 2022, is conditioned upon the execution of the Settlement Agreement and the entry of an order (the "Order") by the United States Bankruptcy Court for the Northern District of Texas (the "Bankruptcy Court") approving the Settlement Agreement.<sup>2</sup> The Parties agree to jointly seek approval on an expedited basis. If the bankruptcy court denies the requested relief, the Agreement will become void and of no effect.
- 3. The Order must authorize the release of the Settlement Amount from the Princeton Reserve and direct the title company holding the Princeton Reserve to release such funds upon entry of the Order. After entry of the Order, the Settlement Amount shall be immediately released from the Princeton Reserve to Princeton in accordance with any instructions in the Order and any balance in the Princeton reserve shall be released to WCHI. As part of the Settlement Agreement, the Parties shall draft written escrow instructions (the "Escrow Instructions") addressed to the title company holding the Princeton Reserve indicating how the Settlement Amount shall be released. The Escrow Instructions shall be included in the Order.
- 4. Following the release of the Settlement Amount to Princeton in accordance with the Order, Princeton agrees to file a motion (the "Princeton Receiver Termination Motion") in *Princeton Capital Corporation vs Great Value Storage LLC, et al* pending in the 165<sup>th</sup> District Court of Harris County, Texas, case no. 2019-18855 (the "Princeton Lawsuit") seeking the immediate termination of the order appointing Seth Kretzer as Receiver (the

<sup>&</sup>lt;sup>1</sup> The Parties shall, in good faith, negotiate with each other, before closing, the terms of a Note Purchase Agreement under which the WCHI or Great Value parties will purchase the Princeton Note, subject to indemnification of Princeton agreeable to all parties. However, if no such agreement is reached, the transactions described in this Settlement Term Sheet will close as currently contemplated in this Settlement Term Sheet.

<sup>&</sup>lt;sup>2</sup> Except that paragraphs 5 and 6 shall be enforceable upon execution of this Settlement Term Sheet.

"Receivership Order"), and the receivership in accordance with Texas state law and a determination of the amounts to be paid to Seth Kretzer (the "Receiver") if any under the

determination of the amounts to be paid to Seth Kretzer (the "Receiver"), if any, under the Receivership Order. Nothing herein or the Order shall prevent the World Class Entities, defined below, from opposing any payments to Kretzer. Princeton agrees to litigate such motion in good faith and on an expedited basis. Unless compelled to do so by the court, Princeton agrees it will make no statement regarding the amount of fees to be awarded. Further, for the avoidance of doubt, the failure of the court that appointed the Receiver to act quickly on the request to terminate the receivership shall not constitute a default under this Agreement.

- 5. Upon the execution of this Settlement Term Sheet, the Parties agree to file a motion in the GVSH Case (and any cases in which there is a pending claim for Princeton's judgment and for which notice of such request is provided by one of the Great Value Parties) seeking a temporary abatement of the adversary proceeding between them during the pendency of the bankruptcy court's review and approval of the Settlement Agreement.
- 6. Princeton agrees to have its counsel support motions by World Class Entities to temporarily abate all pending discovery in connection with the Receiver's claims in the bankruptcy cases of World Class Entities pending in the Bankruptcy Court for the Western District of Texas and make a representation at the August 22, 2022 hearing before Judge Davis confirming that the Parties have executed a Settlement Term Sheet which is subject to the execution of a formal settlement agreement and the approval of the Bankruptcy Court for the Northern District of Texas, and the funding of the settlement, and that Princeton supports temporary abatement of the pending actions and discovery until the Closing of this settlement and the funding of the Settlement Amount to Princeton.
- 7. The Settlement Amount can only be funded upon delivery of the Order and Escrow Instructions jointly by Princeton and WCHI to the title company holding the Princeton Reserve, along with a certified copy of the Order approving the Settlement Agreement.
- 8. After the title company holding the Princeton Reserve has received the Order and Escrow Instructions from Princeton, the following will occur at closing ("Closing"):
  - a. Princeton will be paid the Settlement Amount from the Princeton Reserve.
  - b. The balance of the Princeton Reserve will be paid to WCHI.
  - c. Princeton will dismiss its adversary proceeding with prejudice and withdraw its claims in GVSH case and cease all further collection actions on those claims.
  - d. The mutual releases described in paragraph 10 will become effective.
- 9. After the Closing and Princeton's receipt of the Settlement Amount, Princeton will support the Judgment Debtors (World Class Capital Group LLC and Great Value Storage LLC), the Great Value Parties and any related or affiliated entities (collectively the "World Class Entities") in their efforts to abate all actions by the Receiver, including all discovery in all actions, to obtain the withdrawal of all the Receiver's proofs of claims, to compel the Receiver to cease exercising authority over all World Class Entities, to stop or reverse the Receiver's dismissals of lawsuits on behalf of World Class Entities and to compel the Receiver to return properties and money taken or transferred by the Receiver purportedly

in connection with the Receiver's collection of the Princeton Judgment. The term "support" as used in this paragraph shall be limited to jointly filing pleadings seeking such relief with the appropriate World Class Entities and attending hearings on such pleadings to announce its support of the relief sought. Princeton reserves all rights to review, revise, or reject any pleading to which its name will be attached as a movant. If the parties cannot agree on the form of a pleading, the World Class Entities are not entitled to invoke Princeton's name as a movant on such pleading.

- 10. The Settlement Agreement will include mutual releases between Princeton, its borrowers, Nate Paul, and all entities owned, affiliated, or managed by Nate Paul, including but not limited to all World Class Entities and all Great Value Entities, including those named as defendants in the Princeton adversary proceeding, but not the Receiver or his agents, attorneys, or representatives. However, such releases will only become effective when Princeton has received the Settlement Amount.
- 11. This Term Sheet reflects the entire agreement of the Parties and shall be effectuated subject to Bankruptcy Court approval of the Settlement Agreement.

[Signature Page Follows]

The foregoing is agreed to by the Parties as of August 22, 2022.

**Princeton Capital Corporation** 

GVS Texas Holdings I, LLC and its related entities

15/2/ax

World Class Holdings I, LLC

[Signature Page to the Settlement Term Sheet by and among Princeton Capital Corporation and the Great Value Parties (as defined herein)]

Τŀ	ie i	foregoing	is agreed	d to by t	he Parties	as of August	22, 2022.
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Princeton Capital Corporation

GVS Texas Holdings I, LLC and its related entities

NAPO

World Class Holdings I, LLC

NAPO

[Signature Page to the Settlement Term Sheet by and among Princeton Capital Corporation and the Great Value Parties (as defined herein)]

## Exhibit 2

**Escrow Instructions** 



, 2022

#### VIA HAND DELIVERY

Fidelity National Title Insurance Company Attn: Larry Boes 485 Lexington Ave., 18th Floor New York, New York 10017 Larry.Boes@fnf.com

> Title No. 58349 (In re Great Value Storage) – Disbursement Instruction Letter Re: **Regarding Princeton Reserve**

Mr. Boes:

As you may be aware, Ross & Smith, PC ("R&S") is counsel for Princeton Capital Corporation ("Princeton") and Squire Patton Boggs (US) LLP ("Squire") is counsel for World Class Holdings I, LLC ("WCH"), 36 non-debtor defendants (collectively, the "Non-Debtor Defendants") in the case styled Princeton Capital Corporation v. GVS Texas Holdings I, LLC, et al., Adv. Case No. 22-03043 (Bankr. N.D. Tex. 2022) (the "Princeton Proceeding"), and the fifteen reorganized debtors (collectively, the "Reorganized Debtors" and together with WCH and the Non-Debtor Defendants, the "World Class Entities") in chapter 11 bankruptcy proceedings in the United States Bankruptcy Court for the Northern District of Texas (the "Bankruptcy Court"), which cases are pending as In re GVS Texas Holdings I, LLC, et al., main Case No. 21-31121-MVL (Bankr. N.D. Tex. 2021) (the "Bankruptcy Cases").

Pursuant to Paragraphs 3 and 4 of the Order Granting Emergency Motion Pursuant to Bankruptcy Rule 9019 for Entry of an Order Approving a Settlement and Compromise between Princeton Capital Corporation and the Reorganized Debtors [AP Docket No. ] (the "Settlement Order") entered in the Princeton Proceeding, and Paragraph 4(b) of the Order Granting World Class Holdings I, LLC's Motion to Confirm Reinstatement of Natin Paul as Sole Officer of the Reorganized Debtors [Docket No. 1329] (the "Reinstatement Order") entered in the Bankruptcy Cases, Fidelity National Title Insurance Company (the "Title Company") must disburse the \$15 million being held by the Title Company (the "Princeton Reserve") on account of certain claims held by Princeton against certain of the World Class Entities in accordance with the instructions contained in this letter (the "Escrow Instructions"), a substantially identical copy of which is attached as Exhibit 2 to the Settlement Order.

Page 2 of 3

A certified copy of the Settlement Order is physically attached to this letter as <u>Exhibit A</u>. A certified copy of the Reinstatement Order is physically attached to this letter as <u>Exhibit B</u>.

In addition to being approved by the Bankruptcy Court, the Escrow Instructions have been jointly drafted by counsel for Princeton and the World Class Entities. Lawyers from both R&S and Squire have signed the Escrow Instructions, as directed by the Bankruptcy Court.

As further directed by the Bankruptcy Court via the Settlement Order and Reinstatement Order, the Escrow Instructions hereby direct the Title Company to perform the following:

The Title Company is directed to disburse the following amounts of the Princeton Reserve by wire transfer to Princeton, on one hand, and Horizon Bank (the "1031 Agent"), on the other hand, from Account No. \*\*\*\*\*\*1018 (the "Princeton Reserve Account") no later than one (1) business day after receiving the Escrow Instructions from counsel for Princeton via hand delivery, in accordance with paragraph 4 of the Settlement Order:

1.	Princeton: \$11,372,698.89; and
2.	1031 Agent: \$[]. <sup>1</sup>

Immediately upon receipt of the hand delivered Escrow Instructions from counsel for Princeton, the Title Company shall notify counsel for Princeton and the World Class Entities that the hand delivered Escrow Instructions comply with paragraph 4 of the Settlement Order. Counsel for Princeton and the World Class Entities, on behalf of the 1031 Agent, shall then immediately provide the Title Company with their respective wire instructions in separate emails, along with a phone number that the Title Company shall call to confirm the wire instructions for Princeton and 1031 Agent, respectively, before making any disbursements from the Princeton Reserve.

Neither R&S nor Squire will be confirming those wire transfer instructions by telephone, however, I am counsel of record in the Bankruptcy Court for Princeton and am available to confirm the authenticity of this correspondence by telephone at (214-377-8659). Likewise, counsel of record in the Bankruptcy Court for the World Class Entities, Jeffrey N. Rothleder, is available to confirm the authenticity of this correspondence by telephone at (202-457-6462).

Sincerely,

/s/ DRAFT

Judith W. Ross

Partner, Ross & Smith, PC

Counsel for Princeton Capital Corporation

-and-

Plaza of the Americas 700 N. Pearl Street Suite 1610 Dallas, TX 75201 main 214.377.7879 fax 214.377.9409 judithwross.com

<sup>&</sup>lt;sup>1</sup> The funds that remain in the Princeton Reserve following the initial disbursement directed herein, \$[\_\_\_\_] shall be held by the Title Company and shall be disbursed only upon submission thereto of joint written instructions executed by counsel for Princeton and the World Class Entities, approved by a future order of the bankruptcy court.

Page 3 of 3

/s/ DRAFT

Jeffrey N. Rothleder
Partner, Squire Patton Boggs (US) LLP
Counsel for the World Class Entities

Judith W. Ross State Bar No. 21010670 Jessica L. Voyce Lewis` State Bar No. 24060956 ROSS & SMITH, PC 700 N. Pearl Street, Suite 1610

Dallas, TX 75201 Phone: 214-377-7879 Fax: 214-377-9409

Email: judith.ross@judithwross.com Email: jessica.lewis@judithwross.com

COUNSEL FOR PRINCETON CAPITAL CORPORATION

## UNITED STATES BANKRUPTCY COURT FOR THE NORTHERN DISTRICT OF TEXAS DALLAS DIVISION

In re: Chapter 11

GVS TEXAS HOLDINGS I, LLC, et al. Case No. 21-31121-MVL

Reorganized Debtors. (Jointly Administered)

EMERGENCY MOTION PURSUANT
TO BANKRUPTCY RULE 9019 FOR ENTRY OF AN
ORDER APPROVING A SETTLEMENT AND COMPROMISE BETWEEN
PRINCETON CAPITAL CORPORATION AND THE REORGANIZED DEBTORS

AN EXPEDITED HEARING HAS BEEN REQUESTED ON THIS MATTER. IF YOU OBJECT TO THE RELIEF REQUESTED, YOU MUST RESPOND IN WRITING, SPECIFICALLY ANSWERING EACH PARAGRAPH OF THIS PLEADING. UNLESS OTHERWISE DIRECTED BY THE COURT, YOU MUST FILE YOUR RESPONSE WITH THE CLERK OF THE BANKRUPTCY COURT PRIOR TO THE HEARING DATE. YOU MUST SERVE A COPY OF YOUR RESPONSE ON THE PERSON WHO SENT YOU THIS EMERGENCY MOTION; OTHERWISE, THE COURT MAY TREAT THE PLEADING AS UNOPPOSED AND GRANT THE RELIEF REQUESTED.

<sup>&</sup>lt;sup>1</sup> The Reorganized Debtors in these chapter 11 cases, along with the last four digits of each Reorganized Debtor's federal tax identification number, as applicable, are: GVS Texas Holdings I, LLC (7458); GVS Texas Holdings II, LLC (1225); GVS Portfolio I, LLC (6441); GVS Portfolio I B, LLC (7171); GVS Portfolio I C, LLC (3093); WC Mississippi Storage Portfolio I, LLC (0423); GVS Nevada Holdings I, LLC (4849); GVS Ohio Holdings I, LLC (6449); GVS Missouri Holdings I, LLC (5452); GVS New York Holdings I, LLC (5858); GVS Indiana Holdings I, LLC (3929); GVS Tennessee Holdings I, LLC (5909); GVS Ohio Holdings II, LLC (2376); GVS Illinois Holdings I, LLC (9944); and GVS Colorado Holdings I, LLC (0408). The location of the Reorganized Debtors' service address is: 814 Lavaca Street, Austin, Texas 78701.

Princeton Capital Corporation ("Princeton") files this Emergency Motion Pursuant to Bankruptcy Rule 9019 for Entry of an Order Approving a Settlement and Compromise Between Princeton Capital Corporation and the Reorganized Debtors (the "Emergency Motion"), and hereby moves for entry of two orders: one substantially in the form attached hereto as Exhibit A (the "Proposed Order"), approving (a) that certain forthcoming settlement agreement<sup>2</sup> (the "Settlement Agreement") by and among Princeton, the above-captioned reorganized debtors (the "Reorganized Debtors"), the 36 Non-Debtor Defendants<sup>3</sup> in *Princeton Capital Corp. v. GVS Texas* Holdings I, LLC, Adv. Case No. 22-03043 (Bankr. N.D. Tex. 2022) (the "Adversary Proceeding"), and World Class Holdings I, LLC ("WCH" and together with the Reorganized Debtors and Non-Debtor Defendants, the "Defendants") (collectively, Princeton and the Defendants shall be referred to herein as the "Parties"), and (b) the escrow instructions letter<sup>4</sup> (the "Escrow Instructions") drafted by Princeton directing Fidelity National Title Insurance Company (the "Title Company") to disburse the \$15 million being held in Account No. \*\*\*\*\*1018 by the Title Company (the "Princeton Reserve"); and an order substantially in the form attached hereto as Exhibit B (the "Order of Dismissal"), dismissing the Adversary Proceeding after entry of the Proposed Order. In support of the Emergency Motion, Princeton respectfully states as follows:

<sup>&</sup>lt;sup>2</sup> The executed Settlement Term Sheet (as defined below) is attached to the Proposed Order as <u>Exhibit 1</u>. The Settlement Term Sheet serves as the basis for the forthcoming Settlement Agreement, which has not yet been finalized by the Parties. The final form of the Settlement Agreement will be provided to the Court as soon as practicable.

<sup>&</sup>lt;sup>3</sup> "Non-Debtor Defendants" means, collectively, World Class Capital Group, LLC; Natin Paul; Sheena Paul; Barbara Lee; Jason Rogers; WC Ohio Storage Portfolio I, LP; WC Texas Storage Portfolio I, LP; WC Texas Storage Portfolio I, LP; WC Ohio Storage Portfolio II GP, LLC; WC Ohio Storage Portfolio II TIC, LLC; WC Ohio Storage Portfolio II Equity, LLC; WC Texas Storage Portfolio III MM, LLC; WC Mississippi Storage Portfolio I MM, LLC; WC Illinois Storage Portfolio I, LLC; WC Illinois Storage Portfolio TIC, LLC; WC 4641 Production MM, LLC; WC New York Storage Portfolio I, LLC; WC 4641 Production, LLC; WC TSPIGP, LLC; WC Texas Storage Portfolio III, LP; WC Texas Storage Portfolio III Property, LLC; WC Texas Storage Portfolio III, LLC; WC San Benito Storage, LP; WC San Benito GP, LLC; WC Memphis Storage GP, LLC; WC Memphis Storage II GP, LLC; WC Las Vegas Storage, LP; WC Kansas City Storage, LP; WC Las Vegas Storage GP, LLC; World Class Real Estate LLC; WC Memphis Storage, LP; WC 7116 S IH 35, L.P.; WC 10013 RR 620 N, LP; WC 13825 FM 306, L.P.; and WC Kansas City Storage GP, LLP.

<sup>&</sup>lt;sup>4</sup> The Escrow Instructions proposed by Princeton are attached to the Proposed Order as Exhibit 2.

Case 21-31121-mvl11 Doc 1358 Filed 08/27/22 Entered 08/27/22 00:11:41 Desc Main Document Page 3 of 17

## PRELIMINARY STATEMENT

- 1. For nearly a decade, the Defendants have disputed whether Princeton is entitled to a pecuniary recovery against certain entities indirectly owned by Natin Paul. Although Princeton is confident that it will prevail, the Parties have agreed that the time has come to settle the various claims and grant one another mutual releases. The Settlement Agreement is a testament to the Parties' determination and discipline to put aside their differences and negotiate a mutually agreeable settlement.
- 2. The Settlement Agreement is a clear success for the Defendants and WCH because it reflects the resolution of one of the last remaining disputes before this Court related to these chapter 11 cases, while also permitting Princeton to obtain a recovery without the need for any further litigation. Not only does the Settlement Agreement result in the direct resolution of the Adversary Proceeding, but it also provides finality with respect to Princeton's proofs of claim filed in these cases against the Reorganized Debtors, while also providing a significant recovery to the Reorganized Debtors and equity holder.
- 3. As detailed herein, the settlement provides that Princeton will be paid \$11,372,698.89 from the Princeton Reserve (the "Settlement Amount") in exchange for a full mutual release of the settling Defendants, including the Reorganized Debtors and WCH. In reaching this Settlement Agreement, the Parties, after good faith and hard-fought negotiations, agreed to terms that will obviate the need for the Reorganized Debtors, the Parties, and this Court to expend any further time and resources on the Adversary Proceeding, and provide finality to contentious and prolonged litigation. Indeed, this resolution brings these cases to the brink of conclusion and removes one of the last obstacles to obtaining a final decree.

4. As a result, Princeton asserts that the consideration for the settlement is fair, reasonable, and certainly falls above the lowest point in the range of reasonableness. Thus, given the benefit to all parties and the interest of all stakeholders involved, the Settlement Agreement should be approved. That said, as explained more fully in the Request to Expedite Consideration (the "Request") filed concurrently with this Emergency Motion, Princeton warns the Court that the Defendants do not support the current form of the Emergency Motion. Together, the Parties worked hard—and continue to work hard—to resolve the issues between the Parties and reduce to writing a final Settlement Agreement in keeping with the Settlement Term Sheet executed by the Parties. However, the Defendants are refusing to join the filing of this Emergency Motion because a final Settlement Agreement has not yet been reached even though a binding Settlement Term Sheet has been executed. Because such resolution has not been reached, and because Princeton believes time is of the essence to set this matter before the Court by September 2, 2022 (the date mutually contemplated by the Parties), Princeton now files the Emergency Motion with the expectation that the final Settlement Agreement will be filed early next week, along with a final motion signed by the Reorganized Debtors. In the meantime, as described in the Request, Princeton asks that this Court set this matter, along with Reorganized Debtors' forthcoming motion, for hearing on September 2, 2022.

## **JURISDICTION AND VENUE**

5. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. § 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). This Court has constitutional authority to enter final orders with respect to the relief requested herein. Princeton confirms its consent, pursuant to rule 7008 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), to the entry of a final order by this Court related to the Emergency Motion. Venue is proper before

this Court pursuant to 28 U.S.C. §§ 1408 and 1409. The statutory bases for the relief requested herein are section 1129 of title 11 of the United States Code (the "Bankruptcy Code"), Bankruptcy Rule 9019, and rule 9019-1 of the Local Bankruptcy Rules for the United States Bankruptcy Court for the Northern District of Texas (the "Local Rules").

#### **BACKGROUND**

## I. Texas District Court Judgment

- 6. Between July 31, 2012 and November 12, 2014, Great Value Storage, LLC ("GVS") and/or World Class Capital Group, LLC ("WCCG," together with GVS, the "Judgment Entities") executed three senior secured promissory notes for a total of \$5.6 million (the "Promissory Notes") with Capital Point Partners II, LP pursuant to that certain Note Purchase Agreement dated November 12, 2014 (as amended on November 12, 2014 and May 19, 2016, the "NPA"). The NPA was subsequently assigned to Princeton.
- 7. On March 14, 2019, Princeton sued GVS, WCCG, and Natin Paul with respect to the Promissory Notes in the case styled *Princeton Capital Corporation vs Great Value Storage LLC, et al.* pending in the 165th District Court of Harris County, Texas (the "<u>Texas District Court</u>"), Case No. 2019-18855. On March 9, 2021, the Texas District Court ordered that the Judgment Entities were liable to Princeton for contract damages of \$9,759,713.84 and attorneys' fees of \$150,887.50 (the "<u>Judgment</u>"). To date, there has been no judgment found or assessed against Natin Paul.
  - 8. The Judgment Entities have appealed the Judgment in Texas state court.

#### II. Princeton Proofs of Claim and Related Objections

9. On January 21, 2022, Princeton filed the following amended proofs of claim in the Reorganized Debtors' bankruptcy cases (the "Bankruptcy Cases"):

- a) Proof of Claim No. 119-8 filed against GVS Portfolio I B, LLC;
- b) Proof of Claim No. 120-4 filed against GVS Portfolio I, LLC;
- c) Proof of Claim No. 121-78 filed against GVS Texas Holdings I, LLC;
- d) Proof of Claim No. 122-32 filed against GVS Texas Holdings II, LLC;
- e) Proof of Claim No. 123-12 filed against GVS Ohio Holdings I, LLC;
- f) Proof of Claim No. 124-10 filed against GVS Ohio Holdings II, LLC;
- g) Proof of Claim No. 125-10 filed against WCH Mississippi Storage Portfolio I, LLC;
- h) Proof of Claim No. 126-6 filed against GVS Nevada Holdings I, LLC;
- i) Proof of Claim No. 127-7 filed against GVS Missouri Holdings I, LLC;
- i) Proof of Claim No. 128-9 filed against New York Holdings I, LLC;
- k) Proof of Claim No. 129-8 filed against GVS Indiana Holdings I, LLC;
- 1) Proof of Claim No. 130-7 filed against GVS Illinois Holdings I, LLC;
- m) Proof of Claim No. 131-13 filed against GVS Tennessee Holdings I, LLC;
- n) Proof of Claim No. 132-7 filed against GVS Colorado Holdings I, LLC; and
- o) Proof of Claim No. 164-2 filed against GVS Portfolio I C, LLC (collectively, the "Princeton Proofs of Claim").
- 10. On March 15, 2022 and April 7, 2022, WCH and the Reorganized Debtors, respectively [Docket Nos. 841 and 925], filed objections to the Princeton Proofs of Claim in the Bankruptcy Cases (separately the "WCH Claim Objection" and the "Reorganized Debtors' Claim Objection" and collectively, the "Claim Objections").

#### **III.** Adversary Proceeding

- 11. On April 27, 2022, Princeton filed an eight-count *Complaint* [AP Docket No. 1], commencing the Adversary Proceeding.
  - 12. On May 18, 2022, the Court entered the Stipulation and Order Regarding

Resolution by and between World Class Holdings I, LLC, Princeton Capital Corporation, and the Reorganized Debtors Regarding Motion to Consolidate Princeton Claims and Related Objections into Adversary Proceeding [Docket No. 1090], which, inter alia, consolidated the Princeton Proofs of Claim and Claim Objections into the Adversary Proceeding.

13. On June 21, 2022, the Non-Debtor Defendants moved to dismiss the Complaint [Docket Nos. 13, 14]. Later, on August 17, 2022, Princeton responded to the motion to dismiss [Docket No. 27]. No hearing has yet occurred on the motion to dismiss.

#### **IV.** Settlement Term Sheet

14. Over the last several weeks, WCH and Princeton have engaged in good faith, and, ultimately, successful settlement discussions, which culminated in the execution of that certain Settlement Term Sheet on August 22, 2022 (the "Settlement Term Sheet"), attached as Exhibit 1 to the Proposed Order. The Settlement Term Sheet is binding and requires, inter alia, that the Parties (a) execute the Settlement Agreement, which reflects the terms in the Settlement Term Sheet, and (b) file this Emergency Motion requesting that the Court approve the Proposed Order, i.e., the Settlement Agreement and Escrow Instructions. The form of the Escrow Instructions has largely been agreed to by the Parties and is attached as Exhibit 2 to the Proposed Order. The Parties continue to work in good faith to negotiate the Settlement Agreement and will submit it to the Court as soon as practicable.

## V. The Settlement Agreement

15. Princeton believes that the Parties will soon enter into the Settlement Agreement, which will resolve all pending disputes between the Parties, including the Adversary Proceeding. The Parties will provide the final form of the Settlement Agreement to the Court as soon as practicable. In the meantime, the Parties have agreed to abate all hearings and deadlines in the

Adversary Proceeding pending this Court's consideration of the Emergency Motion. The material terms of the Settlement Agreement, which is currently evidenced by the Settlement Term Sheet attached as **Exhibit 1** to the Proposed Order, are set forth below.<sup>5</sup>

Settlement Amount	\$11,372,698.89 of the \$15,000,000 of the Princeton Reserve currently held by the Title Company in the Bankruptcy Cases will be used to fund the settlement of the Judgment, subject to the satisfaction of all other conditions in the Settlement Agreement. The payment of the Settlement Amount shall be paid in cash from the Princeton Reserve. The Parties have agreed to attempt to negotiate a Note Purchase Agreement whereby WCH, the Reorganized Debtors, or an affiliate or designee thereof, shall acquire the Promissory Notes and Judgment for the Settlement Amount pursuant to a mutually agreeable Note Purchase Agreement, including full indemnities. However, the failure to reach agreement on the terms of a Note Purchase Agreement will not prevent this transaction from closing.
Expedited Basis	The Defendants shall seek approval of the Settlement Agreement on an expedited basis. If the bankruptcy court denies the requested relief, the Settlement Agreement will become void and of no effect.
Escrow Instructions	The Proposed Order must authorize the release of the Settlement Amount from the Princeton Reserve and direct the Title Company holding the Princeton Reserve to release such funds upon entry of the Proposed Order. After entry of the Proposed Order, the Settlement Amount shall be immediately released from the Princeton Reserve to Princeton in accordance with any instructions in the Proposed Order and any balance in the Princeton Reserve, shall be released to the Reorganized Debtors. As part of the Settlement Agreement, the Parties shall draft the Escrow Instructions addressed to the Title Company holding the Princeton Reserve indicating how the Settlement Amount shall be released.

<sup>&</sup>lt;sup>5</sup> In the event of any inconsistency between this Emergency Motion and the Settlement Agreement, the Settlement Agreement shall control.

Princeton Receiver Termination Motion in Texas District Court, Related Assistance Against Receiver	Following the release of the Settlement Amount to Princeton in accordance with the Proposed Order, Princeton agrees to file a motion (the "Princeton Receiver Termination Motion") in Princeton Capital Corporation vs Great Value Storage LLC, et al pending in the 165th District Court of Harris County, Texas, Case No. 2019-18855 (the "Princeton Lawsuit") seeking (1) immediate termination of the order appointing the Receiver (the "Receivership Order"), and also the receivership, in accordance with Texas state law, and (2) a determination of the amounts to be paid the Receiver, if any, under the Receivership Order.  Nothing in the Settlement Agreement or the Proposed Order shall prevent the World Class Entities, as defined in the Settlement Term Sheet, from opposing any payments to the Receiver. Princeton agrees to litigate the Princeton Receiver Termination Motion in good faith and on an expedited basis. Unless compelled to do so by the Texas District Court presiding over the Receivership, Princeton agrees it will make no statement regarding the amount of fees to be awarded.
Stipulation to Abate Adversary Proceeding Hearings and Deadlines	Upon the execution of the Settlement Term Sheet, the Parties agree to file a motion in the Bankruptcy Cases seeking a temporary abatement of the Adversary Proceeding during the pendency of this Court's review and approval of the Settlement Agreement.
Support for Abatement of Receiver Discovery Requests	Princeton agrees to have its counsel support motions by the World Class Entities, as defined in the Settlement Term Sheet, to temporarily abate all pending discovery in connection with the Receiver's claims in the bankruptcy cases of World Class Entities pending in the Bankruptcy Court for the Western District of Texas.
Title Company Disbursement  Requirements	The Settlement Amount can only be funded upon delivery of the entered Proposed Order and Escrow Instructions drafted by Princeton and WCH to the Title Company holding the Princeton Reserve, along with a certified copy of the executed Proposed Order approving the Settlement Agreement.
Effect of Closing	After the Title Company holding the Princeton Reserve has received the entered Proposed Order and Escrow Instructions from Princeton, the following will occur at closing ("Closing"):

	a. Princeton will be paid the Settlement Amount from the Princeton Reserve. b. The balance of the Princeton Reserve will be paid to the Reorganized Debtors. c. Princeton will dismiss the Adversary Proceeding with prejudice and withdraw its proofs of claim in the Bankruptcy Cases and cease all further collection actions on those claims. d. The mutual releases in the Settlement Agreement will become effective.
Princeton Post-Closing/Post- Payment Support	After the Closing and Princeton's receipt of the Settlement Amount, Princeton will support the World Class Entities, as defined in the Settlement Term Sheet, in their efforts to abate all actions by the Receiver, including all discovery in all actions, to obtain the withdrawal of all the Receiver's proofs of claims, to compel the Receiver to cease exercising authority over all World Class Entities, to stop or reverse the Receiver's dismissals of lawsuits on behalf of World Class Entities and to compel the Receiver to return properties and money taken or transferred by the Receiver purportedly in connection with the Receiver's collection of the Judgment. The term "support" as used in this paragraph shall be limited to jointly filing pleadings seeking such relief with the appropriate World Class Entities and attending hearings on such pleadings to announce its support of the relief sought. Princeton reserves all rights to review, revise, or reject any pleading to which its name will be attached as a movant. If the Parties cannot agree on the form of a pleading, the World Class Entities are not entitled to invoke Princeton's name as a movant on such pleading.
Mutual Releases	The Settlement Agreement includes customary mutual releases between Princeton, its borrowers, Natin Paul, and all entities owned, affiliated, or managed by Natin Paul, including but not limited to all World Class Entities and all Great Value Entities, as those terms are defined in the Settlement Term Sheet, including those named as defendants in the Adversary Proceeding, but not the Receiver or his agents, attorneys, or representatives. However, such releases will only become effective when Princeton has received the Settlement Amount.

## **RELIEF REQUESTED**

16. By this Emergency Motion, Princeton respectfully requests entry of the Proposed Order approving the Settlement Agreement pursuant to Bankruptcy Rule 9019 and the related Escrow Instructions to the Title Company, and thereafter, once Princeton has been paid the Settlement Amount, for the Court to enter the Order of Dismissal.

## **BASIS FOR RELIEF**

- 17. Through this Emergency Motion, Princeton requests this Court's approval of the Settlement Agreement which will be filed with the Court. The Settlement Agreement evidences a business deal among the Parties, ending multiple contentious and expensive litigation proceedings, including the Adversary Proceeding, which all carry substantial business risk. The Settlement Agreement will contemplate the resolution of all disputes among the Parties, thereby ending years' long disputes among Princeton and various of the Defendants.
- 18. Bankruptcy Rule 9019 authorizes bankruptcy courts to approve compromises and settlements. Ultimately, a compromise must be "fair, equitable, and in the best interest of the estate." The decision to approve a compromise lies within the sound discretion of the bankruptcy court. The Fifth Circuit has recognized that compromises are a "normal part of the process of reorganization . . . oftentimes desirable and wise methods of bringing to a close proceedings otherwise lengthy, complicated, and costly."
- 19. In determining the reasonableness of a settlement, courts in the Fifth Circuit consider the following three factors: (a) "[t]he probability of success in [litigating the claim subject

<sup>&</sup>lt;sup>6</sup> In re Rogumore, 393 B.R. 474, 479 (Bankr. S.D. Tex. 2008) (citation omitted).

<sup>&</sup>lt;sup>7</sup> See In re AWECO, Inc., 725 F.2d 293, 297 (5th Cir. 1984).

<sup>&</sup>lt;sup>8</sup> In re Jackson Brewing Co., 624 F.2d 599, 602 (5th Cir. 1980) (emphasis added) (citing Protective Comm. for Indep. Stockholders of TMT Trailer Ferry, Inc. v. Anderson, 390 U.S. 414, 424–25 (1968)).

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to settlement,] with due consideration for the uncertainty in fact and law; (b) [t]he complexity and likely duration of litigation and any attendant expense, inconvenience, and delay; and (c) [a]ll other factors bearing on the wisdom of the compromise."

- 20. Factors "bearing on the wisdom of the compromise" include: (a) the paramount interest of creditors, with proper deference to their reasonable views; and (b) the extent to which the settlement is truly the product of arms-length bargaining, and not of fraud or collusion. <sup>10</sup>
- 21. Princeton bears the burden of establishing that the balance of the above factors leads to a fair and equitable compromise vis-à-vis the Settlement Agreement.<sup>11</sup> "The burden is not high"; rather, Princeton "need only show that [their] decision falls within the 'range of reasonable litigation alternatives."<sup>12</sup>
- 22. Weighing the foregoing factors overwhelmingly demonstrates that the Settlement Agreement is reasonable and supports finding that the Parties' entry into and performance under the Settlement Agreement is in the best interests of creditors and other stakeholders. Accordingly, this Court should grant the Emergency Motion, and authorize the Parties to enter into and perform under the Settlement Agreement.

## A. Probability of Success

23. In examining the probability of success in the litigation being compromised, courts look to the legal and evidentiary obstacles to litigating each claim. <sup>13</sup> The probability of success is measured against the "definitive, concrete and immediate benefit" that a settlement provides

<sup>&</sup>lt;sup>9</sup> In re Cajun Elec. Power Coop., 119 F.3d 349, 356 (5th Cir. 1997); Jackson Brewing, 624 F.2d at 602.

<sup>&</sup>lt;sup>10</sup> See In re Foster Mortg. Corp., 68 F.3d 914, 917-18 (5th Cir. 1995).

<sup>&</sup>lt;sup>11</sup> See In re Allied Properties, LLC, 2007 WL 1849017, at \*4 (citing In re Lawrence & Erausquin, Inc., 124 B.R. 37, 38 (Bankr. N.D. Ohio 1990)); see also In re GHR Companies, Inc., 50 B.R. 925, 931 (Bankr. D. Mass. 1985).

<sup>&</sup>lt;sup>12</sup> In re Allied Properties, LLC, 2007 WL 1849017, at \*4 (emphasis added) (citing In re W.T. Grant Co., 699 F.2d 599, 608 (2d Cir. 1983)); see also In re Heritage Org., L.L.C., 375 B.R. 230, 282 (Bankr. N.D. Tex. 2007).

<sup>&</sup>lt;sup>13</sup> Hicks, Muse & Co. v. Brandt In re Healthco Int'l, Inc., 136 F.3d 45, 50 (1st Cir. 1998); see also In re Allied Properties, 2007 WL 1849017 at \*4.

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against the uncertainty and delay of litigation.<sup>14</sup> In deciding the probability of success in the litigation, the court is not required to conduct a "mini-trial" and decide the merits of the litigation, but rather to assess whether the settlement is within the range of reasonableness.<sup>15</sup>

- 24. In negotiating and considering the merits of the Settlement Agreement, the Parties considered all material disputes between Princeton and various Defendants in both the Adversary Proceeding and Texas District Court. If the Parties are permitted to prosecute their causes of action in the Adversary Proceeding, the Parties will incur significant expense to complete extensive discovery, retain expert witnesses, and prepare for a potentially long and contentious trial. And, while the Parties are confident in their positions, there is no certainty in the outcome.
- 25. Finally, any litigation has a high likelihood of appeal considering the amount-in-controversy at stake and issues involved, which would only further delay the Parties' ability to obtain relief. By entering into the Settlement Agreement, the Parties avoid the risk of not prevailing on their claims in the Adversary Proceeding, as well as potentially significant legal expenses.
  - B. Complexity of Litigation Involved and the Attendant Expense, Inconvenience, and Delay
- Adversary Proceeding is uncertain due to the complexity of the myriad factual and legal issues involved in both proceedings, which have been previewed in the Complaint, the Non-Debtor Defendants' motion to dismiss the Complaint, and Princeton's response to that motion. For example, the Complaint lists five different types of allegedly fraudulent transfers that purportedly occurred over the course of nearly a decade. Unraveling the allegations will be an expensive,

<sup>&</sup>lt;sup>14</sup> See In re Yacovi, 411 F. App'x. 342, 346-47 (1st Cir. 2011) (citing Healthco Int'l, 136 F.3d at 50).

<sup>&</sup>lt;sup>15</sup> See In re Rogumore, 393 B.R. at 480.

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lengthy, and document-intensive process. The contemplated Settlement Agreement avoids such attendant expense and delay.

27. Indeed, in the absence of settlement, continued litigation of the Adversary Proceeding will take years to reach a final resolution, after accounting for the time necessary to reach decisions on the merits and to work through any challenge or appellate processes. Such delay will subject the Parties to the economic overhang of these disputes and hinder the final resolution of these cases while generating significant legal expenses and continue the uncertainty regarding whether Princeton will recover its Judgment from the Defendants. This sort of delay and uncertainty is unnecessary given the favorable settlement. For these reasons, the cost of the Settlement Agreement to each Party, especially the Defendants, is far outweighed by the benefit realized by ending this continuing contentious and expensive litigation and gaining certainty regarding the Defendants' exposure to Princeton.

## C. Other Factors Bearing on the Benefits of the Compromise

- (1) *Interests of the Creditors*
- 28. The terms of the Settlement Agreement are fair, reasonable, and in the best interests of creditors and other stakeholders. The creditors that have unresolved claims in the Bankruptcy Cases are Princeton and the Receiver. Through the Settlement Agreement, only the Receiver will remain. The Title Company is holding \$3.5 million, plus an additional \$822,000.00 of funds related to the Receiver's proofs of claim and administrative expense claim, in an escrow account pending the resolution of the Receiver's adversary proceeding, administrative expense claim, and/or proofs of claim. As a result, the Receiver is adequately insulated from any outcome related

<sup>&</sup>lt;sup>16</sup> Nothing herein shall be an admission that the Receiver is a creditor or has any interest in these cases.

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to how the Princeton Reserve is disbursed.

29. With respect to the other stakeholders, the Defendants and WCH, the Settlement Agreement provides immediate certainty with respect to the outcome of contentious and expensive litigation. The Settlement Agreement also permits the Defendants and WCH to reallocate the resources they were dedicating to the Adversary Proceeding toward the Receiver's adversary proceeding and concluding these chapter 11 cases. At bottom, this resolution inures to the benefit of all parties and stakeholders.

## (2) Arms-Length Bargaining

30. The Settlement Agreement is the product of extensive negotiations between the Defendants, WCH, and Princeton. Each of the Parties has been represented by experienced professionals throughout the Settlement Agreement negotiations and has acted in its own economic self-interest.<sup>17</sup> Consequently, this factor also weighs in favor of approving the Settlement Agreement.

#### **PRAYER**

31. For the foregoing reasons, Princeton respectfully requests this Court enter the Proposed Order attached hereto as **Exhibit A** approving the Settlement Agreement and Escrow Instructions, subject to providing this Court with a copy of the definitive signed Settlement Agreement once the parties sign and upload it. Once the Settlement Amount has been disbursed from the Princeton Reserve to Princeton, Princeton further requests that this Court enter the Order of Dismissal attached hereto as **Exhibit B**. Finally, Princeton requests that this Court grant

<sup>&</sup>lt;sup>17</sup> See In re Chemtura Corp., 439 B.R. 561, 608 (Bankr. S.D.N.Y. 2010) (settlement met this factor, where "[n]o argument ha[d] been made, nor could any argument be made, that counsel who put the Settlement together were anything less than highly skilled in their craft...."); see also In re Drexel Burnham Lambert Grp., Inc., 960 F.2d 285, 292-93 (2d Cir. 1992) (approving complex, multi-party settlement agreement where many parties were "trying to maximize their own recovery," through extensive arms-length negotiations").

Princeton such other and further relief as may be just and proper.

## **RESERVATION OF RIGHTS**

32. Princeton reserves the right to supplement or modify this Emergency Motion and to request additional relief or assert such further arguments as are, or may later become, available or apparent. Further, Princeton will continue to negotiate the terms of the final Settlement Agreement, at which point such agreement will be provided to the Court and all properties in interest.

## **NOTICE**

33. Notice of this Emergency Motion has been provided via ECF/CM to: (a) the Office of the U.S. Trustee for the Northern District of Texas; (b) the Defendants, or counsel thereto; (c) the Receiver, or counsel thereto; (d) the United States Attorney's Office for the Northern District of Texas; (e) the Internal Revenue Service; (f) the state attorneys general for states in which the Debtors conducted business; (g) the Purchaser, or counsel thereto; and (h) any party that has requested notice pursuant to Bankruptcy Rule 2002. Princeton submits that, in light of the nature of the relief requested, no other or further notice need be given.

[Remainder of page intentionally left blank.]

WHEREFORE, for the reasons set forth herein, Princeton respectfully requests that the

Court enter the Proposed Order.

Dated: August 26, 2022

Dallas, Texas

/s/ Judith W. Ross

Judith W. Ross

State Bar No. 21010670
Jessica L. Voyce Lewis`
State Bar No. 24060956
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COUNSEL FOR PRINCETON CAPITAL CORPORATION

## **CERTIFICATE OF CONFERENCE**

This will certify that Princeton has conferred with counsel for the Defendants, who do not consent to the filing or form of the Emergency Motion without the Final Settlement Agreement attached.

/s/ Judith W. Ross
Judith W. Ross

## **CERTIFICATE OF SERVICE**

I hereby certify that on August 26, 2022, I caused a true and correct copy of the foregoing to be filed and served through ECF notification upon all parties who receive notice in this matter pursuant to the Court's CM/ECF filing system.

/s/ Judith W. Ross
Judith W. Ross



CLERK, U.S. BANKRUPTCY COURT NORTHERN DISTRICT OF TEXAS

# **ENTERED**

THE DATE OF ENTRY IS ON THE COURT'S DOCKET

The following constitutes the ruling of the court and has the force and effect therein described.

Signed September 20, 2022

**United States Bankruptcy Judge** 

## UNITED STATES BANKRUPTCY COURT FOR THE NORTHERN DISTRICT OF TEXAS DALLAS DIVISION

In re:

GVS TEXAS HOLDINGS I, LLC, et al.1

Reorganized Debtors.

Chapter 11

Case No. 21-31121-MVL

(Jointly Administered)

ORDER GRANTING EMERGENCY MOTION
PURSUANT TO BANKRUPTCY RULE 9019 FOR ENTRY OF AN
ORDER APPROVING A SETTLEMENT AND COMPROMISE BETWEEN
PRINCETON CAPITAL CORPORATION AND THE REORGANIZED DEBTORS

Upon consideration of the Emergency Motion Pursuant to Bankruptcy Rule 9019 for Entry

of an Order Approving a Settlement and Compromise Between Princeton Capital Corporation and

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<sup>&</sup>lt;sup>1</sup> The Reorganized Debtors in these chapter 11 cases, along with the last four digits of each Reorganized Debtor's federal tax identification number, as applicable, are: GVS Texas Holdings I, LLC (7458); GVS Texas Holdings II, LLC (1225); GVS Portfolio I, LLC (6441); GVS Portfolio I B, LLC (7171); GVS Portfolio I C, LLC (3093); WC Mississippi Storage Portfolio I, LLC (0423); GVS Nevada Holdings I, LLC (4849); GVS Ohio Holdings I, LLC (6449); GVS Missouri Holdings I, LLC (5452); GVS New York Holdings I, LLC (5858); GVS Indiana Holdings I, LLC (3929); GVS Tennessee Holdings I, LLC (5909); GVS Ohio Holdings II, LLC (2376); GVS Illinois Holdings I, LLC (9944); and GVS Colorado Holdings I, LLC (0408). The location of the Reorganized Debtors' service address is: 814 Lavaca Street, Austin, Texas 78701.

the Reorganized Debtors (the "Emergency Motion")<sup>2</sup> requesting that the Court approve the Settlement Agreement<sup>3</sup> pursuant to Bankruptcy Rule 9019 and the related Escrow Instructions<sup>4</sup> to the Title Company, the Court (1) having considered the Emergency Motion and the objections filed by Seth Kretzer, Receiver (the "Receiver") for World Class Capital Group LLC ("WCCG") and Great Value Storage, LLC ("GVS"); (2) finding that (a) notice of the Emergency Motion was good and sufficient upon the particular circumstances and that no other or further notice need be given, (b) the Emergency Motion is a core proceeding under 28 U.S.C. § 157(b), (c) the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334, and (d) venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409; (3) finding that the Movants demonstrated both (a) good, sufficient, and sound business purposes and justifications for the Settlement Agreement and the transactions, compromises, and releases provided therein, and (b) compelling circumstances for approval of the Settlement Agreement pursuant to Bankruptcy Rule 9019; (4) finding that the terms of the Settlement Agreement are fair and reasonable, falling above the lowest point in the range of reasonableness, and are in the best interests of the Settling Parties and the Reorganized Debtors' stakeholders as a whole; (5) having weighed the probability of success in litigation, the complexity of the litigation involved, and the expense, inconvenience, and delay necessarily attending to it,

<sup>&</sup>lt;sup>2</sup> Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Emergency Motion or Settlement Agreement, as applicable. "Movants" means the Reorganized Debtors, the Non-Debtor Defendants and WCH. The "Settling Parties" means Movants and Princeton, but not including any party in receivership (including, without limitation, WCCG and GVS) or in a bankruptcy proceeding (including, without limitation, the debtors in In re WC South Congress Square LLC, Case No. 20-11107-TMD; In re WC 3rd and Trinity, LP, Case No. 21-10252-TMD; In re WC 511 Barton Blvd, LLC, Case No. 21-10943-TMD; In re WC Met Center, LLC, Case No. 21-10698-TMD; In re WC 717 N Harwood Property LLC, Case No. 21-10630-TMD; In re 6th and San Jacinto, LLC, Case No. 21-10942-TMD; In re WC Braker Portfolio, LLC, Case No. 22-10293-TMD; In re Arboretum Crossing LLC, Case No. 21-10546-TMD; In re WC Manhattan Place Property, LLC, Case No. 22-10047-

TMD; In re WC Alamo Industrial Center, LP, Case No. 22-10026-TMD; and In re WC Culebra Crossing SA, LP, Case No. 21-10360-TMD, all pending in the United States Bankruptcy Court for the Western District of Texas, Austin Division (J. Davis, presiding).

<sup>&</sup>lt;sup>3</sup> The Settlement Agreement is attached hereto as **Exhibit 1**.

<sup>&</sup>lt;sup>4</sup> The Escrow Instructions are attached hereto as **Exhibit 2**.

and taken into account the paramount interest of alleged creditors and, based on all of the foregoing, the Court has determined that the relief requested in the Emergency Motion is fair and equitable, in the best interests of the Parties, and should be approved in all respects; (6) finding that (a) in the absence of the Settlement Agreement, the Defendants face considerable litigation expense, risk, and delay, (b) the disputes between the Settling Parties involve numerous legal and factual issues, and judicial resolution of these disputes will require additional, extensive and costly briefing and discovery, (c) even if the Defendants were successful in litigating against any claims, a judgment obtained may be subject to appeal with no guarantee as to the ultimate outcome, (d) there is no doubt that the Settling Parties' combined legal expenditures during a protracted litigation process would be substantial and further forestall any disbursement of the Princeton Reserve to any of the parties to the Adversary Proceeding, and (e) the Settlement Agreement resolves the Parties' disputes now without the need for additional costly, uncertain litigation; and good and sufficient cause appearing therefor; and having issued an oral bench ruling on the record on September 16, 2022, which is incorporated herein for all purposes,

#### IT IS HEREBY ORDERED THAT:

- 1. The Emergency Motion is hereby **GRANTED** as set forth herein.
- 2. The Settlement Agreement is approved as set forth herein.
- 3. Notwithstanding anything to the contrary in the Amended Order Granting World Class Holdings I, LLC's Motion to Confirm Reinstatement of Natin Paul as Sole Officer of the Reorganized Debtors [Docket No. 1377] (the "Reinstatement Order"), including, but not limited to, paragraph 5(b) thereof, on the Effective Date, the Title Company shall wire (a) the Settlement Amount of \$11,372,698.89 from the Princeton Reserve to Princeton and (b) \$2,627,301.11 from the Princeton Reserve to the entity or party designated by the Defendants pursuant to this Order and the Escrow Instructions in a form substantially similar to the form attached hereto as **Exhibit**

- <u>2</u>. The remainder of the Princeton Reserve, in the amount of \$1 million, shall be distributed in accordance with those certain instructions annexed as <u>Exhibit A</u><sup>5</sup> to the Settlement Agreement (the "<u>Indemnity Security Escrow Release Instructions</u>"). For the avoidance of any doubt, this Order shall be deemed a final order for purposes of paragraph 5(b) of the Reinstatement Order.
- The Escrow Instructions attached hereto as Exhibit 2 are approved by this Court, 4. and the Title Company shall comply with this Order and the Escrow Instructions no later than one (1) business day after receipt of the Escrow Instructions sent to the Title Company by counsel for Princeton. The Escrow Instructions shall be signed digitally by Judith W. Ross, counsel for Princeton. The electronically delivered Escrow Instructions shall be signed digitally on behalf of the Defendants. The electronically delivered Escrow Instructions shall be substantially identical to the Escrow Instructions attached to this Order as Exhibit 2. The electronically delivered Escrow Instructions shall include copies of this Order and the Reinstatement Order, entered in the chapter 11 cases, both attached to the Escrow Instructions. If any of the requirements of this Paragraph 4 are not fully satisfied, then the Title Company is directed by this Court to disburse no funds from the Princeton Reserve; provided, however, that the Indemnity Security Escrow Release Instructions shall not be subject to this Paragraph 4. In the event that all requirements of this Paragraph 4 are fully satisfied, then immediately upon receipt of the Escrow Instructions, the Title Company shall notify counsel for Princeton, the Defendants and the Receiver via email (at email addresses included in the Escrow Instructions) that the Title Company received the Escrow Instructions in compliance with this Paragraph 4, and counsel for Princeton and Defendants shall then immediately provide the Title Company with their respective wire instructions via email in accordance with the Escrow Instructions.

<sup>5</sup> The Indemnity Security Escrow Release Instructions are attached thereto as Exhibit A to Exhibit 1.

- 5. Notwithstanding anything in the Reinstatement Order to the contrary, it is hereby ordered that Mr. Natin Paul, any family member of Mr. Natin Paul, any affiliate of Mr. Natin Paul, and any person acting at Mr. Natin Paul's direction, shall not seek removal of or to remove from the Title Company the Remaining Reserves (as defined in the Reinstatement Order) (exclusive of the Princeton Reserve that is to be released pursuant to the term of this Order) until further Order of this Court.
- 6. Notwithstanding the foregoing, if the Receiver consents to this Paragraph 6 (which such consent shall be memorialized by filing a notice of consent on the docket in the above-captioned chapter 11 cases at any time), the funds reserved for the Receiver Claims may be disbursed upon (1) the filing in this Court of a final, non-appealable order of the Texas state district court in the *Princeton Capital Corporation vs Great Value Storage LLC*, et. al. pending in the 165th District Court of Harris County, Texas, case no. 2019-18855 (the "Princeton Lawsuit") awarding the Receiver fees and expenses pursuant to the Order Appointing Receiver in the Princeton Lawsuit (the "Receiver Award") and (2) a subsequent final, non-appealable Order of this Court directing the Title Company to disburse funds in the amount of the Receiver Award to the Receiver less any amounts that the Receiver has collected that the state court approves the Receiver to apply to his total fees and expenses in connection with the Princeton Lawsuit. The Reinstatement Order shall remain in full force and affect except as modified herein.
- 7. Notwithstanding anything to the contrary in the Settlement Agreement, WCCG and GVS shall not be parties to the Settlement Agreement for all purposes, including the release provisions set forth in Paragraphs 6 and 7 thereof. For the avoidance of any doubt, this Paragraph 7 shall not affect or otherwise modify the indemnification provisions as set forth in the Settlement Agreement and Princeton shall be indemnified under the Settlement Agreement if they are sued

by the Receiver acting as WCCG or GVS.

- 8. This Order does not herein address the enforceability of any release given by a non-Debtor party. To the extent any entity lacks the authority to give a release due to the fact that it is in receivership, in bankruptcy or for any other reason, all parties' rights are reserved in any subsequent enforcement litigation to argue same.
- 9. This Order shall have no effect on existing litigation or claims filed by the Receiver in this Court. Such litigation shall not be stayed or modified in any way by virtue of this Order unless and until such receivership is terminated or modified by a court of competent jurisdiction or the parties otherwise agree to stay any such litigation. This Order does not act to terminate or modify the Receiver's rights and duties under the Receivership Order. Furthermore, the \$3.5 million reserve for the Receiver Claims as defined in this Court's Amended Order Granting World Class Holdings I, LLC's Motion to Confirm Reinstatement of Natin Paul as Sole Officer of the Reorganized Debtors (Dkt. No. 1377) shall remain in place pending further Order of the Court.
- 10. Except as it may pertain to disputes regarding this Order which the Court retains jurisdiction to consider, this Order shall have no effect on existing claims, litigation or appeals between and among the Receiver and any non-Debtor party outside of this Court. Such litigation shall not be stayed, modified, or otherwise affected in any way by virtue of this Order.
- 11. Notice of the Emergency Motion as provided therein shall be deemed good and sufficient notice of such Emergency Motion under the circumstances and the requirements of the Bankruptcy Rules and the Local Rules are satisfied by such notice.
- 12. Notwithstanding the applicability of any Bankruptcy Rules, the terms and conditions of this Order shall not be stayed and shall be immediately effective and enforceable upon its entry.

- 13. Except as may be expressly contrary to the relief afforded herein, the Defendants are authorized to take all such actions as are necessary or appropriate to implement the terms of this Order.
- 14. This Court shall retain jurisdiction over all matters arising from or related to the interpretation or implementation of this Order.

### END OF ORDER ###

## Exhibit 1

**Settlement Agreement** 

This is the Parties'
September 20, 2022
Amended Settlement
Agreement.
Highlights by
Receiver.

# AMENDED AND RESTATED SETTLEMENT, ASSIGNMENT AND ACCEPTANCE AGREEMENT

This AMENDED AND RESTATED SETTLEMENT, ASSIGNMENT AND ACCEPTANCE AGREEMENT (the "<u>Agreement</u>") is made as of this 15<sup>th</sup> day of September 2022 (the "<u>Execution Date</u>"), by and between (i) Natin Paul, (ii) the Reorganized Debtors (as defined below), (iii) World Class Holdings I, LLC ("<u>WCH</u>") (iv) the Adversary Defendants (as defined below), (v) Princeton Capital Corporation ("<u>Princeton</u>" or "<u>Assignor</u>"), and (vi) Phoenix Lending, LLC (the "<u>Assignee</u>"). Natin Paul, the Reorganized Debtors, WCH and the Adversary Defendants are referred to collectively as the "<u>Great Value Parties</u>"), The Great Value Parties and Princeton are referred to collectively as the "<u>Settlement Parties</u>" and the Assignor and the Assignee are referred to collectively as the "<u>Assignment Parties</u>," together with the Settlement Parties, the "Parties."

#### **RECITALS**

**WHEREAS**, Capital Point Partners II, L.P. ("<u>CPP</u>"), a predecessor-in-interest to the Assignor, Great Value Storage, LLC ("<u>Great Value</u>"), and World Class Capital Group, LLC ("<u>WCCG</u>") are parties to that certain Note Purchase Agreement, dated July 31, 2012, as amended from time to time (so amended, the "<u>Note Purchase Agreement</u>");

WHEREAS, pursuant to the Note Purchase Agreement, Great Value issued to CPP (a) that certain Senior Secured Promissory Note, dated July 31, 2012 ("Note A") in the principal amount of \$2,000,000, (b) that certain Senior Secured Promissory Note, dated July 31, 2012 ("Note B") in the principal amount of \$500,000 and (c) that certain Senior Secured Promissory Note, dated November 12, 2014 ("Note C" and together with Note A and Note B, the "Notes") in the principal amount of \$3,100,000. The Note Purchase Agreement, the Notes and each other document, agreement, instrument or certificate executed in connection therewith or pursuant thereto are hereinafter referred to as the "Transaction Documents."

**WHEREAS**, pursuant to that certain Assignment and Acceptance Agreement, dated March 13, 2015, CPP assigned all of its rights to and obligations under the Transaction Documents to Princeton.

**WHEREAS**, Princeton asserted a default under the Transaction Documents and on March 14, 2019, commenced an action styled as *Princeton Capital Corporation vs Great Value Storage LLC*, *et al.* pending in the 165th District Court of Harris County, Texas (the "<u>Texas District Court</u>"), Case No. 2019-18855 (the "<u>State Action</u>").

**WHEREAS**, the defendants in the State Action are Great Value and WCCG (the "State Defendants"), along with Natin Paul in his individual capacity;

**WHEREAS**, Princeton alleged causes of action against the State Defendants in the State Action for, among other things, breach of the Notes (the "State Claims");

**WHEREAS**, on March 4, 2021, the Texas District Court ordered that Great Value and World Class were liable to Assignor for contract damages of \$9,759,713.84 and attorneys' fees of \$150,887.50 (the "Judgment").

WHEREAS, certain of the parties against whom the Judgment was entered have appealed the Judgment.

**WHEREAS**, after the entry of the Judgment, Princeton obtained the appointment of Seth Kretzer, as receiver for GVS and WCCG (the "<u>Receiver</u>"); however, as of the Execution Date, the Receiver has made no distribution to Princeton on account of the Judgment.

**WHEREAS**, on June 17, 2021 and June 23, 2021, GVS Texas Holdings I, LLC and certain of its affiliates (collectively, the "<u>Reorganized Debtors</u>")<sup>1</sup> each filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Texas (the "<u>Bankruptcy Court</u>");

**WHEREAS**, the Reorganized Debtors' bankruptcy cases are being jointly administered under Case No. 21-31121-MVL (the "Bankruptcy Cases");

WHEREAS, in connection with the Promissory Notes and the Judgment, Princeton filed the following proofs of claim in the Bankruptcy Cases: (i) Claim No. 119-8 filed against GVS Portfolio I B, LLC; (ii) Claim No. 120-4 filed against GVS Portfolio I, LLC; (iii) Claim No. 121-78 filed against GVS Texas Holdings I, LLC; (iv) Claim No. 122-32 filed against GVS Texas Holdings II, LLC; (v) Claim No. 123-12 filed against GVS Ohio Holdings I, LLC; (vi) Claim No. 124-10 filed against GVS Ohio Holdings II, LLC; (vii) Claim No. 125-10 filed against WCH Mississippi Storage Portfolio I, LLC; (viii) Claim No. 126-6 filed against GVS Nevada Holdings I, LLC; (ix) Claim No. 127-7 filed against GVS Missouri Holdings I, LLC; (x) Claim No. 128-9 filed against New York Holdings I, LLC; (xi) Claim No. 129-8 filed against GVS Indiana Holdings I, LLC; (xii) Claim No. 130-7 filed against GVS Illinois Holdings I, LLC; (xiii) Claim No. 131-13 filed against GVS Tennessee Holdings I, LLC; (xix) Claim No. 132-7 filed against GVS Colorado Holdings I, LLC; and (xx) Claim No. 164-2 filed against GVS Portfolio I C, LLC (collectively, the "Princeton Proofs of Claim");

**WHEREAS**, WCH and the Reorganized Debtors each filed objections to the Princeton Proofs of Claim in the Bankruptcy Cases (collectively the "Claim Objections");

**WHEREAS**, on April 27, 2022, Princeton commenced an adversary proceeding in the Bankruptcy Court captioned *Princeton Capital Corporation v. GVS Texas Holdings I, LLC, et al*, Adv. Proceeding No. 22-03043 (the "Adversary Proceeding") alleging causes of action against the

<sup>&</sup>lt;sup>1</sup> The Reorganized Debtors in the chapter 11 cases are: GVS Texas Holdings I, LLC; GVS Texas Holdings II, LLC; GVS Portfolio I, LLC; GVS Portfolio I C, LLC; WC Mississippi Storage Portfolio I, LLC; GVS Nevada Holdings I, LLC; GVS Ohio Holdings I, LLC; GVS Missouri Holdings I, LLC; GVS New York Holdings I, LLC; GVS Indiana Holdings I, LLC; GVS Tennessee Holdings I, LLC; GVS Ohio Holdings II, LLC; GVS Illinois Holdings I, LLC; and GVS Colorado Holdings I, LLC.

Adversary Defendants<sup>2</sup> (defined below) for, among other things, fraudulent transfer and breach of contract, (together with all causes of action in the Adversary Proceeding, the "AP Claims");

**WHEREAS**, certain of the Adversary Defendants have moved to dismiss the Complaint filed by Princeton that commenced the Adversary Proceeding due to, *inter alia*, the failure to state a claim upon which relief can be granted and the lack of jurisdiction of the Bankruptcy Court over the matter;

WHEREAS, recognizing the dispute between Princeton, the Reorganized Debtors and the other Adversary Defendants, pursuant to the *Stipulation and Agreed Order with World Class Holdings I, LLC* [Docket No. 873-B] filed in the Bankruptcy Cases, the Reorganized Debtors established a \$15 million reserve for Princeton's outstanding claims (the "Princeton Reserve"), which is held in trust by Fidelity National Title (the "Title Company") pursuant to an escrow agreement and an Order of the Bankruptcy Court that does not permit disbursement of the Princeton Reserve absent a final, non-appealable order of the Bankruptcy Court or another court of competent jurisdiction;

**WHEREAS**, on August 22, 2022, Princeton and the Great Value Parties executed that certain settlement term sheet providing for the resolution of claims and issues between such parties and separately contemplated the negotiation and execution of a note purchase agreement in furtherance of that resolution. The terms and conditions in this Agreement are the culmination of the negotiations over such note purchase agreement and is new and separate from the settlement agreement discussed in the term sheet;

**WHEREAS**, the Parties have agreed to resolve, settle, and compromise all claims, demands, and differences between them, including, but not limited to, relating to the Bankruptcy Cases, the State Action, the State Claims, the Judgment, the Adversary Proceeding, the AP Claims, the Princeton Proofs of Claims, and the Claim Objections pursuant to the terms of this Agreement.

WHEREAS, as part of the resolution of the claims set forth in this Agreement, Princeton wishes to assign all of its rights to and obligations under the Transaction Documents and the Judgment to the Assignee on the terms and subject to the conditions set forth herein and the

<sup>&</sup>lt;sup>2</sup> The defendants in the Adversary Proceeding are GVS Texas Holdings I, LLC; GVS Texas Holdings II, LLC; GVS Portfolio I, LLC; GVS Portfolio I B, LLC; GVS Portfolio I C, LLC; WC Mississippi Storage Portfolio I, LLC; GVS Nevada Holdings I, LLC; GVS Ohio Holdings I, LLC; GVS Missouri Holdings I, LLC; GVS New York Holdings I, LLC; GVS Indiana Holdings I, LLC; GVS Tennessee Holdings I, LLC; GVS Ohio Holdings II, LLC; GVS Illinois Holdings I, LLC; GVS Colorado Holdings I, LLC; World Class Capital Group, LLC; Great Value Storage, LLC; Natin Paul; Sheena Paul; Barbara Lee; Jason Rogers; WC Ohio Storage Portfolio I, LP; WC Texas Storage Portfolio I, LP; WC Texas Storage Portfolio II, GP, LLC; WC Memphis Storage II, LP; WC Ohio Storage Portfolio I GP, LLC; WC Ohio Storage Portfolio II TIC, LLC; WC Ohio Storage Portfolio II Equity, LLC; WC Texas Storage Portfolio III MM, LLC; WC Mississippi Storage Portfolio I MM, LLC; WC Illinois Storage Portfolio I, LLC; WC Illinois Storage Portfolio TIC, LLC; WC 4641 Production MM, LLC; WC New York Storage Portfolio I, LLC; WC 4641 Production, LLC; WC TSPIGP, LLC; WC Texas Storage Portfolio II, LP; WC Texas Storage Portfolio III Property, LLC; WC Texas Storage Portfolio III, LLC; WC San Benito Storage, LP; WC San Benito GP, LLC; WC Memphis Storage GP, LLC; WC Memphis Storage II GP, LLC; WC Las Vegas Storage, LP; WC Kansas City Storage, LP; WC Las Vegas Storage GP, LLC; World Class Real Estate LLC; WC Memphis Storage, LP; WC 7116 S IH 35, L.P.; WC 10013 RR 620 N, LP; WC 13825 FM 306, L.P.; WC Kansas City Storage GP, LLP; and John Does (collectively, the "Adversary Defendants").

Assignee wishes to accept assignment of such rights and to assume such obligations from the Assignor on such terms and subject to such conditions.

**NOW THEREFORE,** in consideration of good and valuable consideration, the receipt and sufficiency of which is acknowledged, and intending to be legally bound, the Parties agree as follows:

### 1. Note and Judgment Assignment and Acceptance.

- a. Agreement of Assignor and Assignee.
  - i. Upon the receipt by Assignor of the Settlement Payment in good funds, the Assignor hereby sells, transfers, conveys and assigns to the Assignee, and the Assignee hereby purchases, accepts, assumes, and undertakes from the Assignor all right and title to all rights, benefits, obligations, liabilities, and indemnities of the Assignor under and in connection with the (i) the Note Purchase Agreement, (ii) the Notes and (iii) the Judgment.
  - ii. Upon the receipt by Assignor of the Settlement Payment in good funds, the Assignor hereby sells, transfers, conveys and assigns to the Assignee and the Assignee hereby accepts, assumes, and undertakes from the Assignor (i) all right and title to all rights, benefits, obligations, liabilities, and indemnities of the Assignor under and in connection with the other Transaction Documents and the Judgment, and (ii) except to the extent released pursuant to the provisions of this Agreement, all claims, suits, causes of action, and any other right of the Assignor against any person, whether known or unknown, arising under or in connection with any or each of the Transaction Documents, including, but not limited to, the Judgment and any and all contract claims, commercial tort claims, malpractice claims, statutory claims, and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above. For the avoidance of doubt, the parties hereto acknowledge and agree that the Assignor's right and title to all rights and benefits under the Final Judgment Order signed by Judge Ursula Hall on March 4, 2021 in Princeton Capital Corporation v. Great Value Storage, LLC, World Class Capital Group, LLC and Natin Paul are included in item (ii) of the foregoing.
  - iii. With effect on and after the Effective Date (as defined below), the Assignee shall be party to the Transaction Documents and succeed to all of the rights and be obligated to perform all of the obligations of the Assignor under the Transaction Documents and the Judgment. The Assignee agrees that on and after the Effective Date it will perform all obligations which by the terms of the

Transaction Documents are required to be performed by it thereunder.

- b. Representations, Warranties and Covenants of Assignee and Assignor.
  - i. The Assignor represents, warrants and covenants as of the Execution Date and the date when this Agreement becomes effective pursuant to section 3 herein (the "Effective Date") that:
    - (a) it is the legal and beneficial owners of the interests being assigned by the Assignor hereunder and that such interests are free and clear of any lien or other adverse claim;
    - (b) it is duly organized and existing and it has the full power and authority to take, and have taken, all action necessary to execute and deliver this Agreement and any other documents required or permitted to be executed or delivered by the Assignor in connection with this Agreement and to fulfill its obligations hereunder;
    - (c) no notices to, or consents, authorizations, or approvals of, any person are required (other than any already given or obtained and still in full force and effect) for its due execution, delivery, and performance of this Agreement, and apart from any agreements or undertakings or filings required by the Transaction Documents, no further action by, or notice to, or filing with, any person is required for such execution, delivery, or performance;
    - (d) this Agreement has been duly executed and delivered by the Assignor and constitutes the legal, valid, and binding obligation of the Assignor, enforceable against the Assignor in accordance with the terms hereof, subject, as to enforcement, to bankruptcy, insolvency, moratorium, reorganization, and other laws of general application relating to or affecting creditors' rights and to general equitable principles;
    - (e) the Assignor has received no distributions or payments in satisfaction of the Judgment from the Receiver, is not a party to or beneficiary of any agreements made with or by the Receiver and, after the Execution Date and the Assignor shall not accept any distributions or payments in satisfaction of the Judgment or make any other agreements with the Receiver in satisfaction of the Judgment or in relation to any fees or expenses that may be determined payable to the Receiver, unless otherwise agreed to by the Parties;

- (f) unless compelled to do so by a court of competent jurisdiction, the Assignor agrees it will make no statement regarding (i) any motion by the Assignee to terminate the receivership or (ii) the amount of fees to be awarded to the Receiver;
- (g) the Assignor shall not take or support any action adverse to the World Class Release Parties in the Bankruptcy Court or any other court related to this Agreement, the Judgment or the settlement of disputes between the Settlement Parties unless such action relates to the enforcement of this Agreement including any provision hereof; and
- (h) the Assignor makes no representation or warranty in connection with, and assumes no responsibility with respect to, the solvency, financial condition, or statements of any party to the Notes, or the performance or observance by any party to the Notes of any of its obligations under the Transaction Documents or any other instrument or document furnished in connection therewith.
- ii. The Assignee represents, warrants and covenants as of the Execution Date and the Effective Date that:
  - (a) it is duly organized and existing and has full power and authority to take, and has taken, all action necessary to execute and deliver this Agreement and any other documents required or permitted to be executed or delivered by it in connection with this Agreement, and to fulfill its obligations hereunder;
  - (b) no notices to, or consents, authorizations, or approvals of, any person are required (other than any already given or obtained and still in full force and effect) for its due execution, delivery, and performance of this Agreement; and apart from any agreements or undertakings or filings required by the Transaction Documents, no further action by, or notice to, or filing with, any person is required of them for such execution, delivery, or performance;
  - (c) this Agreement has been duly executed and delivered by the Assignee and constitutes the legal, valid, and binding obligation of the Assignee, enforceable against the Assignee in accordance with the terms hereof, subject, as to enforcement, to bankruptcy, insolvency, moratorium,

reorganization, and other laws of general application relating to or affecting creditors' rights and to general equitable principles;

- (d) the Assignee has been advised that none of the Notes have been registered under the Securities Act of 1933, as amended (the "Securities Act") or any state securities laws and, therefore, cannot be resold unless they are registered under the Securities Act and applicable state securities laws or unless an exemption from such registration requirements is available;
- (e) the Assignee is aware that the Assignor is under no obligation to effect any such registration with respect to the Notes or to file for or comply with any exemption from registration;
- (f) the Assignee is receiving the Notes from the Assignor for its own account and not with a view to, or for resale in connection with, the distribution thereof in violation of the Securities Act; and
- (g) the Assignee has such knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risks of an investment in the Notes, is able to incur a complete loss of such investment in the Notes and to bear the economic risk of such investment for an indefinite period of time.
- c. Subject to the indemnification provisions in section 1.e, Assignee does not assume any liability or responsibility for any action taken by Assignor in connection with the Notes, the Transaction Documents or the Judgment taken prior to the Effective Date, with all such liabilities and responsibilities remaining with the Assignor.
- d. The Assignor and the Assignee hereby agree to promptly execute and deliver such other instruments, and take such other action, as either party may reasonably request in connection with the transactions contemplated by this Agreement, which may be required in connection with this Agreement under the Transaction Documents.
- e. Assignee and the Reorganized Debtors hereby indemnify and hold Assignor harmless from any and all of the following, which only arise out of the assignment of the Note and assignment of the Judgment as set forth in section 1 hereof: (i) all claims, liabilities, damages, judgments, fines and penalties asserted by the Receiver or Great Value Parties, including the Adversary Defendants, including any litigation by the Receiver acting as WCCG or Great Value Storage ("Losses") that are determined by entry of a final, non-appealable order by the Bankruptcy Court or a court of competent jurisdiction to be Losses, except to the extent the same shall have

been finally adjudicated in a court of competent jurisdiction to have been directly caused by Assignor's gross negligence, fraud or willful misconduct; and (ii) reasonable expenses, including out-of-pocket, incidental expenses and reasonable legal fees and expenses incurred in connection with Losses ("Expenses" and together with the Losses, the "Indemnification Obligation"). The Indemnification Obligation shall be secured by \$1 million dollars of the funds retained in the Princeton Reserve after payment of the Settlement Amount to Princeton, as contemplated by this Agreement (the "Indemnification Security").<sup>3</sup> The Indemnification Security shall be held by the Title Company and shall be disbursed either (i) upon submission thereto of joint written instructions executed by Princeton and the Great Value Parties, a form of which is attached hereto as Exhibit A or (ii) submission to the Title Company of a final, non-appealable order of the Bankruptcy Court authorizing and directing payment of all or portions of the Indemnification Obligation. Notwithstanding anything to the contrary in this section 1.e, the Indemnification Obligation shall not be applicable or enforceable against the Assignee or any Great Value Party to the extent any of the Indemnification Obligation is incurred as a result of the consent, acquiescence or other affirmative action of the Assignor. Notwithstanding anything to the contrary in this section 1.e, Princeton may periodically seek payment on account of an Expenses by filing a request for such payment to the Bankruptcy Court; provided, however, Assignor and the Great Value Parties reserve all rights with respect to any such request. For the avoidance of any doubt, the Receiver cannot assert any benefits under nor seek to obtain any benefits from this section 1.e.

- f. Assignor will be provided copies of all statements prepared by the Title Company when generated by the Title Company.
- 2. <u>Settlement Payment</u>. As consideration for the sale, assignment and transfer of the Notes and the Judgment and the in exchange for the dismissal of the actions described in section 4 and the releases described in sections 6 and 7 of this Agreement, upon the Effective Date, Assignee shall pay, or cause to be paid, to Princeton the amount of \$11,372,698.89 (the "<u>Settlement Amount</u>") from funds currently held in the Princeton Reserve. Within three (3) business after the Effective Date, the Title Company shall effectuate the Escrow Instructions and the date upon which the Title Company remits payment to Princeton shall be the "<u>Payment Date.</u>"
- 3. **Settlement Effective Date**. This Agreement shall become effective on the first day upon which all of the following conditions have been satisfied (the "<u>Effective Date</u>"):
  - a. the execution of this Agreement by all Parties;
- b. the filing of a motion, mutually acceptable to the Parties, seeking the approval of this Agreement and directing the Title Company to release the Settlement Amount from the Princeton Reserve (the "Settlement Motion")

<sup>&</sup>lt;sup>3</sup> For the avoidance of doubt, should a court of competent jurisdiction find that entry into this Agreement shall be deemed to be gross negligence, fraud or willful misconduct against the Receiver, no exclusion for such gross negligence, fraud or willful misconduct shall be applicable.

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- c. The entry of a final, non-appealable Order<sup>4</sup> by the Bankruptcy Court, mutually acceptable to the Parties, approving the Motion (including, without limitation the provisions contained in paragraph 5 of the order attached as Exhibit B) and Escrow Instructions, a form of which is attached hereto as Exhibit B (the "Settlement Order");
- d. Princeton and the Reorganized Debtors have delivered to the Title Company the Settlement Order and the Escrow Instructions, a copy of which is attached hereto as Exhibit C; along with Escrow Instructions to the Title Company, which will leave the Indemnity Security Escrow on deposit with the Title Company; and
- e. Delivery to Title Company of the documents and evidence set forth in section 4 hereof.
- f. Any of the foregoing provisions set forth in sections 3.a, 3.b, 3.c, 3.d, 3.e hereof may be waived upon the mutual written agreement of the Parties.

## 4. Conditions Precedent to Effective Date.

- a. Unless otherwise agreed to by the Parties in writing, on or before September 9, 2022, Princeton shall deliver to the Title Company:
  - i. duly endorsed promissory notes (or lost note affidavits) as applicable, and other Transaction Documents (including official correspondence and further documents delivered pursuant to the terms of the Transaction Documents), the transactions related thereto and the Judgment, along with information showing calculation of the Judgment, but only insofar as any of such information is available to Princeton;
  - ii. notices of dismissal with prejudice in the Adversary Proceeding substantially in the form attached hereto as <a href="Exhibit D">Exhibit D</a>, which the Great Value Parties or the Assignee, as applicable, may file after the Effective Date;
  - iii. notices of the assignment of the Notes and Judgment and substitutions of parties in any and all actions pending in any court (including actions against Natin Paul in his individual capacity) as such relate to the enforcement of the Notes or collection of the Judgment, which the Great Value Parties or the Assignee, as applicable, may file after the Effective Date, the form of which is attached hereto as <a href="Exhibit E">Exhibit E</a>; and
  - iv. notices withdrawing the Princeton Proofs of Claim with prejudice which the Great Value Parties or the Assignee, as applicable, may

<sup>&</sup>lt;sup>4</sup> For the avoidance of doubt, no Party hereto will appeal the Settlement Order so long as this Agreement is approved by the Bankruptcy Court as drafted and executed.

file after the Effective Date, the form of which is attached hereto as Exhibit F.

- b. The Title Company shall provide notice to the Parties of its receipt of the items set forth in section 4.a hereof.
- 5. Further Assurances. In addition to the requirements of section 1.d hereof, the Parties shall cooperate reasonably with each other and with the other's respective representatives in connection with any steps required to be taken as part of their respective obligations under this Agreement, and shall (a) furnish upon request to each other such further information reasonably requested by the Assignee from time to time for the purposes of enforcing its rights under the Transaction Documents and the Judgment; (b) execute and deliver to each other such other documents; and (c) do such other acts and things, all as any other Party may reasonably request for the purpose of carrying out the transactions contemplated by this Agreement, including but not limited to, with respect to the Escrow Instructions. The Parties shall cooperate with each other as necessary to obtain all consents and authorizations of third-parties, if any, to make all filings with and give all notices to third-parties which may be necessary or reasonably required in order to carry out the intent of this Agreement and the transactions contemplated hereby.
- **Release by the Great Value Parties.** Effective upon the Payment Date, except as provided in Paragraph 8 or herein, Natin Paul, on behalf of himself as well as any persons he controls and any entities that he either owns or controls (in whole or in part), the Great Value Parties, and all of their respective officers, directors, members, managers, employees, insurers, advisory board members, and each of their successors, predecessors, beneficiaries, assigns, agents, attorneys, accountants, advisors, and representatives (the "World Class Release Parties") hereby forever release Princeton, and each of its officers, directors, owners, members, managers, shareholders, subsidiaries, investment funds employees, insurers, and each of their successors, predecessors, beneficiaries, assigns, agents, attorneys, accountants, advisors, and representatives (the "Princeton Released Parties") from any and all claims, actions, causes of action, suits, debts, dues, sums of money, accounts, controversies, agreements, promises, damages, judgments, executions, and demands whatsoever, in law or equity, whether known or unknown, liquidated or unliquidated, which the World Class Releasee Parties ever had, now have or hereafter can, shall or may have against any of the Princeton Released Parties for any matter, cause, thing, or reason whatsoever as of the Effective Date, including but not limited to, for or arising out of, or related to, the Bankruptcy Cases, the State Action, the State Claims, the Judgment, the Adversary Proceeding, the AP Claims, the Princeton Proofs of Claims, the Claim Objections, and other actual or potential claims that were or could have been asserted in the State Action, Adversary Proceeding, or the Princeton Proofs of Claim; provided, however, the foregoing release shall not (i) apply to any claim or cause of action against any third-party, including the Receiver (excluding the Princeton Released Parties) seeking damages or the return or recovery of monies, properties or assets otherwise taken, seized, transferred, conveyed or otherwise removed from such party's possession or control in connection with the efforts of any party to collect the Judgment on behalf of Princeton or (ii) result in the dismissal of any pending action or appeal of any action in which Princeton is a named party related to the Judgment (the "Appeal Actions"); provided, further, however, the World Class Release Parties shall not and shall be prohibited and enjoined from seeking any recovery (monetary or otherwise) from Princeton in connection with an Appeal Action.

- **Release by Princeton**. Effective upon the Payment Date, except as provided in Paragraph 8, Princeton on behalf of itself and on behalf of each of the Princeton Released Parties, each hereby forever release and discharge Natin Paul, on behalf of himself as well as any persons he controls and any entities that he either owns or controls (in whole or in part), the Great Value Parties, the Adversary Defendants and their respective officers, directors, members, managers, employees, insurers, advisory board members, and each of their successors, predecessors, beneficiaries, assigns, agents, attorneys, accountants, advisors, and representatives (collectively, the "World Class Released Parties") from any and all claims, actions, causes of action, suits, debts, dues, sums of money, accounts, controversies, agreements, promises, damages, judgments, executions, and demands whatsoever, in law or equity, whether known or unknown, liquidated or unliquidated, which the Princeton Released Parties ever had, now have or hereafter can, shall or may have against any of the World Class Released Parties for any matter, cause, thing, or reason whatsoever as of the Effective Date, including but not limited to, for or arising out of, or related to, the Bankruptcy Cases, the State Action, the State Claims, the Judgment, the Adversary Proceeding, the AP Claims, the Princeton Proofs of Claims, the Claim Objections, and other actual or potential claims that were or could have been asserted in the State Action, Adversary Proceeding, or the Princeton Proofs of Claim save and except for the Indemnification Obligation.
- 8. Exceptions to Releases. Notwithstanding any language to the contrary in sections 6, and 7 hereof, or any other provision of this Agreement, the Parties agree and acknowledge that this Agreement and the releases provided herein does not release or waive: (a) any obligation of a Party arising under or created by this Agreement; (b) the Indemnification Obligation; or (c) any present or future claim, appeal or litigation by the Great Value Parties against the Receiver or its agents, attorney, or representatives.
- 9. <u>Fees and Costs</u>. Each Party and Assignment Party shall bear its own fees and costs in connection with the Adversary Proceeding, the Settlement Motion and this Agreement. For the avoidance of doubt there shall be no other cost and expenses due to Princeton whatsoever other than the Settlement Amount, except any amounts that may be due under the Indemnification Obligation.
- 10. <u>Consultation with Counsel</u>. Each of the Parties has freely and voluntarily entered into this Agreement after an adequate opportunity and sufficient period of time to review, analyze and discuss all terms and conditions of this Agreement and all factual and legal matters relevant hereto with its counsel. Each of the Parties further acknowledges that it has actively and with full understanding participated in the negotiation of this Agreement and that this Agreement has been negotiated, prepared and executed without fraud, duress, undue influence or coercion of any kind or nature whatsoever having been exerted by or imposed upon any party to this Agreement.
- 11. **No Assignment**. No Party has assigned any of its claims, rights, and/or remedies arising under or relating in any way to the litigation being resolved hereby or associated property to any third party.
- 12. <u>No Admission of Wrongdoing</u>. This Agreement constitutes a compromise of disputes between the Parties. Nothing contained herein shall constitute or be deemed to be an admission by any Party as to any matter unless specifically stated herein. Nothing in this

Agreement, nor any of the negotiations or proceedings connected with the Agreement, nor any of the documents or statements contained or referred to therein shall be offered or received against any Party in any litigation as evidence of, or be construed as or be deemed to be evidence of, any concession or admission by any Party with respect to the truth of any fact alleged by any Party against the other or the validity of any claim or defense that has been or could have been asserted in any proceeding or litigation involving the Parties.

- 13. <u>Time is of the Essence</u>. Time is of the essence for all dates and/or time described in this this Agreement.
- 14. **Remedies.** The Parties agree that irreparable damage would occur in the event of a breach of any provision of this Agreement that would result in the failure of the Effective Date and Payment Date to occur and that money damages or other legal remedies would not be an adequate remedy for any such damages. Accordingly, the Parties acknowledge and agree that in the event of any breach or threatened breach of the covenants, agreements and obligations set forth in this Agreement, each Party shall be entitled to any injunction or injunctions to prevent or restrain breaches or threatened breaches of this Agreement, and to specifically enforce the terms and provisions of this Agreement to prevent breaches or threatened breaches of, or to enforce compliance with, the covenants and obligations under this Agreement (including those conditions precedent set forth in section 4 hereof), in addition to any other remedy to which such party is entitled at law or in equity. Each Party hereby agrees not to raise any objections to the availability of specific performance to prevent breaches or threatened breaches of, or to enforce compliance with, the covenants and obligations under this Agreement. Each Party hereby waives (i) any defenses in any action for specific performance, including the defense that a remedy at law would be adequate and (ii) any requirement under any law to post a bond or other security as a prerequisite to obtaining equitable relief.

## 15. **Miscellaneous**.

- a. Each of the Parties acknowledges, represents, and agrees that no promise, inducement or consideration has been offered or promised to any Party except as expressly set forth herein.
- b. This Agreement is executed without reliance upon any statement or representation by any other Party or other Party's attorneys or representatives concerning the nature and extent of any claims and/or damages or legal liability therefor.
- c. No failure or delay by any party hereto in exercising any right, power, or privilege hereunder or under that settlement term sheet dated August 22, 2022 (the "Settlement Term Sheet") shall operate as a waiver thereof, with all such rights, powers or privileges being expressly preserved, and any waiver of any breach of the provisions of this Agreement shall be without prejudice to any rights with respect to any other or further breach thereof or under the Settlement Term Sheet, which shall remain in force and effect.
- d. All payments made hereunder shall be made without any set-off or counterclaim.

- e. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of the parties hereto may execute this Agreement by signing any such counterpart. Delivery of an executed counterpart of this Agreement by telefacsimile, electronic mail, or by any other electronic form of transmission shall be equally as effective as delivery of an original executed counterpart of this Agreement. Signatures exchanged by email or facsimile transmission shall be deemed original signatures for all purposes and shall indicate and evidence such Party's final and fully-enforceable agreement to the terms of this Agreement.
- f. This Agreement constitutes the final and fully-integrated agreement of the Parties concerning the subject matter hereof and supersedes all prior or contemporaneous oral and written statements, understandings, and agreements between them or their counsel regarding the subject matter hereof. If any provision of this Agreement is determined to be invalid, illegal, or unenforceable by a court of competent jurisdiction, the remaining provisions of this Agreement shall remain in full force and effect.

Savings Clause.

- g. This Agreement shall be governed by the laws of the State of Texas without regard to any choice of law analysis that might call for application of some different law. The Parties each irrevocably submits to the non-exclusive jurisdiction and venue of the United States Bankruptcy Court for the Northern District of Texas, Dallas Division over any suit, action, or proceeding arising out of or relating to any dispute and irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined in such court. Each party to this Agreement hereby irrevocably waives, to the fullest extent it may effectively do so, the defense of an inconvenient forum to the maintenance of such action or proceeding.
- h. This Agreement may not be modified except in a writing signed by each of the Parties and no Party shall be entitled to rely on any other manner of attempted modification, which shall be void (and not merely voidable).
- i. No Party has assigned or purported to assign any claim that otherwise would be released or discharged by this Agreement.
- j. The captions of Sections herein are intended for convenience only and shall not be used in any way to interpret the contents of such Section.
- k. In the event of any dispute between the parties arising out of, under, or in connection with this Agreement, the Transaction Documents, any related documents and agreements, or any course of conduct, course of dealing, or statements (whether oral or written) (collectively, the "Disputes"), the prevailing party shall be entitled to recover all of its reasonable costs and attorneys' fees incurred in such dispute, in addition to all other sums that it may be entitled.
- l. This Agreement is enforceable regardless of whether or not the Appeal Actions are decided in favor of any or all of the Great Value Parties.
- m. EACH PARTY HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVE ANY RIGHTS EACH MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED ON ANY DISPUTE.

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Authority. Each Party and each signatory below represents that the signatory has all necessary authority to enter into the terms of this Agreement on behalf of the Party for which she or he is signing and to bind that Party to the terms of this Agreement. The Parties acknowledge that the other Party is specifically relying on these representations in entering into this Agreement and that the Parties' respective signatories have apparent and inherent authority to bind the Parties to the terms of this Agreement.

[Signature Pages to Follow]

**IN WITNESS WHEREOF**, the Parties have hereunto signed their names on the dates indicated.

NATIN PAUL, ON BEHALF OF ALL ENTITIES THAT HE EITHER OWNS OR CONTROL (IN WHOLE OR IN PART) FOR WHOM HE HAS ACTUAL AUTHORITY and specifically excluding, without limitation, WCCG, GVS and the Austin Debtors<sup>5</sup>

Name: Natin Paul

Title: Authorized Representative

Date: September 19, 2022

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<sup>&</sup>lt;sup>5</sup> "<u>Austin Debtors</u>" means the debtors in In re WC South Congress Square LLC, Case No. 20-11107-TMD; In re WC 3rd and Trinity, LP, Case No. 21-10252-TMD; In re WC 511 Barton Blvd, LLC, Case No. 21-10943-TMD; In re WC Met Center, LLC, Case No. 21-10698-TMD; In re WC 717 N Harwood Property LLC, Case No. 21-10630-TMD; In re 6th and San Jacinto, LLC, Case No. 21-10942-TMD; In re WC Braker Portfolio, LLC, Case No. 22-10293-TMD; In re Arboretum Crossing LLC, Case No. 21-10546-TMD; In re WC Manhattan Place Property, LLC, Case No. 22-10047-TMD; In re WC Alamo Industrial Center, LP, Case No. 22-10026-TMD; and In re WC Culebra Crossing SA, LP, Case No. 21-10360-TMD, all pending in the United States Bankruptcy Court for the Western District of Texas, Austin Division (J. Davis, presiding).

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# **EXECUTION VERSION**

IN WITNESS WHEREOF, the Party hereunto has signed their name on the date indicated.

NATIN PAUL

Name: Natin Paul

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IN WITNESS WHEREOF, the Party hereunto has signed their name on the date indicated.

SHEENA PAUL

Name: Sheena Paul

BARBARA LEE

Name: Barbara Lee

Date: September 15, 2022

Barbare Lee

JASON ROGERS

Name: Jason Rogers

WC OHIO STORAGE PORTFOLIO I, LP

Name: Natin Paul

Title: Authorized Representative

WC TEXAS STORAGE PORTFOLIO I, LP

Name: Natin Paul

Title: Authorized Representative

WC TEXAS STORAGE PORTFOLIO II, GP, LLC

Name: Natin Paul

Title: Authorized Representative

WC MEMPHIS STORAGE II, LP

Name: Natin Paul

Title: Authorized Representative

WC OHIO STORAGE PORTFOLIO I GP, LLC

Name: Natin Paul

Title: Authorized Representative

WC OHIO STORAGE PORTFOLIO II TIC, LLC

Name: Natin Paul

Title: Authorized Representative

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IN WITNESS WHEREOF, the Party hereunto has signed their name on the date indicated.

WC OHIO STORAGE PORTFOLIO II EQUITY, LLC

Name: Natin Paul

Title: Authorized Representative

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IN WITNESS WHEREOF, the Party hereunto has signed their name on the date indicated.

WC TEXAS STORAGE PORTFOLIO III MM, LLC

Name: Natin Paul

Title: Authorized Representative

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IN WITNESS WHEREOF, the Party hereunto has signed their name on the date indicated.

WC MISSISSIPPI STORAGE PORTFOLIO I MM, LLC

Name: Natin Paul

Title: Authorized Representative

WC ILLINOIS STORAGE PORTFOLIO I, LLC

Name: Natin Paul

Title: Authorized Representative

WC ILLINOIS STORAGE PORTFOLIO TIC, LLC

Name: Natin Paul

Title: Authorized Representative

WC 4641 PRODUCTION MM, LLC

Name: Natin Paul

Title: Authorized Representative

WC NEW YORK STORAGE PORTFOLIO I, LLC

Name: Natin Paul

Title: Authorized Representative

WC 4641 PRODUCTION, LLC

Name: Natin Paul

Title: Authorized Representative

WC TSPIGP, LLC

Name: Natin Paul

Title: Authorized Representative

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IN WITNESS WHEREOF, the Party hereunto has signed their name on the date indicated.

WC TEXAS STORAGE PORTFOLIO II, LP

Name: Natin Paul

Title: Authorized Representative

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IN WITNESS WHEREOF, the Party hereunto has signed their name on the date indicated.

WC TEXAS STORAGE PORTFOLIO III PROPERTY, LLC

Name: Natin Paul

Title: Authorized Representative

WC TEXAS STORAGE PORTFOLIO III, LLC

Name: Natin Paul

Title: Authorized Representative

WC SAN BENITO STORAGE, LP

Name: Natin Paul

Title: Authorized Representative

WC SAN BENITO GP, LLC

Name: Natin Paul

Title: Authorized Representative

WC MEMPHIS STORAGE GP, LLC

Name: Natin Paul

Title: Authorized Representative

WC MEMPHIS STORAGE II GP, LLC

Name: Natin Paul

Title: Authorized Representative

WC LAS VEGAS STORAGE, LP

Name: Natin Paul

Title: Authorized Representative

WC KANSAS CITY STORAGE, LP

Name: Natin Paul

Title: Authorized Representative

WC LAS VEGAS STORAGE GP, LLC

Name: Natin Paul

Title: Authorized Representative

WORLD CLASS REAL ESTATE LLC

Name: Natin Paul

Title: Authorized Representative

WC MEMPHIS STORAGE, LP

Name: Natin Paul

Title: Authorized Representative

WC 7116 S IH 35, L.P.

Name: Natin Paul

Title: Authorized Representative

WC 10013 RR 620 N, LP

Name: Natin Paul

Title: Authorized Representative

WC 13825 FM 306, L.P.

Name: Natin Paul

Title: Authorized Representative

WC KANSAS CITY STORAGE, LLP

Name: Natin Paul

Title: Authorized Representative

NATIN PAUL, ON BEHALF OF THE REORGANIZED DEBTORS

Name: Natin Paul
Title: Manager

WORLD CLASS HOLDINGS I, LLC

Name: Natin Paul Title: Manager

PRINCETON CAPITAL CORPORATION ON BEHALF OF ITSELF AND THE PRINCETON RELEASED PARTIES

Name: Mark S. DiSalvo

Title: Chief Executive Officer Date: September 15, 2022

PHOENIX LENDING, LLC

Name: Mickey Altman

Title: Vice President
Date: Septemberl 5, 2022

## Exhibit A

Form of Indemnity Security Escrow Release Instructions



\_\_\_\_\_, 2022

#### VIA HAND DELIVERY

Fidelity National Title Insurance Company Attn: Larry Boes 485 Lexington Ave., 18th Floor New York, New York 10017 Larry.Boes@fnf.com

Re: Title No. 58349 (In re Great Value Storage) – Indemnity Security Escrow Release Instructions Regarding Indemnification Security

Mr. Boes:

As you are aware, Ross & Smith, PC ("R&S") is counsel for Princeton Capital Corporation ("Princeton") and Squire Patton Boggs (US) LLP ("Squire") is counsel for World Class Holdings I, LLC ("WCH"), 36 non-debtor defendants (collectively, but excluding World Class Capital Group LLC and Great Value Storage, LLC, while under Receivership, the "Non-Debtor Defendants") in the closed-case styled *Princeton Capital Corporation v. GVS Texas Holdings I, LLC, et al.*, Adv. Case No. 22-03043 (Bankr. N.D. Tex. 2022) (the "Princeton Proceeding"), and the fifteen reorganized debtors (collectively, the "Reorganized Debtors" and together with WCH and the Non-Debtor Defendants, the "World Class Entities") in chapter 11 bankruptcy proceedings in the United States Bankruptcy Court for the Northern District of Texas (the "Bankruptcy Court"), which cases are pending as *In re GVS Texas Holdings I, LLC, et al.*, main Case No. 21-31121-MVL (Bankr. N.D. Tex. 2021) (the "Bankruptcy Cases").

Pursuant to Paragraph 3 of the Order Granting Emergency Motion Pursuant to Bankruptcy Rule 9019 for Entry of an Order Approving a Settlement and Compromise between Princeton Capital Corporation and the Reorganized Debtors [AP Docket No.\_\_] (the "Settlement Order") entered in the Princeton Proceeding, and Paragraph 5(b) of the Amended Order Granting World Class Holdings I, LLC's Motion to Confirm Reinstatement of Natin Paul as Sole Officer of the Reorganized Debtors [Docket No. 1377] (the "Reinstatement Order") entered in the Bankruptcy Cases, Fidelity National Title Insurance Company (the "Title Company") must disburse the \$1 million dollars being held by the Title Company (the "Indemnification Security") in accordance with the instructions contained in this letter (the "Indemnity Security Escrow Release Instructions"), a substantially identical copy of which is attached as Exhibit A to that certain Settlement, Assignment and Acceptance Agreement, which is Exhibit 1 of the Settlement Order.

The Indemnification Security is in the amount of \$1 million dollars that is being held by Fidelity National Title Company.

In addition to being approved by the Bankruptcy Court, the Indemnity Security Escrow Release Instructions have been jointly drafted by counsel for Princeton and the World Class Entities. Lawyers from both R&S and Squire have signed the Indemnity Security Escrow Release Instructions, as directed by the Bankruptcy Court.

As further directed by the Bankruptcy Court via the Settlement Order and Reinstatement Order, and upon entry of a final, non-appeal order determining the allowance of fees and expenses of Seth Kretzer, as receiver, or other final, non-appealable order settling such issue, along with a) proof from the Title Company that the Receiver has been paid the amounts provided by such final non-appealable order, if any, and b) a certification by Princeton that it has been paid all amounts it is owed under paragraph 1(e) of that certain Settlement, Assignment and Acceptance Agreement dated September 2, 2022, the Indemnity Security Escrow Release Instructions hereby direct the Title Company to perform the following:

The Title Company is directed to disburse the Indemnification Security by wire transfer to Horizon Bank (the "1031 Agent"), or such other account as designated by the World Class Entities, from Account No. \*\*\*\*\*1018 no later than one (1) business day after receiving these Indemnity Security Escrow Release Instructions from counsel for the World Class Entities and Princeton via email.

Immediately upon receipt of these Indemnity Security Escrow Release Instructions, the Title Company shall notify counsel for Princeton, the World Class Entities and Seth Kretzer, the Receiver for World Class Capital Group LLC and Great Value Storage, LLC (c/o Lynnette Warman at lwarman@cm.law) via email that it has received the Indemnity Security Escrow Release Instructions and shall request that the wire instructions be emailed to the Title Company by counsel for the World Class Entities. In response, counsel for the World Class Entities shall then immediately provide the Title Company with the wire instructions in a separate email, without copying counsel for Princeton, along with a phone number that the Title Company shall call to confirm the wire instructions.

Squire will not be confirming the wire transfer instructions by telephone, however, counsel of record in the Bankruptcy Court for the World Class Entities, Jeffrey N. Rothleder, is available to confirm the authenticity of this correspondence by telephone at (202-457-6462). I am counsel of record in the Bankruptcy Court for Princeton and am available to confirm the authenticity of this correspondence by telephone at (214-377-8659).

Sincerely,

/s/ DRAFT

Judith W. Ross
Partner, Ross & Smith, PC
Counsel for Princeton Capital Corporation

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/s/ DRAFT

Jeffrey N. Rothleder Partner, Squire Patton Boggs (US) LLP Counsel for the World Class Entities

## Exhibit B

Form of Settlement Order

### UNITED STATES BANKRUPTCY COURT FOR THE NORTHERN DISTRICT OF TEXAS DALLAS DIVISION

In re:	Chapter 11
GVS TEXAS HOLDINGS I, LLC, et al. <sup>1</sup>	Case No. 21-31121-MVI
Reorganized Debtors.	(Jointly Administered)

# ORDER GRANTING EMERGENCY MOTION PURSUANT TO BANKRUPTCY RULE 9019 FOR ENTRY OF AN ORDER APPROVING A SETTLEMENT AND COMPROMISE BETWEEN PRINCETON CAPITAL CORPORATION AND THE REORGANIZED DEBTORS

Upon consideration of the Emergency Motion Pursuant to Bankruptcy Rule 9019 for Entry of an Order Approving a Settlement and Compromise Between Princeton Capital Corporation and

<sup>&</sup>lt;sup>1</sup> The Reorganized Debtors in these chapter 11 cases, along with the last four digits of each Reorganized Debtor's federal tax identification number, as applicable, are: GVS Texas Holdings I, LLC (7458); GVS Texas Holdings II, LLC (1225); GVS Portfolio I, LLC (6441); GVS Portfolio I B, LLC (7171); GVS Portfolio I C, LLC (3093); WC Mississippi Storage Portfolio I, LLC (0423); GVS Nevada Holdings I, LLC (4849); GVS Ohio Holdings I, LLC (6449); GVS Missouri Holdings I, LLC (5452); GVS New York Holdings I, LLC (5858); GVS Indiana Holdings I, LLC (3929); GVS Tennessee Holdings I, LLC (5909); GVS Ohio Holdings II, LLC (2376); GVS Illinois Holdings I, LLC (9944); and GVS Colorado Holdings I, LLC (0408). The location of the Reorganized Debtors' service address is: 814 Lavaca Street, Austin, Texas 78701.

the Reorganized Debtors (the "Emergency Motion")<sup>2</sup> requesting that the Court approve the Settlement Agreement<sup>3</sup> pursuant to Bankruptcy Rule 9019 and the related Escrow Instructions<sup>4</sup> to the Title Company, the Court (1) having considered the Emergency Motion and the objections filed by Seth Kretzer, Receiver (the "Receiver") for World Class Capital Group LLC ("WCCG") and Great Value Storage, LLC ("GVS"); (2) finding that (a) notice of the Emergency Motion was good and sufficient upon the particular circumstances and that no other or further notice need be given, (b) the Emergency Motion is a core proceeding under 28 U.S.C. § 157(b), (c) the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334, and (d) venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409; (3) finding that the Movants demonstrated both (a) good, sufficient, and sound business purposes and justifications for the Settlement Agreement and the transactions, compromises, and releases provided therein, and (b) compelling circumstances for approval of the Settlement Agreement pursuant to Bankruptcy Rule 9019; (4) finding that the terms of the Settlement Agreement are fair and reasonable, falling above the lowest point in the range of reasonableness, and are in the best interests of the Settling Parties and the Reorganized Debtors' stakeholders as a whole; (5) having weighed the probability of success in litigation, the complexity of the litigation involved, and the expense, inconvenience, and delay necessarily attending to it,

<sup>&</sup>lt;sup>2</sup> Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Emergency Motion or Settlement Agreement, as applicable. "Movants" means the Reorganized Debtors, the Non-Debtor Defendants and WCH. The "Settling Parties" means Movants and Princeton, but not including any party in receivership (including, without limitation, WCCG and GVS) or in a bankruptcy proceeding (including, without limitation, the debtors in In re WC South Congress Square LLC, Case No. 20-11107-TMD; In re WC 3rd and Trinity, LP, Case No. 21-10252-TMD; In re WC 511 Barton Blvd, LLC, Case No. 21-10943-TMD; In re WC Met Center, LLC, Case No. 21-10698-TMD; In re WC 717 N Harwood Property LLC, Case No. 21-10630-TMD; In re 6th and San Jacinto, LLC, Case No. 21-10942-TMD; In re WC Braker Portfolio, LLC, Case No. 22-10293-TMD; In re Arboretum Crossing LLC, Case No. 21-10546-TMD; In re WC Manhattan Place Property, LLC, Case No. 22-10047-TMD; In re WC Alamo Industrial Center, LP, Case No. 22-10026-TMD; and In re WC Culebra Crossing SA, LP, Case No. 21-10360-TMD, all pending in the United States Bankruptcy Court for the Western District of Texas, Austin Division (J. Davis, presiding).

<sup>&</sup>lt;sup>3</sup> The Settlement Agreement is attached hereto as **Exhibit 1**.

<sup>&</sup>lt;sup>4</sup> The Escrow Instructions are attached hereto as **Exhibit 2**.

and taken into account the paramount interest of alleged creditors and, based on all of the foregoing, the Court has determined that the relief requested in the Emergency Motion is fair and equitable, in the best interests of the Parties, and should be approved in all respects; (6) finding that (a) in the absence of the Settlement Agreement, the Defendants face considerable litigation expense, risk, and delay, (b) the disputes between the Settling Parties involve numerous legal and factual issues, and judicial resolution of these disputes will require additional, extensive and costly briefing and discovery, (c) even if the Defendants were successful in litigating against any claims, a judgment obtained may be subject to appeal with no guarantee as to the ultimate outcome, (d) there is no doubt that the Settling Parties' combined legal expenditures during a protracted litigation process would be substantial and further forestall any disbursement of the Princeton Reserve to any of the parties to the Adversary Proceeding, and (e) the Settlement Agreement resolves the Parties' disputes now without the need for additional costly, uncertain litigation; and good and sufficient cause appearing therefor; and having issued an oral bench ruling on the record on September 16, 2022, which is incorporated herein for all purposes,

#### IT IS HEREBY ORDERED THAT:

- 1. The Emergency Motion is hereby **GRANTED** as set forth herein.
- 2. The Settlement Agreement is approved as set forth herein.
- 3. Notwithstanding anything to the contrary in the Amended Order Granting World Class Holdings I, LLC's Motion to Confirm Reinstatement of Natin Paul as Sole Officer of the Reorganized Debtors [Docket No. 1377] (the "Reinstatement Order"), including, but not limited to, paragraph 5(b) thereof, on the Effective Date, the Title Company shall wire (a) the Settlement Amount of \$11,372,698.89 from the Princeton Reserve to Princeton and (b) \$2,627,301.11 from the Princeton Reserve to the entity or party designated by the Defendants pursuant to this Order and the Escrow Instructions in a form substantially similar to the form attached hereto as **Exhibit**

- <u>2</u>. The remainder of the Princeton Reserve, in the amount of \$1 million, shall be distributed in accordance with those certain instructions annexed as <u>Exhibit A</u><sup>5</sup> to the Settlement Agreement (the "<u>Indemnity Security Escrow Release Instructions</u>"). For the avoidance of any doubt, this Order shall be deemed a final order for purposes of paragraph 5(b) of the Reinstatement Order.
- The Escrow Instructions attached hereto as Exhibit 2 are approved by this Court, 4. and the Title Company shall comply with this Order and the Escrow Instructions no later than one (1) business day after receipt of the Escrow Instructions sent to the Title Company by counsel for Princeton. The Escrow Instructions shall be signed digitally by Judith W. Ross, counsel for Princeton. The electronically delivered Escrow Instructions shall be signed digitally on behalf of the Defendants. The electronically delivered Escrow Instructions shall be substantially identical to the Escrow Instructions attached to this Order as Exhibit 2. The electronically delivered Escrow Instructions shall include copies of this Order and the Reinstatement Order, entered in the chapter 11 cases, both attached to the Escrow Instructions. If any of the requirements of this Paragraph 4 are not fully satisfied, then the Title Company is directed by this Court to disburse no funds from the Princeton Reserve; provided, however, that the Indemnity Security Escrow Release Instructions shall not be subject to this Paragraph 4. In the event that all requirements of this Paragraph 4 are fully satisfied, then immediately upon receipt of the Escrow Instructions, the Title Company shall notify counsel for Princeton, the Defendants and the Receiver via email (at email addresses included in the Escrow Instructions) that the Title Company received the Escrow Instructions in compliance with this Paragraph 4, and counsel for Princeton and Defendants shall then immediately provide the Title Company with their respective wire instructions via email in accordance with the Escrow Instructions.

<sup>5</sup> The Indemnity Security Escrow Release Instructions are attached thereto as Exhibit A to Exhibit 1.

- 5. Notwithstanding anything in the Reinstatement Order to the contrary, it is hereby ordered that Mr. Natin Paul, any family member of Mr. Natin Paul, any affiliate of Mr. Natin Paul, and any person acting at Mr. Natin Paul's direction, shall not seek removal of or to remove from the Title Company the Remaining Reserves (as defined in the Reinstatement Order) (exclusive of the Princeton Reserve that is to be released pursuant to the term of this Order) until further Order of this Court.
- 6. Notwithstanding the foregoing, if the Receiver consents to this Paragraph 6 (which such consent shall be memorialized by filing a notice of consent on the docket in the above-captioned chapter 11 cases at any time), the funds reserved for the Receiver Claims may be disbursed upon (1) the filing in this Court of a final, non-appealable order of the Texas state district court in the *Princeton Capital Corporation vs Great Value Storage LLC*, et. al. pending in the 165th District Court of Harris County, Texas, case no. 2019-18855 (the "Princeton Lawsuit") awarding the Receiver fees and expenses pursuant to the Order Appointing Receiver in the Princeton Lawsuit (the "Receiver Award") and (2) a subsequent final, non-appealable Order of this Court directing the Title Company to disburse funds in the amount of the Receiver Award to the Receiver less any amounts that the Receiver has collected that the state court approves the Receiver to apply to his total fees and expenses in connection with the Princeton Lawsuit. The Reinstatement Order shall remain in full force and affect except as modified herein.
- 7. Notwithstanding anything to the contrary in the Settlement Agreement, WCCG and GVS shall not be parties to the Settlement Agreement for all purposes, including the release provisions set forth in Paragraphs 6 and 7 thereof. For the avoidance of any doubt, this Paragraph 7 shall not affect or otherwise modify the indemnification provisions as set forth in the Settlement Agreement and Princeton shall be indemnified under the Settlement Agreement if they are sued

by the Receiver acting as WCCG or GVS.

- 8. This Order does not herein address the enforceability of any release given by a non-Debtor party. To the extent any entity lacks the authority to give a release due to the fact that it is in receivership, in bankruptcy or for any other reason, all parties' rights are reserved in any subsequent enforcement litigation to argue same.
- 9. This Order shall have no effect on existing litigation or claims filed by the Receiver in this Court. Such litigation shall not be stayed or modified in any way by virtue of this Order unless and until such receivership is terminated or modified by a court of competent jurisdiction or the parties otherwise agree to stay any such litigation. This Order does not act to terminate or modify the Receiver's rights and duties under the Receivership Order. Furthermore, the \$3.5 million reserve for the Receiver Claims as defined in this Court's Amended Order Granting World Class Holdings I, LLC's Motion to Confirm Reinstatement of Natin Paul as Sole Officer of the Reorganized Debtors (Dkt. No. 1377) shall remain in place pending further Order of the Court.
- 10. Except as it may pertain to disputes regarding this Order which the Court retains jurisdiction to consider, this Order shall have no effect on existing claims, litigation or appeals between and among the Receiver and any non-Debtor party outside of this Court. Such litigation shall not be stayed, modified, or otherwise affected in any way by virtue of this Order.
- 11. Notice of the Emergency Motion as provided therein shall be deemed good and sufficient notice of such Emergency Motion under the circumstances and the requirements of the Bankruptcy Rules and the Local Rules are satisfied by such notice.
- 12. Notwithstanding the applicability of any Bankruptcy Rules, the terms and conditions of this Order shall not be stayed and shall be immediately effective and enforceable upon its entry.

- 13. Except as may be expressly contrary to the relief afforded herein, the Defendants are authorized to take all such actions as are necessary or appropriate to implement the terms of this Order.
- 14. This Court shall retain jurisdiction over all matters arising from or related to the interpretation or implementation of this Order.

### END OF ORDER ###

# **Exhibit C**

Form of Settlement Payment Escrow Release Instructions



September , 2022

#### **VIA EMAIL**

Fidelity National Title Insurance Company Attn: Larry Boes 485 Lexington Ave., 18th Floor New York, New York 10017 Larry.Boes@fnf.com

Re: Title No. 58349 (In re Great Value Storage) – Disbursement Instruction Letter Regarding Princeton Reserve

Mr. Boes:

As you may be aware, Ross & Smith, PC ("R&S") is counsel for Princeton Capital Corporation ("Princeton") and Squire Patton Boggs (US) LLP ("Squire") is counsel for World Class Holdings I, LLC ("WCH"), 36 non-debtor defendants (collectively, but excluding World Class Capital Group LLC and Great Value Storage, LLC, while under Receivership, the "Non-Debtor Defendants") in the case styled *Princeton Capital Corporation v. GVS Texas Holdings I, LLC, et al.*, Adv. Case No. 22-03043 (Bankr. N.D. Tex. 2022) (the "Princeton Proceeding"), and the fifteen reorganized debtors (collectively, the "Reorganized Debtors" and together with WCH and the Non-Debtor Defendants, the "World Class Entities") in chapter 11 bankruptcy proceedings in the United States Bankruptcy Court for the Northern District of Texas (the "Bankruptcy Court"), which cases are pending as *In re GVS Texas Holdings I, LLC, et al.*, main Case No. 21-31121-MVL (Bankr. N.D. Tex. 2021) (the "Bankruptcy Cases").

Pursuant to Paragraphs 3 and 4 of the *Order Granting Emergency Motion Pursuant to Bankruptcy Rule 9019 for Entry of an Order Approving a Settlement and Compromise between Princeton Capital Corporation and the Reorganized Debtors* [AP Docket No. ] (the "Settlement Order") entered in the Princeton Proceeding, and Paragraph 5(b) of the *Amended Order Granting World Class Holdings I, LLC's Motion to Confirm Reinstatement of Natin Paul as Sole Officer of the Reorganized Debtors* [Docket No. 1377] (the "Reinstatement Order") entered in the Bankruptcy Cases, Fidelity National Title Insurance Company (the "Title Company") must disburse the \$15 million being held by the Title Company (the "Princeton Reserve") on account of certain claims held by Princeton against certain of the World Class Entities in accordance with the instructions contained in this letter (the "Escrow Instructions"), a substantially identical copy of which is attached as Exhibit 2 to the Settlement Order.

A copy of the Settlement Order is attached to this letter as <u>Exhibit A</u>. A copy of the Reinstatement Order is attached to this letter as Exhibit B.

In addition to being approved by the Bankruptcy Court, the Escrow Instructions have been jointly drafted by counsel for Princeton and the World Class Entities. Lawyers from both R&S and Squire have signed the Escrow Instructions, as directed by the Bankruptcy Court.

As further directed by the Bankruptcy Court via the Settlement Order and Reinstatement Order, the Escrow Instructions hereby direct the Title Company to perform the following:

The Title Company, upon receipt of these instruction and certification from counsel for Princeton and the World Class Entities via email, that Princeton has complied with its obligations, including those set forth in Section 4 of the Settlement Agreement, is directed to disburse the following amounts of the Princeton Reserve by wire transfer to Princeton, on one hand, and Horizon Bank (the "1031 Agent") or such other account as designated by the World Class Entities, on the other hand, from Account No. \*\*\*\*\*\*1018 (the "Princeton Reserve Account") no later than one (1) business day after receiving the Escrow Instructions from counsel for Princeton, in accordance with paragraph 4 of the Settlement Order:

Princeton: \$11,372,698.89; and
 1031 Agent: \$2,627,301.11.<sup>1</sup>

Immediately upon receipt of the emailed Escrow Instructions from counsel for Princeton and World Class, the Title Company shall notify counsel for Princeton, the World Class Entities that the delivered Escrow Instructions comply with paragraph 4 of the Settlement Order and Seth Kretzer, Receiver for World Class Capital Group LLC and Great Value Storage, LLC c/o Lynnette Warman at lwarman@cm.law. Counsel for Princeton and Sheena Paul for the World Class Entities, on behalf of the 1031 Agent, shall then immediately provide the Title Company with their respective wire instructions in separate emails, along with a phone number that the Title Company shall call to confirm the wire instructions for Princeton and 1031 Agent, respectively, upon the delivery of the Escrow Instructions to the Title Company.

Neither R&S nor Squire will be confirming those wire transfer instructions by telephone, however, I am counsel of record in the Bankruptcy Court for Princeton and am available to confirm the authenticity of this correspondence by telephone at (214-377-8659). Likewise, counsel of record in the Bankruptcy Court for the World Class Entities, Jeffrey N. Rothleder, is available to confirm the authenticity of this correspondence by telephone at (202-457-6462).

<sup>&</sup>lt;sup>1</sup> The funds that remain in the Princeton Reserve in the amount of \$1 million following the initial disbursement directed herein shall be held by the Title Company and shall be disbursed only upon submission thereto of joint written instructions executed by counsel for Princeton and the World Class Entities, a form of which is attached to this letter as <a href="Exhibit C">Exhibit C</a>, or submission to the Title Company of a final, non-appealable order of the Bankruptcy Court authorizing and directing payment of all or portions of the \$1 million.

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<u>/s/</u>	
Judith W. Ross	
Partner, Ross & Smith	ı, PC
Counsel for Princeton	Capital Corporation
<u>/s/</u>	
<u>/s/</u> Jeffrey N. Rothleder	
	Boggs (US) LLP

## **Exhibit D**

Form of Notice of Dismissal of Adversary Proceeding

Judith W. Ross State Bar No. 21010670 Jessica L. Voyce Lewis State Bar No. 24060956 **ROSS & SMITH. PC** 700 N. Pearl Street, Suite 1610

Dallas, TX 75201 Phone: 214-377-7879 Fax: 214-377-9409

Email: judith.ross@judithwross.com Email: jessica.lewis@judithwross.com

#### COUNSEL FOR PRINCETON CAPITAL CORPORATION

### IN THE UNITED STATES BANKRUPTCY COURT FOR THE NORTHERN DISTRICT OF TEXAS **DALLAS DIVISION**

In re:	§ Chapter 11
	§
GVS TEXAS HOLDINGS I, LLC, et al.,1	§ Case No. 21-31121-MVL
	§
Debtors.	§ (Jointly Administered)
	§
	§
PRINCETON CAPITAL CORPORATION,	§
	§ Adv. No. 22-03043
Plaintiff,	§
	§
<b>V.</b>	§
	§
GVS TEXAS HOLDINGS I, LLC, et al., <sup>2</sup>	<b>§</b>

<sup>1</sup> The Reorganized Debtors in these chapter 11 cases, along with the last four digits of each Reorganized Debtor's

federal tax identification number, as applicable, are: GVS Texas Holdings I, LLC (7458); GVS Texas Holdings II, LLC (1225); GVS Portfolio I, LLC (6441); GVS Portfolio I B, LLC (7171); GVS Portfolio I C, LLC (3093); WC Mississippi Storage Portfolio I, LLC (0423); GVS Nevada Holdings I, LLC (4849); GVS Ohio Holdings I, LLC (6449); GVS Missouri Holdings I, LLC (5452); GVS New York Holdings I, LLC (5858); GVS Indiana Holdings I, LLC (3929); GVS Tennessee Holdings I, LLC (5909); GVS Ohio Holdings II, LLC (2376); GVS Illinois Holdings I, LLC (9944); and GVS Colorado Holdings I, LLC (0408) (collectively, the "Reorganized Debtors"). The location of the Reorganized Debtors' service address is: 814 Lavaca Street, Austin, Texas 78701.

<sup>&</sup>lt;sup>2</sup> The Defendants in this adversary proceeding are: GVS Texas Holdings I, LLC; GVS Texas Holdings II, LLC; GVS Portfolio I, LLC; GVS Portfolio I B, LLC; GVS Portfolio I C, LLC; WC Mississippi Storage Portfolio I, LLC; GVS Nevada Holdings I, LLC; GVS Ohio Holdings I, LLC; GVS Missouri Holdings I, LLC; GVS New York Holdings I, LLC; GVS Indiana Holdings I, LLC; GVS Tennessee Holdings I, LLC; GVS Ohio Holdings II, LLC; GVS Illinois Holdings I, LLC; GVS Colorado Holdings I, LLC; World Class Capital Group, LLC; Great Value Storage, LLC; Natin Paul; Sheena Paul; Barbara Lee; Jason Rogers; WC Ohio Storage Portfolio I, LP; WC Texas Storage Portfolio I, LP; WC Texas Storage Portfolio II, GP, LLC; WC Memphis Storage II, LP; WC Ohio Storage Portfolio I GP, LLC;

	§
Defendants.	§
	<b>§</b>
WORLD CLASS HOLDINGS I, LLC	§
	<b>§</b>
Intervenor.	§
	§

#### NOTICE OF DISMISSAL WITH PREJUDICE

**PLEASE TAKE NOTICE THAT** Princeton Capital Corporation, by its undersigned attorneys, in the above-captioned adversary proceeding (this "<u>Adversary Proceeding</u>"), dismisses this Adversary Proceeding with prejudice as ordered by the Court in the *Order of Dismissal of Adversary Proceeding* [Docket No. \_\_\_].

DATED: \_\_\_\_\_\_, 2022 Respectfully submitted, Dallas, Texas

/s/ DRAFT

Judith W. Ross State Bar No. 21010670 Jessica L. Voyce Lewis State Bar No. 24060956 ROSS & SMITH, PC 700 N. Pearl Street, Suite 1610

Dallas, TX 75201 Phone: 214-377-7879 Fax: 214-377-9409

Email: judith.ross@judithwross.com Email: jessica.lewis@judithwross.com

COUNSEL FOR PRINCETON CAPITAL CORPORATION

WC Ohio Storage Portfolio II TIC, LLC; WC Ohio Storage Portfolio II Equity, LLC; WC Texas Storage Portfolio III MM, LLC; WC Mississippi Storage Portfolio I MM, LLC; WC Illinois Storage Portfolio I, LLC; WC Illinois Storage Portfolio TIC, LLC; WC 4641 Production MM, LLC; WC New York Storage Portfolio I, LLC; WC 4641 Production, LLC; WC TSPIGP, LLC; WC Texas Storage Portfolio II, LP; WC Texas Storage Portfolio III Property, LLC; WC Texas Storage Portfolio III, LLC; WC San Benito Storage, LP; WC San Benito GP, LLC; WC Memphis Storage GP, LLC; WC Memphis Storage II GP, LLC; WC Las Vegas Storage, LP; WC Kansas City Storage, LP; WC 13825 FM 306, L.P.; WC Kansas City Storage GP, LLP; and John Does.

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# **CERTIFICATE OF SERVICE**

I hereby certify that on this, 2022, I caused a true and correct copy of th
foregoing to be filed and served through ECF notification upon all parties who receive notice is
this matter pursuant to the Court's CM/ECF filing system.
/s/ DRAFT Judith W. Ross

## **Exhibit E**

Form of Notice of Assignment of Judgment and Substitution of Parties

#### PHOENIX LENDING, LLC

#### NOTICE OF ASSIGNMENT

September [\_\_], 2022

[NAME] [TITLE] Princeton Capital Corporation 800 Turnpike Street, Suite 300 North Andover, MA 01845

Dear [NAME]:

Your (i) Senior Secured Promissory Note, dated July 31, 2012 ("Note A") in the principal amount of \$2,000,000, (ii) Senior Secured Promissory Note, dated September 27, 2012 ("Note B") in the principal amount of \$500,000, (iii) Senior Secured Promissory Note, dated November 12, 2014 ("Note C" and together with Note A and Note B, the "Notes") in the principal amount of \$3,100,000 (each of (i), (ii), and (iii) delivered to Capital Point Partners II, L.P. and thereafter assigned to you), (iv) Note Purchase Agreement, dated July 31, 2012 (the "Note Purchase Agreement"), by and among Capital Point Partners II, L.P. (your predecessor-in-interest), Great Value Storage, LLC ("Great Value") and World Class Capital Group, LLC ("World Class"), and (v) order of judgment by the Texas District Court that Great Value and World Class were liable to you for contract damages of \$9,759,713.84 and attorneys' fees of \$150,887.50 (the "Judgment"), will be pledged and assigned by you to Phoenix Lending, LLC, a Delaware limited liability company ("Phoenix") in connection with that certain Settlement Agreement, dated as of September 2, 2022, in exchange for \$11,372,698.89 (the "Payment")paid by Phoenix to you in accordance with the terms of the Settlement Agreement.

You are hereby directed to make payment of any future installments or payments you receive (save and except for the Payment that you receive under the Notes and the Judgment directly to Phoenix, or to such account or entity as Phoenix shall designate.

This Notice of Assignment may be revoked, amended, modified or amended only by a writing signed and delivered to you by Phoenix.

Phoenix requests that you confirm the amount of each Note by signing and returning to Phoenix a copy of the attached acknowledgement.

Please feel free to contact [NAME] and [PHONE NUMBER] if you have any questions regarding this Notice of Assignment.

Cinconstr

Sincerery	у,
PHOEN	IX LENDING, LLC
By:	
Name:	
Title:	

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#### ACKNOWLEDGEMENT

The undersigned hereby acknowledges to Phoenix Lending, LLC, a Delaware limited liability company ("Phoenix") the contents of the Notice of Assignment and confirms that it executed the Notes in the amounts as set forth in the Notice of Assignment and agreed to such terms as are set forth in the Notes. The undersigned acknowledges that the Notes are valid, binding and enforceable obligations, that the undersigned will not amend, modify or terminate the Notes without the written consent of Phoenix or its successors and assigns, and that it will make payments in accordance with the terms of the Notes and deliver payments in accordance with the directions in the Notice of Assignment.

PRINCETON CAPITAL CORPORATIO	)N
------------------------------	----

By:		
Name:		
Title:		

#### No. 01-21-00284-CV

# IN THE FIRST COURT OF APPEALS HOUSTON, TEXAS

# GREAT VALUE STORAGE LLC and WORLD CLASS CAPITAL GROUP LLC,

Appellants,

٧.

#### PRINCETON CAPITAL CORPORATION,

Appellee.

On Appeal from the 165th District Court of Harris County, Texas

Trial Court Cause No. 2019-18855

The Honorable Ursula Hall, Judge Presiding

# APPELLEE'S UNOPPOSED MOTION FOR SUBSTITUTION OF PARTIES

Plaintiff Princeton Capital Corporation ("Princeton") moves this Court, pursuant to Tex. R. App. P. 7.1(b), to substitute Phoenix Lending, LLC as appellee in place of Princeton pursuant an assignment of the promissory notes that are the basis of this appeal. Phoenix is hereby substituting in as Post Judgment Creditor and Plaintiff only, and not as a Defendant in the Declaratory Action filed by Seth Kretzer.

Respectfully submitted,

# SUSMAN GODFREY L.L.P.

Mark L.D. Wawro
State Bar No. 20988275

mwawro@susmangodfrey.com
Abigail C. Noebels
State Bar No. 24083578

anoebels@susmangodfrey.com
1000 Louisiana Street, Suite 5100
Houston, Texas 77002-5096
Telephone: (713) 651-9366

Fax: (713) 654-6666

Attorneys for Princeton Capital

Corporation

# CERTIFICATE OF CONFERENCE

As required by Tex. R. App. P. 10.1(a)(5), I conferred with appellants'	counsel
about the merits of this motion and appellants do not oppose this motion.	

Abigail C. Noebels

# **CERTIFICATE OF SERVICE**

I served the foregoing document on all counsel by electronic filing in accordance with Tex. R. App. P. 9.5(e) on September 18, 2022.

Abigail C. Noebels

#### CAUSE NO. 2019-18855

PRINCETON CAPITAL	§	IN THE DISTRICT COURT OF
CORPORATION,	§	
	§	
Plaintiff	§	
	§	
v.	§	HARRIS COUNTY, TEXAS
	§	
GREAT VALUE STORAGE LLC,	§	
WORLD CLASS CAPITAL	§	
GROUP, LLC, and NATIN PAUL	§	
	§	
Defendants	§	165 <sup>TH</sup> JUDICIAL DISTRICT

#### PRINCETON'S UNOPPOSED MOTION TO SUBSTITUTE PARTIES

Plaintiff Princeton Capital Corporation ("Princeton") moves this Court pursuant to Tex. R. Civ. P. 37 for substitution of Phoenix Lending, LLC as plaintiff in place of Princeton, pursuant to an assignment of the promissory notes that are the basis of this suit. This motion for substitution of Princeton as the plaintiff is not intended to delay this action and does not prejudice the defendants. Princeton asks this Court to sign the attached order granting this substitution. Phoenix is hereby substituting in as Post Judgment Creditor and Plaintiff only, and not as a Defendant in the Declaratory Action filed by Seth Kretzer.

Respectfully submitted,

#### SUSMAN GODFREY L.L.P.

\_\_\_\_\_

Mark L.D. Wawro State Bar No. 20988275 mwawro@susmangodfrey.com Abigail C. Noebels State Bar No. 24083578 anoebels@susmangodfrey.com 1000 Louisiana Street, Suite 5100 Houston, Texas 77002-5096 Telephone: (713) 651-9366

Fax: (713) 654-6666

Attorneys for Princeton Capital Corporation

#### CERTIFICATE OF CONFERENCE

I certify that I conferred with defendants' counsel about the merits of this motion and defendants do not oppose this motion.

Abigail C. Noebels

#### **CERTIFICATE OF SERVICE**

On September 18, 2022, I served the foregoing document to all counsel of record, in accordance with Texas Rules of Civil Procedure 21 and 21a, by service via the court's electronic filing system.

Abigail C. Noebels

#### **CAUSE NO. 2019-18855**

PRINCETON CAPITAL	§	IN THE DISTRICT COURT OF
CORPORATION,	§	
	§	
Plaintiff	§	
	§	
<b>v.</b>	§	HARRIS COUNTY, TEXAS
	§	
GREAT VALUE STORAGE LLC,	§	
WORLD CLASS CAPITAL	§	
GROUP, LLC, and NATIN PAUL	§	
	§	
Defendants	§	165 <sup>TH</sup> JUDICIAL DISTRICT

#### ORDER GRANTING SUBSTITUTION OF PARTIES

The Court grants Plaintiff Princeton Capital Corporation's Motion for Substitution of Parties pursuant to Tex. R. Civ. P. 37 and ORDERS that Phoenix Lending, LLC is substituted as plaintiff in place of Princeton. Phoenix is hereby substituting in as Post Judgment Creditor and Plaintiff only, and not as a Defendant in the Declaratory Action filed by Seth Kretzer.

Signed on	•	
	PRESIDING JUDGE	

#### CAUSE NO. 2019-18855-A

PRINCETON CAPITAL	§	IN THE DISTRICT COURT OF
CORPORATION,	§	
	§	
Plaintiff	§	
	§	
v.	§	HARRIS COUNTY, TEXAS
	§	
GREAT VALUE STORAGE LLC,	§	
WORLD CLASS CAPITAL	§	
GROUP, LLC, and NATIN PAUL	§	
	§	
Defendants	§	165 <sup>TH</sup> JUDICIAL DISTRICT

#### PRINCETON'S UNOPPOSED MOTION TO SUBSTITUTE PARTIES

Plaintiff Princeton Capital Corporation ("Princeton") moves this Court pursuant to Tex. R. Civ. P. 37 for substitution of Phoenix Lending, LLC is substituted as plaintiff in place of Princeton, pursuant to an assignment of the promissory notes that are the basis of this suit. This motion for substitution of Princeton as the plaintiff is not intended to delay this action and does not prejudice the defendants. Princeton asks this Court to sign the attached order granting this substitution. Phoenix is hereby substituting in as Post Judgment Creditor and Plaintiff only, and not as a Defendant in the Declaratory Action filed by Seth Kretzer.

Respectfully submitted,

#### SUSMAN GODFREY L.L.P.

Mark L.D. Wawro State Bar No. 20988275 mwawro@susmangodfrey.com Abigail C. Noebels State Bar No. 24083578 anoebels@susmangodfrey.com 1000 Louisiana Street, Suite 5100 Houston, Texas 77002-5096 Telephone: (713) 651-9366

Fax: (713) 654-6666

Attorneys for Princeton Capital **Corporation** 

#### CERTIFICATE OF CONFERENCE

I certify that I conferred with defendants' counsel about the merits of this motion and defendants do not oppose this motion.

Abigail C. Noebels

#### **CERTIFICATE OF SERVICE**

On September 18, 2022, I served the foregoing document to all counsel of record, in accordance with Texas Rules of Civil Procedure 21 and 21a, by service via the court's electronic filing system.

Abigail C. Noebels

#### CAUSE NO. 2019-18855-A

PRINCETON CAPITAL	§	IN THE DISTRICT COURT OF
CORPORATION,	§	
	§	
Plaintiff	§	
	§	
<b>v.</b>	§	HARRIS COUNTY, TEXAS
	§	
GREAT VALUE STORAGE LLC,	§	
WORLD CLASS CAPITAL	§	
GROUP, LLC, and NATIN PAUL	§	
	§	
Defendants	§	165 <sup>TH</sup> JUDICIAL DISTRICT

#### ORDER GRANTING SUBSTITUTION OF PARTIES

The Court grants Plaintiff Princeton Capital Corporation's Motion for Substitution of Parties pursuant to Tex. R. Civ. P. 37 and ORDERS that Phoenix Lending, LLC is substituted as plaintiff in place of Princeton. Phoenix is hereby substituting in as Post Judgment Creditor and Plaintiff only, and not as a Defendant in the Declaratory Action filed by Seth Kretzer.

Signed on	·	
	PRESIDING JUDGE	

# Exhibit F

Form of Notice of Withdrawal of Proofs of Claim

Judith W. Ross State Bar No. 21010670 Jessica L. Voyce Lewis State Bar No. 24060956 ROSS & SMITH, PC 700 N. Pearl Street, Suite 1610

Dallas, TX 75201 Phone: 214-377-7879 Fax: 214-377-9409

Email: judith.ross@judithwross.com Email: jessica.lewis@judithwross.com

#### COUNSEL FOR PRINCETON CAPITAL CORPORATION

## IN THE UNITED STATES BANKRUPTCY COURT FOR THE NORTHERN DISTRICT OF TEXAS DALLAS DIVISION

1

In re:	Chapter 11
GVS TEXAS HOLDINGS I, LLC, et al. <sup>1</sup>	Case No. 21-31121-MVI
Reorganized Debtors.	(Jointly Administered)

#### NOTICE OF WITHDRAWAL OF PROOFS OF CLAIM

**PLEASE TAKE NOTICE THAT** Princeton Capital Corporation ("<u>Princeton</u>"), by its undersigned attorneys, in the above-captioned jointly administered bankruptcy cases, respectfully withdraws with prejudice the following amended proofs of claim filed by Princeton on January 21, 2022:

<sup>&</sup>lt;sup>1</sup> The Reorganized Debtors in these chapter 11 cases, along with the last four digits of each Reorganized Debtor's federal tax identification number, as applicable, are: GVS Texas Holdings I, LLC (7458); GVS Texas Holdings II, LLC (1225); GVS Portfolio I, LLC (6441); GVS Portfolio I B, LLC (7171); GVS Portfolio I C, LLC (3093); WC Mississippi Storage Portfolio I, LLC (0423); GVS Nevada Holdings I, LLC (4849); GVS Ohio Holdings I, LLC (6449); GVS Missouri Holdings I, LLC (5452); GVS New York Holdings I, LLC (5858); GVS Indiana Holdings I, LLC (3929); GVS Tennessee Holdings I, LLC (5909); GVS Ohio Holdings II, LLC (2376); GVS Illinois Holdings I, LLC (9944); and GVS Colorado Holdings I, LLC (0408). The location of the Reorganized Debtors' service address is: 814 Lavaca Street, Austin, Texas 78701.

- i. Proof of Claim No. 119-8 filed against GVS Portfolio I B, LLC;<sup>2</sup>
- ii. Proof of Claim No. 120-4 filed against GVS Portfolio I, LLC;<sup>3</sup>
- iii. Proof of Claim No. 121-78 filed against GVS Texas Holdings I, LLC;<sup>4</sup>
- iv. Proof of Claim No. 122-32 filed against GVS Texas Holdings II, LLC;<sup>5</sup>
- v. Proof of Claim No. 123-12 filed against GVS Ohio Holdings I, LLC;<sup>6</sup>
- vi. Proof of Claim No. 124-10 filed against GVS Ohio Holdings II, LLC;<sup>7</sup>
- vii. Proof of Claim No. 125-10 filed against WC Mississippi Storage Portfolio I, LLC;8
- viii. Proof of Claim No. 126-6 filed against GVS Nevada Holdings I, LLC;<sup>9</sup>
  - ix. Proof of Claim No. 127-7 filed against GVS Missouri Holdings I, LLC;<sup>10</sup>
  - x. Proof of Claim No. 128-9 filed against GVS New York Holdings I, LLC;<sup>11</sup>
  - xi. Proof of Claim No. 129-8 filed against GVS Indiana Holdings I, LLC;<sup>12</sup>
- xii. Proof of Claim No. 130-7 filed against GVS Illinois Holdings I, LLC;<sup>13</sup>
- xiii. Proof of Claim No. 131-13 filed against GVS Tennessee Holdings I, LLC;<sup>14</sup>
- xiv. Proof of Claim No. 132-7 filed against GVS Colorado Holdings I, LLC;<sup>15</sup> and

<sup>&</sup>lt;sup>2</sup> Amends Proof of Claim No. 119-5.

<sup>&</sup>lt;sup>3</sup> Amends Proof of Claim No. 120-2.

<sup>&</sup>lt;sup>4</sup> Amends Proof of Claim No. 121-62.

<sup>&</sup>lt;sup>5</sup> Amends Proof of Claim No. 122-24.

<sup>&</sup>lt;sup>6</sup> Amends Proof of Claim No. 123-7.

<sup>&</sup>lt;sup>7</sup> Amends Proof of Claim No. 124-5.

<sup>&</sup>lt;sup>8</sup> Amends Proof of Claim No. 125-4.

<sup>&</sup>lt;sup>9</sup> Amends Proof of Claim No. 126-3.

<sup>&</sup>lt;sup>10</sup> Amends Proof of Claim No. 127-4.

<sup>&</sup>lt;sup>11</sup> Amends Proof of Claim No. 128-5.

<sup>&</sup>lt;sup>12</sup> Amends Proof of Claim No. 129-4.

<sup>&</sup>lt;sup>13</sup> Amends Proof of Claim No. 130-3.

<sup>&</sup>lt;sup>14</sup> Amends Proof of Claim No. 131-9.

<sup>&</sup>lt;sup>15</sup> Amends Proof of Claim No. 132-3.

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xv. Proof of Claim No. 164-2 filed against GVS Portfolio I C, LLO
---

DATED: \_\_\_\_\_\_, 2022 Respectfully submitted, Dallas, Texas

/s/ DRAFT

Judith W. Ross State Bar No. 21010670 Jessica L. Voyce Lewis State Bar No. 24060956 ROSS & SMITH, PC 700 N. Pearl Street, Suite 1610

Dallas, TX 75201

Phone: 214-377-7879 Fax: 214-377-9409

Email: judith.ross@judithwross.com Email: jessica.lewis@judithwross.com

COUNSEL FOR PRINCETON CAPITAL CORPORATION

<sup>&</sup>lt;sup>16</sup> Amends Proof of Claim No. 164-1.

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# **CERTIFICATE OF SERVICE**

I hereby certify that on this, 2022, I caused a true and correct copy of the
foregoing to be filed and served through ECF notification upon all parties who receive notice in
this matter pursuant to the Court's CM/ECF filing system.
<u>/s/ DRAFT</u> Judith W. Ross

# Exhibit 2

**Escrow Instructions** 



September , 2022

#### **VIA EMAIL**

Fidelity National Title Insurance Company Attn: Larry Boes 485 Lexington Ave., 18th Floor New York, New York 10017 Larry.Boes@fnf.com

Re: Title No. 58349 (In re Great Value Storage) – Disbursement Instruction Letter Regarding Princeton Reserve

Mr. Boes:

As you may be aware, Ross & Smith, PC ("R&S") is counsel for Princeton Capital Corporation ("Princeton") and Squire Patton Boggs (US) LLP ("Squire") is counsel for World Class Holdings I, LLC ("WCH"), 36 non-debtor defendants (collectively, but excluding World Class Capital Group LLC and Great Value Storage, LLC, while under Receivership, the "Non-Debtor Defendants") in the case styled *Princeton Capital Corporation v. GVS Texas Holdings I, LLC, et al.*, Adv. Case No. 22-03043 (Bankr. N.D. Tex. 2022) (the "Princeton Proceeding"), and the fifteen reorganized debtors (collectively, the "Reorganized Debtors" and together with WCH and the Non-Debtor Defendants, the "World Class Entities") in chapter 11 bankruptcy proceedings in the United States Bankruptcy Court for the Northern District of Texas (the "Bankruptcy Court"), which cases are pending as *In re GVS Texas Holdings I, LLC, et al.*, main Case No. 21-31121-MVL (Bankr. N.D. Tex. 2021) (the "Bankruptcy Cases").

Pursuant to Paragraphs 3 and 4 of the *Order Granting Emergency Motion Pursuant to Bankruptcy Rule 9019 for Entry of an Order Approving a Settlement and Compromise between Princeton Capital Corporation and the Reorganized Debtors* [AP Docket No. ] (the "Settlement Order") entered in the Princeton Proceeding, and Paragraph 5(b) of the *Amended Order Granting World Class Holdings I, LLC's Motion to Confirm Reinstatement of Natin Paul as Sole Officer of the Reorganized Debtors* [Docket No. 1377] (the "Reinstatement Order") entered in the Bankruptcy Cases, Fidelity National Title Insurance Company (the "Title Company") must disburse the \$15 million being held by the Title Company (the "Princeton Reserve") on account of certain claims held by Princeton against certain of the World Class Entities in accordance with the instructions contained in this letter (the "Escrow Instructions"), a substantially identical copy of which is attached as Exhibit 2 to the Settlement Order.

A copy of the Settlement Order is attached to this letter as <u>Exhibit A</u>. A copy of the Reinstatement Order is attached to this letter as Exhibit B.

In addition to being approved by the Bankruptcy Court, the Escrow Instructions have been jointly drafted by counsel for Princeton and the World Class Entities. Lawyers from both R&S and Squire have signed the Escrow Instructions, as directed by the Bankruptcy Court.

As further directed by the Bankruptcy Court via the Settlement Order and Reinstatement Order, the Escrow Instructions hereby direct the Title Company to perform the following:

The Title Company, upon receipt of these instruction and certification from counsel for Princeton and the World Class Entities via email, that Princeton has complied with its obligations, including those set forth in Section 4 of the Settlement Agreement, is directed to disburse the following amounts of the Princeton Reserve by wire transfer to Princeton, on one hand, and Horizon Bank (the "1031 Agent") or such other account as designated by the World Class Entities, on the other hand, from Account No. \*\*\*\*\*1018 (the "Princeton Reserve Account") no later than one (1) business day after receiving the Escrow Instructions from counsel for Princeton, in accordance with paragraph 4 of the Settlement Order:

1. Princeton: \$11,372,698.89; and 2. 1031 Agent: \$2,627,301.11.<sup>1</sup>

Immediately upon receipt of the emailed Escrow Instructions from counsel for Princeton and World Class, the Title Company shall notify counsel for Princeton, the World Class Entities that the delivered Escrow Instructions comply with paragraph 4 of the Settlement Order and Seth Kretzer, Receiver for World Class Capital Group LLC and Great Value Storage, LLC c/o Lynnette Warman at lwarman@cm.law. Counsel for Princeton and Sheena Paul for the World Class Entities, on behalf of the 1031 Agent, shall then immediately provide the Title Company with their respective wire instructions in separate emails, along with a phone number that the Title Company shall call to confirm the wire instructions for Princeton and 1031 Agent, respectively, upon the delivery of the Escrow Instructions to the Title Company.

Neither R&S nor Squire will be confirming those wire transfer instructions by telephone, however, I am counsel of record in the Bankruptcy Court for Princeton and am available to confirm the authenticity of this correspondence by telephone at (214-377-8659). Likewise, counsel of record in the Bankruptcy Court for the World Class Entities, Jeffrey N. Rothleder, is available to confirm the authenticity of this correspondence by telephone at (202-457-6462).

<sup>&</sup>lt;sup>1</sup> The funds that remain in the Princeton Reserve in the amount of \$1 million following the initial disbursement directed herein shall be held by the Title Company and shall be disbursed only upon submission thereto of joint written instructions executed by counsel for Princeton and the World Class Entities, a form of which is attached to this letter as <u>Exhibit C</u>, or submission to the Title Company of a final, non-appealable order of the Bankruptcy Court authorizing and directing payment of all or portions of the \$1 million.

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<u>/s/</u>	
Judith W. Ross	
Partner, Ross & Smith	, PC
Counsel for Princeton	Capital Corporation
<u>/s/</u>	
_/s/ Jeffrey N. Rothleder Partner, Squire Patton	Boggs (US) LLP

## **SQUIRE PATTON BOGGS (US) LLP**

Travis A. McRoberts (Bar No. 24088040) 2000 McKinney Ave., Suite 1700

Dallas, TX 75201

Telephone: (214) 758-1589 Facsimile: (214) 758-1550

Email: travis.mcroberts@squirepb.com

Kyle F. Arendsen (admitted *pro hac vice*)

201 E. Fourth St., Suite 1900

Cincinnati, OH 45202

Telephone: (513) 361-1200 Facsimile: (513) 361-1201

Email: kyle.arendsen@squirepb.com

Counsel for Non-Debtor Defendants, Reorganized Debtors, and World Class

Holdings I, LLC

**EXHIBIT 2** 

**Debtors Motion to** 

**Approve** 

Receiver.

Settlement.

**Highlights by** 

Sarah K. Rathke (admitted *pro hac vice*)

Peter R. Morrison (admitted pro hac vice)

Janine Little (admitted *pro hac vice*)

4900 Key Tower 127 Public Square Cleveland, Ohio 44114 Telephone: (216) 479-8500 Faccimile: (216) 479-8780

Facsimile: (216) 479-8780 Rmail: sarah.rathke@squirepb.com

Email: peter.morrison@squirepb.com Email: janine.little@squirepb.com

Jeffrey N. Rothleder (admitted pro hac vice)

2550 M Street NW Washington DC 20037

Telephone: (202) 457-6000 Facsimile: (202) 457-6315

Email: jeffrey.rothleder@squirepb.com

## UNITED STATES BANKRUPTCY COURT FOR THE NORTHERN DISTRICT OF TEXAS DALLAS DIVISION

In re:

GVS TEXAS HOLDINGS I, LLC, et al.<sup>1</sup>

Reorganized Debtors.

Chapter 11

Case No. 21-31121-MVL

(Jointly Administered)

# EMERGENCY MOTION PURSUANT TO BANKRUPTCY RULE 9019 FOR ENTRY OF AN ORDER APPROVING A SETTLEMENT AND COMPROMISE BETWEEN PRINCETON CAPITAL CORPORATION AND THE REORGANIZED DEBTORS

<sup>&</sup>lt;sup>1</sup> The Reorganized Debtors in these chapter 11 cases, along with the last four digits of each Reorganized Debtor's federal tax identification number, as applicable, are: GVS Texas Holdings I, LLC (7458); GVS Texas Holdings II, LLC (1225); GVS Portfolio I, LLC (6441); GVS Portfolio I B, LLC (7171); GVS Portfolio I C, LLC (3093); WC Mississippi Storage Portfolio I, LLC (0423); GVS Nevada Holdings I, LLC (4849); GVS Ohio Holdings I, LLC (6449); GVS Missouri Holdings I, LLC (5452); GVS New York Holdings I, LLC (5858); GVS Indiana Holdings I, LLC (3929); GVS Tennessee Holdings I, LLC (5909); GVS Ohio Holdings II, LLC (2376); GVS Illinois Holdings I, LLC (9944); and GVS Colorado Holdings I, LLC (0408). The location of the Reorganized Debtors' service address is: 814 Lavaca Street, Austin, Texas 78701.

AN EXPEDITED HEARING HAS BEEN REQUESTED ON THIS MATTER. IF YOU OBJECT TO THE RELIEF REQUESTED, YOU MUST RESPOND IN WRITING, SPECIFICALLY ANSWERING **EACH PARAGRAPH** OF **THIS** PLEADING. OTHERWISE DIRECTED BY THE COURT, YOU MUST FILE YOUR RESPONSE WITH THE CLERK OF THE BANKRUPTCY COURT PRIOR TO THE HEARING DATE. YOU MUST SERVE A COPY OF YOUR RESPONSE ON THE PERSON WHO SENT YOU THIS EMERGENCY MOTION; OTHERWISE, THE COURT MAY TREAT THE PLEADING AS UNOPPOSED AND GRANT THE RELIEF REQUESTED.

The above-captioned reorganized debtors (the "Reorganized Debtors"), together with the 36 Non-Debtor Defendants<sup>2</sup> in *Princeton Capital Corp. v. GVS Texas Holdings I, LLC*, Adv. Case No. 22-03043 (Bankr. N.D. Tex. 2022) (the "Adversary Proceeding") and World Class Holdings I, LLC (WCH" and together with the Reorganized Debtors and Non-Debtor Defendants, the "Defendants"), by and through their undersigned counsel, file this Emergency Motion Pursuant to Bankruptcy Rule 9019 for Entry of an Order Approving a Settlement and Compromise Between Princeton Capital Corporation and the Reorganized Debtors (this "Emergency Motion"), and hereby move for entry of two orders: (1) one substantially in the form attached hereto as **Exhibit A** (the "Proposed Order"), approving (a) that certain Settlement, Assignment and Acceptance Agreement<sup>3</sup> (the "Settlement Agreement"), by and among certain Defendants and Princeton Capital Corporation ("Princeton" and together with the Defendants, the "Parties"), and (b) the

<sup>&</sup>lt;sup>2</sup> "Non-Debtor Defendants" means, collectively, World Class Capital Group, LLC; Natin Paul; Sheena Paul; Barbara Lee; Jason Rogers; WC Ohio Storage Portfolio I, LP; WC Texas Storage Portfolio I, LP; WC Texas Storage Portfolio II, GP, LLC; WC Memphis Storage II, LP; WC Ohio Storage Portfolio I GP, LLC; WC Ohio Storage Portfolio II TIC, LLC; WC Ohio Storage Portfolio II Equity, LLC; WC Texas Storage Portfolio III MM, LLC; WC Mississippi Storage Portfolio I MM, LLC; WC Illinois Storage Portfolio I, LLC; WC Illinois Storage Portfolio TIC, LLC; WC 4641 Production MM, LLC; WC New York Storage Portfolio I, LLC; WC 4641 Production, LLC; WC TSPIGP, LLC; WC Texas Storage Portfolio II, LP; WC Texas Storage Portfolio III Property, LLC; WC Texas Storage Portfolio III, LLC; WC San Benito Storage, LP; WC San Benito GP, LLC; WC Memphis Storage GP, LLC; WC Memphis Storage II GP, LLC; WC Las Vegas Storage, LP; WC Kansas City Storage, LP; WC Las Vegas Storage GP, LLC; World Class Real Estate LLC; WC Memphis Storage, LP; WC 7116 S IH 35, L.P.; WC 10013 RR 620 N, LP; WC 13825 FM 306, L.P.; and WC Kansas City Storage GP, LLP.

<sup>&</sup>lt;sup>3</sup> A copy of the Settlement Agreement is attached to the Proposed Order as **Exhibit 1**.

escrow instructions letter<sup>4</sup> (the "Escrow Instructions") drafted jointly by the Parties directing Fidelity National Title Insurance Company (the "<u>Title Company</u>") to disburse the \$15 million being held in Account No. \*\*\*\*\*1018 by the Title Company (the "<u>Princeton Reserve</u>"), as more fully set forth in the Escrow Instructions; and (2) another order substantially in the form attached hereto as **Exhibit B** (the "<u>Order of Dismissal</u>"), dismissing the Adversary Proceeding after entry of the Proposed Order. Princeton supports the relief sought by this Emergency Motion in all respects. In support of the Emergency Motion, the Defendants respectfully state as follows:

#### PRELIMINARY STATEMENT

- 1. For years, Princeton and the Defendants have disputed whether Princeton is entitled to a pecuniary recovery against certain entities party to the NPA (as defined herein), spawning litigation in several courts including before this Court. Although each party is confident that its position will prevail, the Parties have agreed that the time has come to settle the various claims and grant one another mutual releases. The Settlement Agreement is a testament to the Parties' determination and discipline to put aside their differences and negotiate a mutually agreeable settlement.
- 2. The Settlement Agreement is a clear success for the Reorganized Debtors, Princeton, the Defendants, and WCH because it reflects the resolution of one of the last remaining disputes before this Court related to these chapter 11 cases while permitting Princeton to obtain a recovery without the need for further extensive and expensive litigation. Not only does the Settlement Agreement result in the resolution of the Adversary Proceeding, but also provides finality with respect to Princeton's proofs of claim filed in these cases while providing a significant

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<sup>&</sup>lt;sup>4</sup> The Escrow Instructions are attached to the Proposed Order as **Exhibit 2**.

recovery to the Reorganized Debtors and equity holder in time for its 1031 exchange deadline on September 19, 2022.

- 3. As detailed herein, the settlement provides that Princeton will be paid \$11,372,698.89 from the Princeton Reserve (the "Settlement Amount") in exchange for a full mutual release of the settling Defendants, including the Reorganized Debtors and WCH. The Settlement Agreement facilitates the purchase of the Promissory Notes and payment to Princeton, which will provide Princeton with a clean break from all litigation and liabilities related to and associated with the Defendants and their related entities. And, the Settlement Agreement will bring finality to this dispute and Princeton's involvement with these chapter 11 cases. In reaching this Settlement Agreement, the Parties, after good faith and hard-fought negotiations, agreed to terms that will obviate the need for the Reorganized Debtors, the Parties, and this Court to expend any further time and resources, and provide finality to contentious and prolonged litigation. Indeed, this resolution brings these cases to the brink of conclusion and removes one of the last obstacles to obtaining a final decree.
- 4. As a result, the Defendants assert that the consideration for the settlement is fair, reasonable, and certainly falls above the lowest point in the range of reasonableness. Thus, given the benefit to all parties and the interest of all stakeholders involved, the Settlement Agreement should be approved.

#### **JURISDICTION AND VENUE**

- 5. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. § 1334.
- 6. This is a core proceeding pursuant to 28 U.S.C. § 157(b). This Court has constitutional authority to enter final orders with respect to the relief requested herein. The Defendants confirm their consent, pursuant to rule 7008 of the Federal Rules of Bankruptcy

Procedure (the "Bankruptcy Rules"), to the entry of a final order by this Court related solely to this Emergency Motion and Proposed Order.

- 7. Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.
- 8. The statutory bases for the relief requested herein are section 1129 of title 11 of the United States Code (the "Bankruptcy Code"), Bankruptcy Rule 9019, and rule 9019-1 of the Local Bankruptcy Rules for the United States Bankruptcy Court for the Northern District of Texas.

#### **BACKGROUND**

## I. Texas District Court Judgment

- 9. Between July 31, 2012 and November 12, 2014, Great Value Storage, LLC ("GVS") and/or World Class Capital Group, LLC ("WCCG," together with GVS, the "Judgment Entities") executed three senior secured promissory notes for a total of \$5.6 million (the "Promissory Notes") with Capital Point Partners II, LP pursuant to that certain Note Purchase Agreement dated November 12, 2014 (as amended on November 12, 2014 and May 19, 2016, the "NPA"). The NPA was subsequently assigned to Princeton.
- 10. On March 14, 2019, Princeton sued GVS, WCCG, and Natin Paul with respect to the Promissory Notes in the case styled *Princeton Capital Corporation vs Great Value Storage LLC, et al.* pending in the 165th District Court of Harris County, Texas (the "<u>Texas District Court</u>"), Case No. 2019-18855. On March 9, 2021, the Texas District Court ordered that the Judgment Entities were liable to Princeton for contract damages of \$9,759,713.84 and attorneys' fees of \$150,887.50 (the "<u>Judgment</u>"). To date, there has been no judgment found or assessed against Natin Paul.
  - 11. The Judgment Entities have appealed the Judgment in Texas state court.

#### II. Princeton Proofs of Claim and Related Objections

- 12. On January 21, 2022, Princeton filed the following amended proofs of claim in the Reorganized Debtors' bankruptcy cases (the "Bankruptcy Cases"):
  - a) Proof of Claim No. 119-8 filed against GVS Portfolio I B, LLC;
  - b) Proof of Claim No. 120-4 filed against GVS Portfolio I, LLC;
  - c) Proof of Claim No. 121-78 filed against GVS Texas Holdings I, LLC;
  - d) Proof of Claim No. 122-32 filed against GVS Texas Holdings II, LLC;
  - e) Proof of Claim No. 123-12 filed against GVS Ohio Holdings I, LLC;
  - f) Proof of Claim No. 124-10 filed against GVS Ohio Holdings II, LLC;
  - g) Proof of Claim No. 125-10 filed against WCH Mississippi Storage Portfolio I, LLC;
  - h) Proof of Claim No. 126-6 filed against GVS Nevada Holdings I, LLC;
  - i) Proof of Claim No. 127-7 filed against GVS Missouri Holdings I, LLC;
  - j) Proof of Claim No. 128-9 filed against New York Holdings I, LLC;
  - k) Proof of Claim No. 129-8 filed against GVS Indiana Holdings I, LLC;
  - 1) Proof of Claim No. 130-7 filed against GVS Illinois Holdings I, LLC;
  - m) Proof of Claim No. 131-13 filed against GVS Tennessee Holdings I, LLC;
  - n) Proof of Claim No. 132-7 filed against GVS Colorado Holdings I, LLC; and
  - o) Proof of Claim No. 164-2 filed against GVS Portfolio I C, LLC (collectively, the "Princeton Proofs of Claim").
- 13. On March 15, 2022 and April 7, 2022, WCH [Docket No. 841] and the Reorganized Debtors [Docket No. 925], respectively, filed objections to the Princeton Proofs of Claim in the Bankruptcy Cases (separately the "WCH Claim Objection" and the "Reorganized Debtors' Claim Objection," and collectively the "Claim Objections").

# III. Adversary Proceeding

14. On April 27, 2022, Princeton filed an eight-count *Complaint* [AP Docket No. 1]

commencing the Adversary Proceeding.

- 15. On May 18, 2022, the Court entered the Stipulation and Order Regarding Resolution by and between World Class Holdings I, LLC, Princeton Capital Corporation, and the Reorganized Debtors Regarding Motion to Consolidate Princeton Claims and Related Objections into Adversary Proceeding [Docket No. 1090], which, inter alia, consolidated the Princeton Proofs of Claim and Claim Objections into the Adversary Proceeding.
- 16. On June 21, 2022, the Non-Debtor Defendants moved to dismiss the Complaint [Docket Nos. 13, 14]. Later, on August 17, 2022, Princeton responded to the motion to dismiss [Docket No. 27]. No hearing has yet occurred on the motion to dismiss.

#### IV. The Settlement Agreement

17. Over the last several weeks, the Reorganized Debtors, Defendants, and Princeton have engaged in good faith, and, ultimately, successful settlement discussions, which culminated in the execution of the Settlement Agreement, which requires the Defendants to file this Emergency Motion requesting that the Court approve the Proposed Order, *i.e.*, the Settlement Agreement and Escrow Instructions. The Parties entered into the Settlement Agreement on September 2, 2022, which resolves all pending disputes among the Parties, including the Adversary Proceeding. The material terms of the Settlement Agreement are set forth below.<sup>5</sup>

# Purchase of NPA, Promissory Notes, and Judgment

1. Upon the receipt by Princeton (the "Assignor") of the Settlement Payment (as defined below) in good funds, Phoenix Lending, LLC (the "Assignee") hereby sells, transfers, conveys and assigns to the Assignee, and the Assignee hereby purchases, accepts, assumes, and undertakes from the Assignor all right and title to all rights, benefits, obligations, liabilities, and indemnities of the Assignor under and in connection with the (i) the

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<sup>&</sup>lt;sup>5</sup> In the event of any inconsistency between this Emergency Motion and the Settlement Agreement, the Settlement Agreement shall control.

- Note Purchase Agreement, (ii) the Notes and (iii) the Judgment.
- 2. Upon the receipt by Assignor of the Settlement Payment in good funds, the Assignor hereby sells, transfers, conveys and assigns to the Assignee and the Assignee hereby accepts, assumes, and undertakes from the Assignor (i) all right and title to all rights, benefits, obligations, liabilities, and indemnities of the Assignor under and in connection with the other Transaction Documents and the Judgment, and (ii) except to the extent released pursuant to the provisions of the Settlement Agreement, all claims, suits, causes of action, and any other right of the Assignor against any person, whether known or unknown, arising under or in connection with any or each of the Transaction Documents, including, but not limited to, the Judgment and any and all contract claims, commercial tort claims, malpractice claims, statutory claims, and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above. For the avoidance of doubt, the parties hereto acknowledge and agree that the Assignor's right and title to all rights and benefits under the Final Judgment Order signed by Judge Ursula Hall on March 4, 2021 in Princeton Capital Corporation v. Great Value Storage, LLC, World Class Capital Group, LLC and Natin Paul are included in item (ii) of the foregoing.
- 3. With effect on and after the Effective Date (as defined below), the Assignee shall be party to the Transaction Documents and succeed to all of the rights and be obligated to perform all of the obligations of the Assignor under the Transaction Documents and the Judgment. The Assignee agrees that on and after the Effective Date it will perform all obligations which by the terms of the Transaction Documents are required to be performed by it thereunder.

# Assignor Representations and Warranties

The Assignor represents, warrants and covenants as of the Execution Date and the date when the Settlement

Agreement becomes effective pursuant to section 3 of the Settlement Agreement (the "<u>Effective Date</u>") that:

- a. it is the legal and beneficial owners of the interests being assigned by the Assignor hereunder and that such interests are free and clear of any lien or other adverse claim;
- b. it is duly organized and existing and it has the full power and authority to take, and have taken, all action necessary to execute and deliver the Settlement Agreement and any other documents required or permitted to be executed or delivered by the Assignor in connection with the Settlement Agreement and to fulfill its obligations in the Settlement Agreement;
- c. no notices to, or consents, authorizations, or approvals of, any person are required (other than any already given or obtained and still in full force and effect) for its due execution, delivery, and performance of this Agreement, and apart from any agreements or undertakings or filings required by the Transaction Documents, no further action by, or notice to, or filing with, any person is required for such execution, delivery, or performance;
- d. the Settlement Agreement has been duly executed and delivered by the Assignor and constitutes the legal, valid, and binding obligation of the Assignor, enforceable against the Assignor in accordance with the terms hereof, subject, as to enforcement, to bankruptcy, insolvency, moratorium, reorganization, and other laws of general application relating to or affecting creditors' rights and to general equitable principles;
- e. the Assignor has received no distributions or payments in satisfaction of the Judgment from the Receiver, is not a party to or beneficiary of any agreements made with or by the Receiver and, after the Execution Date and the Assignor shall not accept any distributions or payments in satisfaction of the Judgment or make any other agreements

	with the Receiver in satisfaction of the Judgment or in relation to any fees or expenses that may be determined payable to the Receiver, unless otherwise agreed to by the Parties;  f. unless compelled to do so by a court of competent jurisdiction, the Assignor agrees it will make no
	statement regarding (i) any motion by the Assignee to terminate the receivership or (ii) the amount of fees to be awarded to the Receiver;
	g. the Assignor shall not take or support any action adverse to the World Class Released Parties in the Bankruptcy Court or any other court related to this Agreement, the Judgment or the settlement of disputes between the Settlement Parties unless such action relates to the enforcement of the Settlement Agreement including any provision in the Settlement Agreement;
	h. the Assignor makes no representation or warranty in connection with, and assumes no responsibility with respect to, the solvency, financial condition, or statements of Great Value or World Class, or the performance or observance by Great Value or World Class, of any of its obligations under the Transaction Documents or any other instrument or document furnished in connection therewith.
	The Assignee represents and warrants as of the Execution Date and the Effective Date that:
Assignee Representations and Warranties	a. it is duly organized and existing and has full power and authority to take, and has taken, all action necessary to execute and deliver the Settlement Agreement and any other documents required or permitted to be executed or delivered by it in connection with the Settlement Agreement, and to fulfill its obligations thereunder;
	b. no notices to, or consents, authorizations, or approvals of, any person are required (other than any already given or obtained and still in full force and effect) for its due execution, delivery, and performance of the Settlement Agreement; and apart from any agreements or undertakings or

filings required by the Transaction Documents, no further action by, or notice to, or filing with, any person is required of them for such execution, delivery, or performance;

- c. the Settlement Agreement has been duly executed and delivered by the Assignee and constitutes the legal, valid, and binding obligation of the Assignee, enforceable against the Assignee in accordance with the terms hereof, subject, as to enforcement, to bankruptcy, insolvency, moratorium, reorganization, and other laws of general application relating to or affecting creditors' rights and to general equitable principles;
- d. the Assignee has been advised that none of the Notes have been registered under the Securities Act of 1933, as amended (the "Securities Act") or any state securities laws and, therefore, cannot be resold unless they are registered under the Securities Act and applicable state securities laws or unless an exemption from such registration requirements is available;
- e. the Assignee is aware that the Assignor is under no obligation to effect any such registration with respect to the Promissory Notes or to file for or comply with any exemption from registration;
- f. the Assignee is receiving the Notes from the Assignor for its own account and not with a view to, or for resale in connection with, the distribution thereof in violation of the Securities Act; and
- g. the Assignee has such knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risks of an investment in the Promissory Notes, is able to incur a complete loss of such investment in the Promissory Notes and to bear the economic risk of such investment for an indefinite period of time.

#### **Assignee's Liability Exclusion**

Subject to the indemnification provisions in section 1.e of the Settlement Agreement, Assignee does not assume any liability or responsibility for any action taken by Assignor

# in connection with the Promissory Notes, the Transaction Documents or the Judgment taken prior to the Effective Date, with all such liabilities and responsibilities remaining with the Assignor. Assignee and the Reorganized Debtors hereby indemnify and hold Assignor harmless from any and all of the following, which only arise out of the assignment of the Note and assignment of the Judgment as set forth in section 1 of the Settlement Agreement: (i) all claims, liabilities, damages, judgments, fines and penalties asserted by the Receiver or Great Value Parties, including the Adversary Defendants ("Losses") that are determined by entry of a final, non-appealable order by the Bankruptcy Court or a court of competent jurisdiction to be Losses, except to the extent the same shall have been finally adjudicated in a court of competent jurisdiction to have been directly caused by Assignor's gross negligence, fraud or willful misconduct; and (ii) reasonable expenses, including out-of-pocket, incidental expenses and reasonable legal fees and expenses incurred in connection with Losses ("Expenses" and together with the Losses, the "Indemnification Obligation"). The Indemnification Obligation shall be secured by \$1 million dollars of the funds retained in the Princeton **Assignee Indemnification** Reserve after payment of the Settlement Amount to Princeton, as contemplated by the Settlement Agreement (the "Indemnification Security").6 The Indemnification Security shall be held by the Title Company and shall be disbursed either (i) upon submission thereto of joint written instructions executed by Princeton and the Great Value Parties, a form of which is attached to the Settlement Agreement as Exhibit A or (ii) submission to the Title Company of a final, non-appealable order of the Bankruptcy Court authorizing and directing payment of all or portions of the Indemnification Obligation. Notwithstanding anything to the contrary in section 1.e of the Settlement Agreement, the Indemnification Obligation shall not be applicable or enforceable against the Assignee or any Great Value Party to the extent any of the Indemnification Obligation is incurred as a result of the consent, acquiescence or other affirmative action of the Assignor. Notwithstanding anything to the contrary in section 1.e of the Settlement Agreement, Princeton may periodically seek

<sup>&</sup>lt;sup>6</sup> For the avoidance of doubt, should a court of competent jurisdiction find that entry into the Settlement Agreement shall be deemed to be gross negligence, fraud or willful misconduct against the Receiver, no exclusion for such gross negligence, fraud or willful misconduct shall be applicable.

	payment on account of its Expenses by filing a request for such payment to the Bankruptcy Court; <i>provided, however,</i> Assignor and the Great Value Parties reserve all rights with respect to any such request.
Settlement Payment	As consideration for the sale, assignment and transfer of the Promissory Notes and the Judgment and the in exchange for the dismissal of the actions described in section 4 and the releases described in sections 6 and 7 of this Settlement Agreement, upon the Effective Date, Assignee shall pay, or cause to be paid, to Princeton the amount of \$11,372,698.89 (the "Settlement Amount") from funds currently held in the Princeton Reserve. Within three (3) business after the Effective Date, the Title Company shall effectuate the Escrow Instructions and the date upon which the Title Company remits payment to Princeton shall be the "Payment Date."
Settlement Effective Date	The Settlement Agreement shall become effective on the first day upon which all of the following conditions have been satisfied (the "Effective Date"):  a. the execution of the Settlement Agreement by all Parties;  b. the filing of a motion, mutually acceptable to the Parties, seeking the approval of the Settlement Agreement and directing the Title Company to release the Settlement Amount from the Princeton Reserve (the "Settlement Motion");  c. The entry of a final, non-appealable order by the Bankruptcy Court, mutually acceptable to the Parties, approving the Settlement Motion (including, without limitation the provisions contained in paragraph 5 of the order attached as Exhibit B to the Settlement Agreement) and Escrow Instructions and inclusive of paragraph 6 thereof, a form of which is attached thereto as Exhibit B (the "Settlement Order");
	d. Princeton and the Reorganized Debtors have delivered to the Title Company the Settlement Order and the Escrow Instructions, a copy of which

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<sup>&</sup>lt;sup>7</sup> For the avoidance of doubt, no Party to the Settlement Agreement will appeal the Settlement Order so long as the Settlement Agreement is approved by the Bankruptcy Court as drafted and executed.

	<ul> <li>is attached hereto as Exhibit C; along with Escrow Instructions to the Title Company, which will leave the Indemnity Security Escrow on deposit with the Title Company; and</li> <li>e. Delivery to Title Company of the documents and evidence set forth in section 4 of the Settlement Agreement.</li> <li>f. Any of the foregoing provisions set forth in sections 3.a, 3.b, 3.c, 3.d, and 3.e of the Settlement Agreement may be waived upon the mutual written agreement of the Parties.</li> </ul>
Conditions Precedent to Effective Date	<ol> <li>Unless otherwise agreed to by the Parties in writing, on or before September 9, 2022, Princeton shall deliver to the Title Company:         <ol> <li>duly endorsed promissory notes (or lost note affidavits) as applicable, and other Transaction Documents (including official correspondence and further documents delivered pursuant to the terms of the Transaction Documents), the transactions related thereto and the Judgment, along with information showing calculation of the Judgment, but only insofar as any of such information is available to Princeton;</li> <li>notices of dismissal with prejudice in the Adversary Proceeding substantially in the form attached as Exhibit D to the Settlement Agreement, which the Great Value Parties or the Assignee, as applicable, may file after the Effective Date;</li> <li>notices of the assignment of the Promissory Notes and Judgment and substitutions of parties in any and all actions pending in any court (including actions against Natin Paul in his individual capacity) as such relate to the enforcement of the Promissory Notes or collection of the Judgment, which the Great Value Parties or the Assignee, as applicable, may file after the Effective Date, the form of</li> </ol> </li> </ol>

	which is attached to the Settlement Agreement as Exhibit E; and;
	d. notices withdrawing the Princeton Proofs of Claim with prejudice, which the Great Value Parties or the Assignee, as applicable, may file after the Effective Date, the form of which is attached to the Settlement Agreement as Exhibit F.
	2. The Title Company shall provide notice to the Parties of its receipt of the items set forth in section 4.a hereof.
Further Assurances	In addition to the requirements of section 1.d in the Settlement Agreement, the Parties shall cooperate reasonably with each other and with the other's respective representatives in connection with any steps required to be taken as part of their respective obligations under the Settlement Agreement, and shall (a) furnish upon request to each other such further information reasonably requested by the Assignee from time to time for the purposes of enforcing its rights under the Transaction Documents and the Judgment; (b) execute and deliver to each other such other documents; and (c) do such other acts and things, all as any other Party may reasonably request for the purpose of carrying out the transactions contemplated by the Settlement Agreement, including but not limited to, with respect to the Escrow Instructions. The Parties shall cooperate with each other as necessary to obtain all consents and authorizations of third-parties, if any, to make all filings with and give all notices to third-parties which may be necessary or reasonably required in order to carry out the intent of the Settlement Agreement and the transactions contemplated thereby.
Release by Great Value Parties	Effective upon the Payment Date, except as provided in Paragraph 8 of the Settlement Agreement, Natin Paul, on behalf of himself as well as any persons he controls and any entities that he either owns or controls (in whole or in part), the Great Value Parties, WCCG, GVS and all of their respective officers, directors, members, managers, employees, insurers, advisory board members, and each of their successors, predecessors, beneficiaries, assigns, agents, attorneys, accountants, advisors, and representatives (the "World Class Release Parties") hereby forever release

Princeton, and each of its officers, directors, owners, members, managers, shareholders, subsidiaries, investment funds employees, insurers, and each of their successors, predecessors, beneficiaries, assigns, agents, attorneys, accountants, advisors, and representatives (the "Princeton Released Parties") from any and all claims, actions, causes of action, suits, debts, dues, sums of money, accounts, controversies, agreements, promises, damages, judgments, executions, and demands whatsoever, in law or equity, whether known or unknown, liquidated or unliquidated, which the World Class Released Parties ever had, now have or hereafter can, shall or may have against any of the Princeton Released Parties for any matter, cause, thing, or reason whatsoever as of the Effective Date, including but not limited to, for or arising out of, or related to, the Bankruptcy Cases, the State Action, the State Claims, the Judgment, the Adversary Proceeding, the AP Claims, the Princeton Proofs of Claims, the Claim Objections, and other actual or potential claims that were or could have been asserted in the State Action, Adversary Proceeding, or the Princeton Proofs of Claim; provided, however, the foregoing release shall not (i) apply to any claim or cause of action against any third-party, including the Receiver (excluding the Princeton Released Parties) seeking damages or the return or recovery of monies, properties or assets otherwise taken, seized, transferred, conveyed or otherwise removed from such party's possession or control in connection with the efforts of any party to collect the Judgment on behalf of Princeton or (ii) result in the dismissal of any pending action or appeal of any action in which Princeton is a named party related to the Judgment (the "Appeal Actions"); provided, further, however, the World Class Release Parties shall not and shall be prohibited and enjoined from seeking any recovery (monetary or otherwise) from Princeton in connection with an Appeal Action.

Release by Princeton

Effective upon the Payment Date, except as provided in Paragraph 8 of the Settlement Agreement, Princeton on behalf of itself and on behalf of each of the Princeton Released Parties, each hereby forever release and discharge Natin Paul, on behalf of himself as well as any persons he controls and any entities that he either owns or controls (in whole or in part), the Great Value Parties, WCCG, GVS, the State Defendants, the Adversary Defendants and their respective officers, directors, members, managers, employees, insurers,

	advisory board members, and each of their successors, predecessors, beneficiaries, assigns, agents, attorneys, accountants, advisors, and representatives (collectively, the "World Class Released Parties") from any and all claims, actions, causes of action, suits, debts, dues, sums of money, accounts, controversies, agreements, promises, damages, judgments, executions, and demands whatsoever, in law or equity, whether known or unknown, liquidated or unliquidated, which the Princeton Released Parties ever had, now have or hereafter can, shall or may have against any of the World Class Released Parties for any matter, cause, thing, or reason whatsoever as of the Effective Date, including but not limited to, for or arising out of, or related to, the Bankruptcy Cases, the State Action, the State Claims, the Judgment, the Adversary Proceeding, the AP Claims, the Princeton Proofs of Claims, the Claim Objections, and other actual or potential claims that were or could have been asserted in the State Action, Adversary Proceeding, or the Princeton Proofs of Claim save and except for the Indemnification Obligation.
Exceptions to Releases	Notwithstanding any language to the contrary in sections 6 and 7 of the Settlement Agreement, or any other provision of the Settlement Agreement, the Parties agree and acknowledge that the Settlement Agreement and the releases provided therein do not release or waive: (a) any obligation of a Party arising under or created by the Settlement Agreement; (b) the Indemnification Obligation; or (c) any present or future claim, appeal or litigation by the Great Value Parties against the Receiver or its agents, attorney, or representatives.
Fees and Costs	Each Party and Assignment Party shall bear its own fees and costs in connection with the Adversary Proceeding, the Settlement Motion and the Settlement Agreement. For the avoidance of doubt there shall be no other cost and expenses due to Princeton whatsoever other than the Settlement Amount, except any amounts that may be due under the Indemnification Obligation.
Time is of the Essence	Time is of the essence for all dates and/or time described in the Settlement Agreement.
Remedies	The Parties agree that irreparable damage would occur in the event of a breach of any provision of the Settlement Agreement that would result in the failure of the Effective Date and Payment Date to occur and that money damages or

	other legal remedies would not be an adequate remedy for any such damages. Accordingly, the Parties acknowledge and agree that in the event of any breach or threatened breach of the covenants, agreements and obligations set forth in the Settlement Agreement, each Party shall be entitled to any injunction or injunctions to prevent or restrain breaches or threatened breaches of the Settlement Agreement, and to specifically enforce the terms and provisions of the Settlement Agreement to prevent breaches or threatened breaches of, or to enforce compliance with, the covenants and obligations under the Settlement Agreement (including those conditions precedent set forth in section 4 thereof), in addition to any other remedy to which such party is entitled at law or in equity. Each Party hereby agrees not to raise any objections to the availability of specific performance to prevent breaches or threatened breaches of, or to enforce compliance with, the covenants and obligations under the Settlement Agreement. Each Party hereby waives (i) any defenses in any action for specific performance, including the defense that a remedy at law would be adequate and (ii) any requirement under any law to post a bond or other security as a prerequisite to obtaining equitable relief.
Settlement Term Sheet	No failure or delay by any party to the Settlement Agreement in exercising any right, power, or privilege thereunder or under that settlement term sheet dated August 22, 2022 (the "Settlement Term Sheet") shall operate as a waiver thereof, with all such rights, powers or privileges being expressly preserved, and any waiver of any breach of the provisions of the Settlement Agreement shall be without prejudice to any rights with respect to any other or further breach thereof or under the Settlement Term Sheet, which shall remain in force and effect.

# **RELIEF REQUESTED**

18. By this Emergency Motion, the Defendants respectfully request entry of the Proposed Order approving the Settlement Agreement pursuant to Bankruptcy Rule 9019 and the related Escrow Instructions to the Title Company, and thereafter for the Court to enter the Order

of Dismissal.

#### **BASIS FOR RELIEF**

- 19. Through this Emergency Motion, the Defendants request this Court's approval of the Settlement Agreement. The Settlement Agreement evidences a business deal among the Parties, ending multiple contentious and expensive litigation proceedings, including the Adversary Proceeding, which all carry substantial business risk. The Settlement Agreement contemplates the resolution of all disputes among the Parties, thereby ending years' long disputes among Princeton and various Defendants.
- 20. Bankruptcy Rule 9019 authorizes bankruptcy courts to approve compromises and settlements. Ultimately, a compromise must be "fair, equitable, and in the best interest of the estate." The decision to approve a compromise lies within the sound discretion of the bankruptcy court. The Fifth Circuit has recognized that compromises are a "normal part of the process of reorganization . . . oftentimes desirable and wise methods of bringing to a close proceedings otherwise lengthy, complicated, and costly." 10
- 21. In determining the reasonableness of a settlement, courts in the Fifth Circuit consider the following three factors: (a) "[t]he probability of success in [litigating the claim subject to settlement,] with due consideration for the uncertainty in fact and law; (b) [t]he complexity and likely duration of litigation and any attendant expense, inconvenience, and delay; and (c) [a]ll other factors bearing on the wisdom of the compromise."
  - 22. Factors "bearing on the wisdom of the compromise" include: (a) the paramount

<sup>&</sup>lt;sup>8</sup> In re Rogumore, 393 B.R. 474, 479 (Bankr. S.D. Tex. 2008) (citation omitted).

<sup>&</sup>lt;sup>9</sup> See In re AWECO, Inc., 725 F.2d 293, 297 (5th Cir. 1984).

<sup>&</sup>lt;sup>10</sup> In re Jackson Brewing Co., 624 F.2d 599, 602 (5th Cir. 1980) (emphasis added) (citing Protective Comm. for Indep. Stockholders of TMT Trailer Ferry, Inc. v. Anderson, 390 U.S. 414, 424–25 (1968)).

<sup>&</sup>lt;sup>11</sup> In re Cajun Elec. Power Coop., 119 F.3d 349, 356 (5th Cir. 1997); Jackson Brewing, 624 F.2d at 602.

interest of creditors, with proper deference to their reasonable views; and (b) the extent to which the settlement is truly the product of arms-length bargaining, and not of fraud or collusion.<sup>12</sup>

- 23. The Defendants bear the burden of establishing that the balance of the above factors leads to a fair and equitable compromise vis-à-vis the Settlement Agreement.<sup>13</sup> "The burden is not high"; rather, the Defendants "need only show that [their] decision falls within the 'range of reasonable litigation alternatives.'"<sup>14</sup>
- 24. Weighing the foregoing factors overwhelmingly demonstrates that the Settlement Agreement is reasonable and supports finding that the Parties' entry into and performance under the Settlement Agreement is in the best interests of creditors and other stakeholders. Accordingly, this Court should grant the Emergency Motion, and authorize the Parties to enter into and perform under the Settlement Agreement.

# A. Probability of Success

25. In examining the probability of success in the litigation being compromised, courts look to the legal and evidentiary obstacles to litigating each claim.<sup>15</sup> The probability of success is measured against the "definitive, concrete and immediate benefit" that a settlement provides against the uncertainty and delay of litigation.<sup>16</sup> In deciding the probability of success in the litigation, the court is not required to conduct a "mini-trial" and decide the merits of the litigation,

<sup>&</sup>lt;sup>12</sup> See In re Foster Mortg. Corp., 68 F.3d 914, 917-18 (5th Cir. 1995).

<sup>&</sup>lt;sup>13</sup> See In re Allied Properties, LLC, 2007 WL 1849017, at \*4 (citing In re Lawrence & Erausquin, Inc., 124 B.R. 37, 38 (Bankr. N.D. Ohio 1990)); see also In re GHR Companies, Inc., 50 B.R. 925, 931 (Bankr. D. Mass. 1985).

<sup>&</sup>lt;sup>14</sup> *In re Allied Properties, LLC*, 2007 WL 1849017, at \*4 (emphasis added) (citing *In re W.T. Grant Co.*, 699 F.2d 599, 608 (2d Cir. 1983)); *see also In re Heritage Org., L.L.C.*, 375 B.R. 230, 282 (Bankr. N.D. Tex. 2007).

<sup>&</sup>lt;sup>15</sup> Hicks, Muse & Co. v. Brandt In re Healthco Int'l, Inc., 136 F.3d 45, 50 (1st Cir. 1998); see also In re Allied Properties, 2007 WL 1849017 at \*4.

<sup>&</sup>lt;sup>16</sup> See In re Yacovi, 411 F. App'x. 342, 346-47 (1st Cir. 2011) (citing Healthco Int'l, 136 F.3d at 50).

but rather to assess whether the settlement is within the range of reasonableness. 17

- 26. In negotiating and considering the merits of the Settlement Agreement, the Parties considered all material disputes between Princeton and various Defendants in both the Adversary Proceeding and Texas District Court. If the Parties are permitted to prosecute their causes of action in the Adversary Proceeding, the Parties will incur significant expense to complete extensive discovery, retain expert witnesses, and prepare for a potentially long and contentious trial. And, while the Parties are confident in their positions, there is no certainty in the outcome.
- 27. Finally, even when one of the Parties ultimately prevails on the merits of their claims, any litigation has a high likelihood of appeal considering the amount-in-controversy at stake and issues involved, which would only further delay the Parties' ability to obtain relief. By entering into the Settlement Agreement, the Parties avoid the risk of not prevailing on their claims in the Adversary Proceeding, as well as potentially significant legal expenses.

# B. Complexity of Litigation Involved and the Attendant Expense, Inconvenience, and Delay

- Adversary Proceeding is uncertain due to the complexity of the myriad factual and legal issues involved in both proceedings, which have been previewed in the Complaint, the Non-Debtor Defendants' motion to dismiss the Complaint, and Princeton's response to that motion. For example, the Complaint lists five different types of allegedly fraudulent transfers that purportedly occurred over the course of nearly a decade. Unraveling the allegations will be an expensive, lengthy, and document-intensive process. The settlement avoids such attendant expense and delay.
  - 29. Indeed, in the absence of settlement, continued litigation of the Adversary

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<sup>&</sup>lt;sup>17</sup> See In re Rogumore, 393 B.R. at 480.

Proceeding will take years to reach a final resolution, after accounting for the time necessary to reach decisions on the merits and to work through any challenge or appellate processes. Such delay will subject the Parties to the economic overhang of these disputes and hinder the final resolution of these cases while generating significant legal expenses, and continue the uncertainty regarding whether Princeton will recover its Judgment from the Defendants. This sort of delay and uncertainty is unnecessary given the favorable settlement. For these reasons, the cost of the Settlement Agreement to each Party, especially the Defendants, is far outweighed by the benefit realized by ending this continuing contentious and expensive litigation, and gaining certainty regarding the Defendants' exposure to Princeton.

# C. Other Factors Bearing on the Benefits of the Compromise

- (1) Interests of the Creditors
- 30. The terms of the Settlement Agreement are fair, reasonable, and in the best interests of creditors and other stakeholders. The only potential creditors that have unresolved claims in the Bankruptcy Cases are Princeton and Seth Kretzer, the receiver (the "Receiver") for Great Value Storage, LLC and World Class Capital Group LLC.<sup>18</sup> But, through the Settlement Agreement, only one alleged creditor will remain the Receiver. The Title Company is holding \$3.5 million, plus an additional \$822,000.00 of funds related to the Receiver's proofs of claim and administrative expense claim, in an escrow account pending the resolution of the Receiver's adversary proceeding, administrative expense claim, and/or proofs of claim. For the avoidance of doubt, nothing in the Settlement Agreement precludes or prevents the Receiver from seeking approval of his fees and expenses in the state court, which is the appropriate forum for the Receiver to seek approval of such fees and expenses. Indeed, as part of the resolution with Princeton, which

<sup>&</sup>lt;sup>18</sup> Nothing herein shall be an admission that the Receiver is a creditor or has any interest in these cases.

will bring the receivership to a close, the Reorganized Debtors and WCH have agreed that should the Receiver agree to withdraw his proofs of claim and dismiss his adversary proceeding, the Reorganized Debtors and WCH agree that the funds being held by the Title Company on account of the Receiver's claims (*i.e.*, the \$3.5 million) shall be expanded to be made available to satisfy any fee award in favor of the Receiver that is not otherwise satisfied in the underlying state court case, when such fee is determined by a final, non-appealable order in the Texas District Court that appointed the Receiver. As a result, the Receiver is adequately insulated from any outcome related to how the Princeton Reserve is disbursed. The Defendants and all applicable parties reserve all rights as to any fee application and approval from the state court forum, and the expansion of the availability of the reserve moots any need for the Receiver to continue pursuing fraudulent transfer claims in this Court and any other court.

- 31. With respect to the other stakeholders, the Defendants and WCH, the Settlement Agreement provides immediate certainty with respect to the outcome of contentious and expensive litigation. The Settlement Agreement also permits the Defendants and WCH to reallocate the resources they were dedicating to the Adversary Proceeding toward the Receiver's adversary proceeding and concluding these chapter 11 cases. At bottom, this resolution inures to the benefit of all parties and stakeholders.
  - (2) *Arms-Length Bargaining*
- 32. The Settlement Agreement is the product of extensive negotiations between the Defendants, WCH, and Princeton. Each of the Parties has been represented by experienced professionals throughout the Settlement Agreement negotiations and has acted in its own economic

<sup>&</sup>lt;sup>19</sup> WCH is the only party that could possibly be adversely affected by the expansion of the \$3.5 million reserve, and WCH and the other Defendants consent to the same.

self-interest.<sup>20</sup> Consequently, this factor also weighs in favor of approving the Settlement Agreement.

33. Therefore, for the following reasons, the relief requested herein should be granted.

## **RESERVATION OF RIGHTS**

34. The Defendants reserve their right to supplement or modify this Emergency Motion and to request additional relief or assert such further arguments as are, or may later become, available or apparent.

# **NOTICE**

35. Notice of this Emergency Motion has been provided via ECF/CM to: (a) the Office of the U.S. Trustee for the Northern District of Texas; (b) Princeton, or counsel thereto; (c) the Receiver, or counsel thereto; (d) the United States Attorney's Office for the Northern District of Texas; (e) the Internal Revenue Service; (f) the state attorneys general for states in which the Debtors conducted business; (g) the Purchaser, or counsel thereto; and (h) any party that has requested notice pursuant to Bankruptcy Rule 2002. The Defendants submit that, in light of the nature of the relief requested, no other or further notice need be given.

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<sup>&</sup>lt;sup>20</sup> See In re Chemtura Corp., 439 B.R. 561, 608 (Bankr. S.D.N.Y. 2010) (settlement met this factor, where "[n]o argument ha[d] been made, nor could any argument be made, that counsel who put the Settlement together were anything less than highly skilled in their craft...."); see also In re Drexel Burnham Lambert Grp., Inc., 960 F.2d 285, 292-93 (2d Cir. 1992) (approving complex, multi-party settlement agreement where many parties were "trying to maximize their own recovery," through extensive arms-length negotiations").

# WHEREFORE, for the reasons set forth herein, the Defendants respectfully request that

the Court enter the Proposed Order and thereafter the Order of Dismissal.

DATED: September 2, 2022 Dallas, Texas Respectfully submitted, SQUIRE PATTON BOGGS (US) LLP

/s/ Jeffrey N. Rothleder

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Counsel for Non-Debtor Defendants, Reorganized Debtors, and World Class Holdings I, LLC

**CERTIFICATE OF CONFERENCE** 

This will certify that the Defendants have conferred with counsel for the United States

Trustee regarding this Emergency Motion beginning on August 26, 2022, and that the United

States Trustee reserves all rights with respect to this Emergency Motion. On September 2, 2022,

the Defendants notified the Receiver before filing the Emergency Motion that, as discussed during

the September 1, 2022 status conference, the Defendants would be filing the Emergency Motion

and requesting the hearing schedule set by the Court—the Defendants have not yet received a

response back from the Receiver. The Defendants have also conferred with counsel for Princeton,

who has agreed to the filing of the Emergency Motion and the Court granting the relief requested

therein.

/s/ Jeffrey N. Rothleder

Jeffrey N. Rothleder

**CERTIFICATE OF SERVICE** 

I hereby certify that on this 2nd day of September, 2022, I caused a true and correct copy

of the foregoing to be filed and served through ECF notification upon all parties who receive notice

in this matter pursuant to the Court's CM/ECF filing system.

/s/ Jeffrey N. Rothleder

Jeffrey N. Rothleder

# EXHIBIT A

**Proposed Order** 

# UNITED STATES BANKRUPTCY COURT FOR THE NORTHERN DISTRICT OF TEXAS DALLAS DIVISION

In re:	Chapter 11
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GVS TEXAS HOLDINGS I, LLC, et al. Case No. 21-31121-MVL

Reorganized Debtors. (Jointly Administered)

ORDER GRANTING EMERGENCY MOTION
PURSUANT TO BANKRUPTCY RULE 9019 FOR ENTRY OF AN
ORDER APPROVING A SETTLEMENT AND COMPROMISE BETWEEN
PRINCETON CAPITAL CORPORATION AND THE REORGANIZED DEBTORS

Upon consideration of the Emergency Motion Pursuant to Bankruptcy Rule 9019 for Entry of an Order Approving a Settlement and Compromise Between Princeton Capital Corporation and

<sup>&</sup>lt;sup>1</sup> The Reorganized Debtors in these chapter 11 cases, along with the last four digits of each Reorganized Debtor's federal tax identification number, as applicable, are: GVS Texas Holdings I, LLC (7458); GVS Texas Holdings II, LLC (1225); GVS Portfolio I, LLC (6441); GVS Portfolio I B, LLC (7171); GVS Portfolio I C, LLC (3093); WC Mississippi Storage Portfolio I, LLC (0423); GVS Nevada Holdings I, LLC (4849); GVS Ohio Holdings I, LLC (6449); GVS Missouri Holdings I, LLC (5452); GVS New York Holdings I, LLC (5858); GVS Indiana Holdings I, LLC (3929); GVS Tennessee Holdings I, LLC (5909); GVS Ohio Holdings II, LLC (2376); GVS Illinois Holdings I, LLC (9944); and GVS Colorado Holdings I, LLC (0408). The location of the Reorganized Debtors' service address is: 814 Lavaca Street, Austin, Texas 78701.

the Reorganized Debtors (the "Emergency Motion")<sup>2</sup> requesting that the Court approve the Settlement Agreement<sup>3</sup> pursuant to Bankruptcy Rule 9019 and the related Escrow Instructions<sup>4</sup> to the Title Company, the Court (1) having considered the Emergency Motion; (2) finding that (a) notice of the Emergency Motion was good and sufficient upon the particular circumstances and that no other or further notice need be given, (b) the Emergency Motion is a core proceeding under 28 U.S.C. § 157(b), (c) the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334, and (d) venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409; (3) finding that the Parties demonstrated both (a) good, sufficient, and sound business purposes and justifications for the Settlement Agreement and the transactions, compromises, and releases provided therein, and (b) compelling circumstances for approval of the Settlement Agreement pursuant to Bankruptcy Rule 9019; (4) finding that the terms of the Settlement Agreement are fair and reasonable, falling above the lowest point in the range of reasonableness, and are in the best interests of the Parties and the Reorganized Debtors' stakeholders as a whole; (5) having weighed the probability of success in litigation, the complexity of the litigation involved, and the expense, inconvenience, and delay necessarily attending to it, and taken into account the paramount interest of alleged creditors and, based on all of the foregoing, the Court has determined that the relief requested in the Emergency Motion is fair and equitable, in the best interests of the Parties, and should be approved in all respects; (6) finding that (a) in the absence of the Settlement Agreement, the Defendants face considerable litigation expense, risk, and delay, (b) the disputes between the Parties involve numerous legal and factual issues, and judicial resolution of these disputes will

<sup>-</sup>

<sup>&</sup>lt;sup>2</sup> Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Emergency Motion or Settlement Agreement, as applicable.

<sup>&</sup>lt;sup>3</sup> The Settlement Agreement is attached hereto as **Exhibit 1**.

<sup>&</sup>lt;sup>4</sup> The Escrow Instructions are attached hereto as **Exhibit 2**.

require additional, extensive and costly briefing and discovery, (c) even if the Defendants were successful in litigating against any claims, a judgment obtained may be subject to appeal with no guarantee as to the ultimate outcome, (d) there is no doubt that the Parties' combined legal expenditures during a protracted litigation process would be substantial and further forestall any disbursement of the Princeton Reserve to any of the Parties, and (e) the Settlement Agreement resolves the Parties' disputes now without the need for additional costly, uncertain litigation; and good and sufficient cause appearing therefor,

#### IT IS HEREBY ORDERED THAT:

- 1. The Emergency Motion is hereby **GRANTED**.
- 2. The Settlement Agreement is approved in its entirety.
- 3. Notwithstanding anything to the contrary in the Amended Order Granting World Class Holdings I, LLC's Motion to Confirm Reinstatement of Natin Paul as Sole Officer of the Reorganized Debtors [Docket No. 1377] (the "Reinstatement Order"), including, but not limited to, paragraph 5(b) thereof, on the Effective Date, the Title Company shall wire (a) the Settlement Amount of \$11,372,698.89 from the Princeton Reserve to Princeton and (b) \$2,627,301.11 from the Princeton Reserve to the entity or party designated by the Defendants pursuant to this Order and the Escrow Instructions in a form substantially similar to the form attached hereto as Exhibit 2. The remainder of the Princeton Reserve, in the amount of \$1 million, shall be distributed in accordance with those certain instructions annexed as Exhibit A<sup>5</sup> to the Settlement Agreement (the "Indemnity Security Escrow Release Instructions"). For the avoidance of any doubt, this Order shall be deemed a final, non-appealable order for purposes of paragraph 5(b) of the Reinstatement Order.

<sup>&</sup>lt;sup>5</sup> The Settlement Agreement that will be attached to the final order shall have the final version of the Indemnity Security Escrow Release Instructions attached thereto as **Exhibit A**.

- 4. The Escrow Instructions attached hereto as Exhibit 2 are approved by this Court, and the Title Company shall comply with this Order and the Escrow Instructions no later than one (1) business day after receipt of the Escrow Instructions sent to the Title Company by counsel for Princeton via hand delivery. The hand delivered Escrow Instructions shall be signed by the hand of Judith W. Ross or Frances Smith, counsel for Princeton. The hand delivered Escrow Instructions shall be signed digitally on behalf of the Defendants. The hand delivered Escrow Instructions shall be substantially identical to the Escrow Instructions attached to this Order as Exhibit 2. The hand delivered Escrow Instructions shall include copies of this Order and the Reinstatement Order, entered in the chapter 11 cases, both physically attached to the hand delivered Escrow Instructions. If any of the requirements of this Paragraph 4 are not fully satisfied, then the Title Company is directed by this Court to disburse no funds from the Princeton Reserve; provided, however, that the Indemnity Security Escrow Release Instructions shall not be subject to this Paragraph 4. In the event that all requirements of this Paragraph 4 are fully satisfied, then immediately upon receipt of the hand delivered Escrow Instructions, the Title Company shall notify counsel for Princeton and the Defendants via email (at email addresses included in the Escrow Instructions) that the Title Company received the hand delivered Escrow Instructions in compliance with this Paragraph 4, and counsel for Princeton and Defendants shall then immediately provide the Title Company with their respective wire instructions via email in accordance with the Escrow Instructions.
- 5. Notwithstanding anything in the Reinstatement Order to the contrary, it is hereby ordered that Mr. Natin Paul, any family member of Mr. Natin Paul, any affiliate of Mr. Natin Paul, and any person acting at Mr. Natin Paul's direction, shall not seek removal of or to remove from the Title Company the Remaining Reserves (as defined in the Reinstatement Order) (exclusive of

the Princeton Reserve that is to be released pursuant to the term of this Order) until further Order of this Court.

- disbursed upon (1) the filing in this Court of a final, non-appealable order of the Texas state district court in the *Princeton Capital Corporation vs Great Value Storage LLC, et. al.* pending in the 165th District Court of Harris County, Texas, case no. 2019-18855 (the "Princeton Lawsuit") awarding the Receiver fees and expenses pursuant to the Order Appointing Receiver in the Princeton Lawsuit (the "Receiver Award") and (2) a subsequent final, non-appealable Order of this Court directing the Title Company to disburse funds in the amount of the Receiver Award to the Receiver less any amounts that the Receiver has collected that the state court approves the Receiver to apply to his total fees and expenses in connection with the Princeton Lawsuit; *provided, however*, that this paragraph shall only be effective if the Receiver files a motion to dismiss adversary proceeding in this Case, with prejudice and files a notice of withdrawal of any proofs of claims with prejudice the seek to collect the Receiver Award, within three business days of the entry of this Order. The Reinstatement Order shall remain in full force and affect except as modified herein.
- 7. Notice of the Emergency Motion as provided therein shall be deemed good and sufficient notice of such Emergency Motion under the circumstances and the requirements of the Bankruptcy Rules and the Local Rules are satisfied by such notice.
- 8. Notwithstanding the applicability of any Bankruptcy Rules, the terms and conditions of this Order shall not be stayed and shall be immediately effective and enforceable upon its entry.
  - 9. The Defendants are authorized to take all such actions as are necessary or

appropriate to implement the terms of this Order.

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

## # END OF ORDER # # #

# Exhibit 1

**Settlement Agreement** 

## SETTLEMENT, ASSIGNMENT AND ACCEPTANCE AGREEMENT

This SETTLEMENT, ASSIGNMENT AND ACCEPTANCE AGREEMENT (the "Agreement") is made as of this 2<sup>nd</sup> day of September 2022 (the "Execution Date"), by and between (i) Natin Paul, (ii) the Reorganized Debtors (as defined below), (iii) World Class Holdings I, LLC ("WCH") (iv) the Adversary Defendants (as defined below), (v) Princeton Capital Corporation ("Princeton" or "Assignor"), and (vi) Phoenix Lending, LLC (the "Assignee"). Natin Paul, the Reorganized Debtors, WCH and the Adversary Defendants are referred to collectively as the "Great Value Parties"), The Great Value Parties and Princeton are referred to collectively as the "Settlement Parties" and the Assignee are referred to collectively as the "Assignment Parties," together with the Settlement Parties, the "Parties."

# **RECITALS**

**WHEREAS**, Capital Point Partners II, L.P. ("<u>CPP</u>"), a predecessor-in-interest to the Assignor, Great Value Storage, LLC ("<u>Great Value</u>"), and World Class Capital Group, LLC ("<u>WCCG</u>") are parties to that certain Note Purchase Agreement, dated July 31, 2012, as amended from time to time (so amended, the "<u>Note Purchase Agreement</u>");

WHEREAS, pursuant to the Note Purchase Agreement, Great Value issued to CPP (a) that certain Senior Secured Promissory Note, dated July 31, 2012 ("Note A") in the principal amount of \$2,000,000, (b) that certain Senior Secured Promissory Note, dated July 31, 2012 ("Note B") in the principal amount of \$500,000 and (c) that certain Senior Secured Promissory Note, dated November 12, 2014 ("Note C" and together with Note A and Note B, the "Notes") in the principal amount of \$3,100,000. The Note Purchase Agreement, the Notes and each other document, agreement, instrument or certificate executed in connection therewith or pursuant thereto are hereinafter referred to as the "Transaction Documents."

**WHEREAS**, Pursuant to that certain Assignment and Acceptance Agreement, dated March 13, 2015, CPP assigned all of its rights to and obligations under the Transaction Documents to Princeton.

**WHEREAS**, Princeton asserted a default under the Transaction Documents and on March 14, 2019, commenced an action styled as *Princeton Capital Corporation vs Great Value Storage LLC*, *et al.* pending in the 165th District Court of Harris County, Texas (the "<u>Texas District</u> Court"), Case No. 2019-18855 (the "State Action").

**WHEREAS**, the defendants in the State Action are Great Value, WCCG and Natin Paul, in his individual capacity (the "State Defendants");

**WHEREAS**, Princeton alleged causes of action against the State Defendants in the State Action for, among other things, breach of the Notes (the "<u>State Claims</u>");

**WHEREAS**, on March 9, 2021, the Texas District Court ordered that Great Value and World Class were liable to Assignor for contract damages of \$9,759,713.84 and attorneys' fees of \$150,887.50 (the "Judgment").

**WHEREAS**, certain of the parties against whom the Judgment was entered have appealed the Judgment.

**WHEREAS**, after the entry of the Judgment, Princeton obtained the appointment of Seth Kretzer, as receiver for GVS and WCCG (the "<u>Receiver</u>"); however, as of the Execution Date, the Receiver has made no distribution to Princeton on account of the Judgment.

**WHEREAS**, on June 17, 2021 and June 23, 2021, GVS Texas Holdings I, LLC and certain of its affiliates (collectively, the "Reorganized Debtors")<sup>1</sup> each filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Texas (the "Bankruptcy Court");

**WHEREAS**, the Reorganized Debtors' bankruptcy cases are being jointly administered under Case No. 21-31121-MVL (the "<u>Bankruptcy Cases</u>");

WHEREAS, in connection with the Promissory Notes and the Judgment, Princeton filed the following proofs of claim in the Bankruptcy Cases: (i) Claim No. 119-8 filed against GVS Portfolio I B, LLC; (ii) Claim No. 120-4 filed against GVS Portfolio I, LLC; (iii) Claim No. 121-78 filed against GVS Texas Holdings I, LLC; (iv) Claim No. 122-32 filed against GVS Texas Holdings II, LLC; (v) Claim No. 123-12 filed against GVS Ohio Holdings I, LLC; (vi) Claim No. 124-10 filed against GVS Ohio Holdings II, LLC; (vii) Claim No. 125-10 filed against WCH Mississippi Storage Portfolio I, LLC; (viii) Claim No. 126-6 filed against GVS Nevada Holdings I, LLC; (ix) Claim No. 127-7 filed against GVS Missouri Holdings I, LLC; (x) Claim No. 128-9 filed against New York Holdings I, LLC; (xi) Claim No. 129-8 filed against GVS Indiana Holdings I, LLC; (xii) Claim No. 130-7 filed against GVS Illinois Holdings I, LLC; (xiii) Claim No. 131-13 filed against GVS Tennessee Holdings I, LLC; (xix) Claim No. 132-7 filed against GVS Colorado Holdings I, LLC; and (xx) Claim No. 164-2 filed against GVS Portfolio I C, LLC (collectively, the "Princeton Proofs of Claim");

**WHEREAS**, WCH and the Reorganized Debtors each filed objections to the Princeton Proofs of Claim in the Bankruptcy Cases (collectively the "Claim Objections");

**WHEREAS**, on April 27, 2022, Princeton commenced an adversary proceeding in the Bankruptcy Court captioned *Princeton Capital Corporation v. GVS Texas Holdings I, LLC, et al*, Adv. Proceeding No. 22-03043 (the "<u>Adversary Proceeding</u>") alleging causes of action against the Adversary Defendants<sup>2</sup> (defined below) for, among other things, fraudulent transfer and breach of

<sup>&</sup>lt;sup>1</sup> The Reorganized Debtors in the chapter 11 cases are: GVS Texas Holdings I, LLC; GVS Texas Holdings II, LLC; GVS Portfolio I, LLC; GVS Portfolio I C, LLC; WC Mississippi Storage Portfolio I, LLC; GVS Nevada Holdings I, LLC; GVS Ohio Holdings I, LLC; GVS Missouri Holdings I, LLC; GVS New York Holdings I, LLC; GVS Indiana Holdings I, LLC; GVS Tennessee Holdings I, LLC; GVS Ohio Holdings II, LLC; GVS Illinois Holdings I, LLC; and GVS Colorado Holdings I, LLC.

<sup>&</sup>lt;sup>2</sup> The defendants in the Adversary Proceeding are GVS Texas Holdings I, LLC; GVS Texas Holdings II, LLC; GVS Portfolio I, LLC; GVS Portfolio I C, LLC; WC Mississippi Storage Portfolio I, LLC; GVS Nevada Holdings I, LLC; GVS Ohio Holdings I, LLC; GVS Missouri Holdings I, LLC; GVS New York Holdings I,

contract, (together with all causes of action in the Adversary Proceeding, the "AP Claims");

WHEREAS, certain of the Adversary Defendants have moved to dismiss the Complaint filed by Princeton that commenced the Adversary Proceeding due to, inter alia, the failure to state a claim upon which relief can be granted and the lack of jurisdiction of the Bankruptcy Court over the matter;

WHEREAS, recognizing the dispute between Princeton, the Reorganized Debtors and the other Adversary Defendants, pursuant to the Stipulation and Agreed Order with World Class Holdings I, LLC [Docket No. 873-B] filed in the Bankruptcy Cases, the Reorganized Debtors established a \$15 million reserve for Princeton's outstanding claims (the "Princeton Reserve"), which is held in trust by Fidelity National Title (the "Title Company") pursuant to an escrow agreement and an Order of the Bankruptcy Court that does not permit disbursement of the Princeton Reserve absent a final, non-appealable order of the Bankruptcy Court or another court of competent jurisdiction;

WHEREAS, on August 22, 2022, Princeton and the Great Value Parties executed that certain settlement term sheet providing for the resolution of claims and issues between such parties and separately contemplated the negotiation and execution of a note purchase agreement in furtherance of that resolution. The terms and conditions in this Agreement are the culmination of the negotiations over such note purchase agreement and is new and separate from the settlement agreement discussed in the term sheet;

WHEREAS, the Parties have agreed to resolve, settle, and compromise all claims, demands, and differences between them, including, but not limited to, relating to the Bankruptcy Cases, the State Action, the State Claims, the Judgment, the Adversary Proceeding, the AP Claims, the Princeton Proofs of Claims, and the Claim Objections pursuant to the terms of this Agreement.

WHEREAS, as part of the resolution of the claims set forth in this Agreement, Princeton wishes to assign all of its rights to and obligations under the Transaction Documents and the Judgment to the Assignee on the terms and subject to the conditions set forth herein and the Assignee wishes to accept assignment of such rights and to assume such obligations from the Assignor on such terms and subject to such conditions.

LLC; GVS Indiana Holdings I, LLC; GVS Tennessee Holdings I, LLC; GVS Ohio Holdings II, LLC; GVS Illinois Holdings I, LLC; GVS Colorado Holdings I, LLC; World Class Capital Group, LLC; Great Value Storage, LLC; Natin Paul; Sheena Paul; Barbara Lee; Jason Rogers; WC Ohio Storage Portfolio I, LP; WC Texas Storage Portfolio I, LP; WC Texas Storage Portfolio II, GP, LLC; WC Memphis Storage II, LP; WC Ohio Storage Portfolio I GP, LLC; WC Ohio Storage Portfolio II TIC, LLC; WC Ohio Storage Portfolio II Equity, LLC; WC Texas Storage Portfolio III MM, LLC; WC Mississippi Storage Portfolio I MM, LLC; WC Illinois Storage Portfolio I, LLC; WC Illinois Storage Portfolio TIC, LLC; WC 4641 Production MM, LLC; WC New York Storage Portfolio I, LLC; WC 4641 Production, LLC; WC TSPIGP, LLC; WC Texas Storage Portfolio II, LP; WC Texas Storage Portfolio III Property, LLC; WC Texas Storage Portfolio III, LLC; WC San Benito Storage, LP; WC San Benito GP, LLC; WC Memphis Storage GP, LLC; WC Memphis Storage II GP, LLC; WC Las Vegas Storage, LP; WC Kansas City Storage, LP; WC Las Vegas Storage GP, LLC; World Class Real Estate LLC; WC Memphis Storage, LP; WC 7116 S IH 35, L.P.; WC 10013 RR 620 N, LP; WC 13825 FM 306, L.P.; WC Kansas City Storage GP, LLP; and John Does (collectively, the "Adversary Defendants").

**NOW THEREFORE,** in consideration of good and valuable consideration, the receipt and sufficiency of which is acknowledged, and intending to be legally bound, the Parties agree as follows:

# 1. Note and Judgment Assignment and Acceptance.

- a. Agreement of Assignor and Assignee.
  - i. Upon the receipt by Assignor of the Settlement Payment in good funds, the Assignor hereby sells, transfers, conveys and assigns to the Assignee, and the Assignee hereby purchases, accepts, assumes, and undertakes from the Assignor all right and title to all rights, benefits, obligations, liabilities, and indemnities of the Assignor under and in connection with the (i) the Note Purchase Agreement, (ii) the Notes and (iii) the Judgment.
  - ii. Upon the receipt by Assignor of the Settlement Payment in good funds, the Assignor hereby sells, transfers, conveys and assigns to the Assignee and the Assignee hereby accepts, assumes, and undertakes from the Assignor (i) all right and title to all rights, benefits, obligations, liabilities, and indemnities of the Assignor under and in connection with the other Transaction Documents and the Judgment, and (ii) except to the extent released pursuant to the provisions of this Agreement, all claims, suits, causes of action, and any other right of the Assignor against any person, whether known or unknown, arising under or in connection with any or each of the Transaction Documents, including, but not limited to, the Judgment and any and all contract claims, commercial tort claims, malpractice claims, statutory claims, and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above. For the avoidance of doubt, the parties hereto acknowledge and agree that the Assignor's right and title to all rights and benefits under the Final Judgment Order signed by Judge Ursula Hall on March 4, 2021 in Princeton Capital Corporation v. Great Value Storage, LLC, World Class Capital Group, LLC and Natin Paul are included in item (ii) of the foregoing.
  - iii. With effect on and after the Effective Date (as defined below), the Assignee shall be party to the Transaction Documents and succeed to all of the rights and be obligated to perform all of the obligations of the Assignor under the Transaction Documents and the Judgment. The Assignee agrees that on and after the Effective Date it will perform all obligations which by the terms of the

Transaction Documents are required to be performed by it thereunder.

- b. Representations, Warranties and Covenants of Assignee and Assignor.
  - i. The Assignor represents, warrants and covenants as of the Execution Date and the date when this Agreement becomes effective pursuant to section 3 herein (the "Effective Date") that:
    - (a) it is the legal and beneficial owners of the interests being assigned by the Assignor hereunder and that such interests are free and clear of any lien or other adverse claim;
    - (b) it is duly organized and existing and it has the full power and authority to take, and have taken, all action necessary to execute and deliver this Agreement and any other documents required or permitted to be executed or delivered by the Assignor in connection with this Agreement and to fulfill its obligations hereunder;
    - (c) no notices to, or consents, authorizations, or approvals of, any person are required (other than any already given or obtained and still in full force and effect) for its due execution, delivery, and performance of this Agreement, and apart from any agreements or undertakings or filings required by the Transaction Documents, no further action by, or notice to, or filing with, any person is required for such execution, delivery, or performance;
    - (d) this Agreement has been duly executed and delivered by the Assignor and constitutes the legal, valid, and binding obligation of the Assignor, enforceable against the Assignor in accordance with the terms hereof, subject, as to enforcement, to bankruptcy, insolvency, moratorium, reorganization, and other laws of general application relating to or affecting creditors' rights and to general equitable principles;
    - (e) the Assignor has received no distributions or payments in satisfaction of the Judgment from the Receiver, is not a party to or beneficiary of any agreements made with or by the Receiver and, after the Execution Date and the Assignor shall not accept any distributions or payments in satisfaction of the Judgment or make any other agreements with the Receiver in satisfaction of the Judgment or in relation to any fees or expenses that may be determined payable to the Receiver, unless otherwise agreed to by the Parties;

- (f) unless compelled to do so by a court of competent jurisdiction, the Assignor agrees it will make no statement regarding (i) any motion by the Assignee to terminate the receivership or (ii) the amount of fees to be awarded to the Receiver;
- (g) the Assignor shall not take or support any action adverse to the World Class Release Parties in the Bankruptcy Court or any other court related to this Agreement, the Judgment or the settlement of disputes between the Settlement Parties unless such action relates to the enforcement of this Agreement including any provision hereof;
- (h) the Assignor makes no representation or warranty in connection with, and assumes no responsibility with respect to, the solvency, financial condition, or statements of Great Value or World Class, or the performance or observance by Great Value or World Class, of any of its obligations under the Transaction Documents or any other instrument or document furnished in connection therewith.
- ii. The Assignee represents, warrants and covenants as of the Execution Date and the Effective Date that:
  - (a) it is duly organized and existing and has full power and authority to take, and has taken, all action necessary to execute and deliver this Agreement and any other documents required or permitted to be executed or delivered by it in connection with this Agreement, and to fulfill its obligations hereunder;
  - (b) no notices to, or consents, authorizations, or approvals of, any person are required (other than any already given or obtained and still in full force and effect) for its due execution, delivery, and performance of this Agreement; and apart from any agreements or undertakings or filings required by the Transaction Documents, no further action by, or notice to, or filing with, any person is required of them for such execution, delivery, or performance;
  - (c) this Agreement has been duly executed and delivered by the Assignee and constitutes the legal, valid, and binding obligation of the Assignee, enforceable against the Assignee in accordance with the terms hereof, subject, as to enforcement, to bankruptcy, insolvency, moratorium,

reorganization, and other laws of general application relating to or affecting creditors' rights and to general equitable principles;

- (d) the Assignee has been advised that none of the Notes have been registered under the Securities Act of 1933, as amended (the "Securities Act") or any state securities laws and, therefore, cannot be resold unless they are registered under the Securities Act and applicable state securities laws or unless an exemption from such registration requirements is available;
- (e) the Assignee is aware that the Assignor is under no obligation to effect any such registration with respect to the Notes or to file for or comply with any exemption from registration;
- (f) the Assignee is receiving the Notes from the Assignor for its own account and not with a view to, or for resale in connection with, the distribution thereof in violation of the Securities Act; and
- (g) the Assignee has such knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risks of an investment in the Notes, is able to incur a complete loss of such investment in the Notes and to bear the economic risk of such investment for an indefinite period of time.
- c. Subject to the indemnification provisions in section 1.e, Assignee does not assume any liability or responsibility for any action taken by Assignor in connection with the Notes, the Transaction Documents or the Judgment taken prior to the Effective Date, with all such liabilities and responsibilities remaining with the Assignor.
- d. The Assignor and the Assignee hereby agree to promptly execute and deliver such other instruments, and take such other action, as either party may reasonably request in connection with the transactions contemplated by this Agreement, including the delivery of any notices or other documents or instruments to Great Value and World Class, which may be required in connection with this Agreement under the Transaction Documents.
- e. Assignee and the Reorganized Debtors hereby indemnify and hold Assignor harmless from any and all of the following, which only arise out of the assignment of the Note and assignment of the Judgment as set forth in section 1 hereof: (i) all claims, liabilities, damages, judgments, fines and penalties asserted by the Receiver or Great Value Parties, including the Adversary Defendants ("Losses") that are determined by entry of a final, non-appealable order by the Bankruptcy Court or a court of competent jurisdiction to be Losses, except to the extent the

same shall have been finally adjudicated in a court of competent jurisdiction to have been directly caused by Assignor's gross negligence, fraud or willful misconduct; and (ii) reasonable expenses, including out-of-pocket, incidental expenses and reasonable legal fees and expenses incurred in connection with Losses ("Expenses" and together with the Losses, the "Indemnification Obligation"). The Indemnification Obligation shall be secured by \$1 million dollars of the funds retained in the Princeton Reserve after payment of the Settlement Amount to Princeton, as contemplated by this Agreement (the "Indemnification Security").<sup>3</sup> The Indemnification Security shall be held by the Title Company and shall be disbursed either (i) upon submission thereto of joint written instructions executed by Princeton and the Great Value Parties, a form of which is attached hereto as Exhibit A or (ii) submission to the Title Company of a final, non-appealable order of the Bankruptcy Court authorizing and directing payment of all or portions of the Indemnification Obligation. Notwithstanding anything to the contrary in this section 1.e, the Indemnification Obligation shall not be applicable or enforceable against the Assignee or any Great Value Party to the extent any of the Indemnification Obligation is incurred as a result of the consent, acquiescence or other affirmative action of the Assignor. Notwithstanding anything to the contrary in this section 1.e, Princeton may periodically seek payment on account of an Expenses by filing a request for such payment to the Bankruptcy Court; provided, however, Assignor and the Great Value Parties reserve all rights with respect to any such request.

- f. Assignor will be provided copies of all statements prepared by the Title Company when generated by the Title Company.
- 2. <u>Settlement Payment</u>. As consideration for the sale, assignment and transfer of the Notes and the Judgment and the in exchange for the dismissal of the actions described in section 4 and the releases described in sections 6 and 7 of this Agreement, upon the Effective Date, Assignee shall pay, or cause to be paid, to Princeton the amount of \$11,372,698.89 (the "Settlement Amount") from funds currently held in the Princeton Reserve. Within three (3) business after the Effective Date, the Title Company shall effectuate the Escrow Instructions and the date upon which the Title Company remits payment to Princeton shall be the "Payment Date."
- 3. <u>Settlement Effective Date</u>. This Agreement shall become effective on the first day upon which all of the following conditions have been satisfied (the "<u>Effective Date</u>"):
  - a. the execution of this Agreement by all Parties;
- b. the filing of a motion, mutually acceptable to the Parties, seeking the approval of this Agreement and directing the Title Company to release the Settlement Amount from the Princeton Reserve (the "Settlement Motion")
- c. The entry of a final, non-appealable Order<sup>4</sup> by the Bankruptcy Court, mutually acceptable to the Parties, approving the Motion (including, without limitation the

<sup>&</sup>lt;sup>3</sup> For the avoidance of doubt, should a court of competent jurisdiction find that entry into this Agreement shall be deemed to be gross negligence, fraud or willful misconduct against the Receiver, no exclusion for such gross negligence, fraud or willful misconduct shall be applicable.

<sup>&</sup>lt;sup>4</sup> For the avoidance of doubt, no Party hereto will appeal the Settlement Order so long as this Agreement is approved by the Bankruptcy Court as drafted and executed.

provisions contained in paragraph 5 of the order attached as Exhibit B) and Escrow Instructions, a form of which is attached hereto as Exhibit B (the "Settlement Order");

- d. Princeton and the Reorganized Debtors have delivered to the Title Company the Settlement Order and the Escrow Instructions, a copy of which is attached hereto as <u>Exhibit C</u>; along with Escrow Instructions to the Title Company, which will leave the Indemnity Security Escrow on deposit with the Title Company; and
- e. Delivery to Title Company of the documents and evidence set forth in section 4 hereof.
- f. Any of the foregoing provisions set forth in sections 3.a, 3.b, 3.c, 3.d, 3.e hereof may be waived upon the mutual written agreement of the Parties.

#### 4. Conditions Precedent to Effective Date.

- a. Unless otherwise agreed to by the Parties in writing, on or before September 9, 2022, Princeton shall deliver to the Title Company:
  - i. duly endorsed promissory notes (or lost note affidavits) as applicable, and other Transaction Documents (including official correspondence and further documents delivered pursuant to the terms of the Transaction Documents), the transactions related thereto and the Judgment, along with information showing calculation of the Judgment, but only insofar as any of such information is available to Princeton;
  - ii. notices of dismissal with prejudice in the Adversary Proceeding substantially in the form attached hereto as Exhibit D, which the Great Value Parties or the Assignee, as applicable, may file after the Effective Date;
  - iii. notices of the assignment of the Notes and Judgment and substitutions of parties in any and all actions pending in any court (including actions against Natin Paul in his individual capacity) as such relate to the enforcement of the Notes or collection of the Judgment, which the Great Value Parties or the Assignee, as applicable, may file after the Effective Date, the form of which is attached hereto as Exhibit E; and
  - iv. notices withdrawing the Princeton Proofs of Claim with prejudice which the Great Value Parties or the Assignee, as applicable, may file after the Effective Date, the form of which is attached hereto as <a href="Exhibit F">Exhibit F</a>.
- b. The Title Company shall provide notice to the Parties of its receipt of the items set forth in section 4.a hereof.

- 5. Further Assurances. In addition to the requirements of section 1.d hereof, the Parties shall cooperate reasonably with each other and with the other's respective representatives in connection with any steps required to be taken as part of their respective obligations under this Agreement, and shall (a) furnish upon request to each other such further information reasonably requested by the Assignee from time to time for the purposes of enforcing its rights under the Transaction Documents and the Judgment; (b) execute and deliver to each other such other documents; and (c) do such other acts and things, all as any other Party may reasonably request for the purpose of carrying out the transactions contemplated by this Agreement, including but not limited to, with respect to the Escrow Instructions. The Parties shall cooperate with each other as necessary to obtain all consents and authorizations of third-parties, if any, to make all filings with and give all notices to third-parties which may be necessary or reasonably required in order to carry out the intent of this Agreement and the transactions contemplated hereby.
- 6. Release by the Great Value Parties. Effective upon the Payment Date, except as provided in Paragraph 8 or herein, Natin Paul, on behalf of himself as well as any persons he controls and any entities that he either owns or controls (in whole or in part), the Great Value Parties, WCCG, GVS and all of their respective officers, directors, members, managers, employees, insurers, advisory board members, and each of their successors, predecessors, beneficiaries, assigns, agents, attorneys, accountants, advisors, and representatives (the "World Class Release Parties") hereby forever release Princeton, and each of its officers, directors, owners, members, managers, shareholders, subsidiaries, investment funds employees, insurers, and each of their successors, predecessors, beneficiaries, assigns, agents, attorneys, accountants, advisors, and representatives (the "Princeton Released Parties") from any and all claims, actions, causes of action, suits, debts, dues, sums of money, accounts, controversies, agreements, promises, damages, judgments, executions, and demands whatsoever, in law or equity, whether known or unknown, liquidated or unliquidated, which the World Class Released Parties ever had, now have or hereafter can, shall or may have against any of the Princeton Released Parties for any matter, cause, thing, or reason whatsoever as of the Effective Date, including but not limited to, for or arising out of, or related to, the Bankruptcy Cases, the State Action, the State Claims, the Judgment, the Adversary Proceeding, the AP Claims, the Princeton Proofs of Claims, the Claim Objections, and other actual or potential claims that were or could have been asserted in the State Action, Adversary Proceeding, or the Princeton Proofs of Claim; provided, however, the foregoing release shall not (i) apply to any claim or cause of action against any third-party, including the Receiver (excluding the Princeton Released Parties) seeking damages or the return or recovery of monies, properties or assets otherwise taken, seized, transferred, conveyed or otherwise removed from such party's possession or control in connection with the efforts of any party to collect the Judgment on behalf of Princeton or (ii) result in the dismissal of any pending action or appeal of any action in which Princeton is a named party related to the Judgment (the "Appeal Actions"); provided, further, however, the World Class Release Parties shall not and shall be prohibited and enjoined from seeking any recovery (monetary or otherwise) from Princeton in connection with an Appeal Action.
- 7. Release by Princeton. Effective upon the Payment Date, except as provided in Paragraph 8, Princeton on behalf of itself and on behalf of each of the Princeton Released Parties, each hereby forever release and discharge Natin Paul, on behalf of himself as well as any persons he controls and any entities that he either owns or controls (in whole or in part), the Great Value Parties, WCCG, GVS, the State Defendants, the Adversary Defendants and their respective officers, directors, members, managers, employees, insurers, advisory board members, and each of their

successors, predecessors, beneficiaries, assigns, agents, attorneys, accountants, advisors, and representatives (collectively, the "World Class Released Parties") from any and all claims, actions, causes of action, suits, debts, dues, sums of money, accounts, controversies, agreements, promises, damages, judgments, executions, and demands whatsoever, in law or equity, whether known or unknown, liquidated or unliquidated, which the Princeton Released Parties ever had, now have or hereafter can, shall or may have against any of the World Class Released Parties for any matter, cause, thing, or reason whatsoever as of the Effective Date, including but not limited to, for or arising out of, or related to, the Bankruptcy Cases, the State Action, the State Claims, the Judgment, the Adversary Proceeding, the AP Claims, the Princeton Proofs of Claims, the Claim Objections, and other actual or potential claims that were or could have been asserted in the State Action, Adversary Proceeding, or the Princeton Proofs of Claim save and except for the Indemnification Obligation.

- 8. Exceptions to Releases. Notwithstanding any language to the contrary in sections 6, and 7 hereof, or any other provision of this Agreement, the Parties agree and acknowledge that this Agreement and the releases provided herein does not release or waive: (a) any obligation of a Party arising under or created by this Agreement; (b) the Indemnification Obligation; or (c) any present or future claim, appeal or litigation by the Great Value Parties against the Receiver or its agents, attorney, or representatives.
- 9. <u>Fees and Costs</u>. Each Party and Assignment Party shall bear its own fees and costs in connection with the Adversary Proceeding, the Settlement Motion and this Agreement. For the avoidance of doubt there shall be no other cost and expenses due to Princeton whatsoever other than the Settlement Amount, except any amounts that may be due under the Indemnification Obligation.
- 10. <u>Consultation with Counsel</u>. Each of the Parties has freely and voluntarily entered into this Agreement after an adequate opportunity and sufficient period of time to review, analyze and discuss all terms and conditions of this Agreement and all factual and legal matters relevant hereto with its counsel. Each of the Parties further acknowledges that it has actively and with full understanding participated in the negotiation of this Agreement and that this Agreement has been negotiated, prepared and executed without fraud, duress, undue influence or coercion of any kind or nature whatsoever having been exerted by or imposed upon any party to this Agreement.
- 11. **No Assignment**. No Party has assigned any of its claims, rights, and/or remedies arising under or relating in any way to the litigation being resolved hereby or associated property to any third party.
- 12. <u>No Admission of Wrongdoing</u>. This Agreement constitutes a compromise of disputes between the Parties. Nothing contained herein shall constitute or be deemed to be an admission by any Party as to any matter unless specifically stated herein. Nothing in this Agreement, nor any of the negotiations or proceedings connected with the Agreement, nor any of the documents or statements contained or referred to therein shall be offered or received against any Party in any litigation as evidence of, or be construed as or be deemed to be evidence of, any concession or admission by any Party with respect to the truth of any fact alleged by any Party

against the other or the validity of any claim or defense that has been or could have been asserted in any proceeding or litigation involving the Parties.

- 13. <u>Time is of the Essence</u>. Time is of the essence for all dates and/or time described in this this Agreement.
- 14. **Remedies**. The Parties agree that irreparable damage would occur in the event of a breach of any provision of this Agreement that would result in the failure of the Effective Date and Payment Date to occur and that money damages or other legal remedies would not be an adequate remedy for any such damages. Accordingly, the Parties acknowledge and agree that in the event of any breach or threatened breach of the covenants, agreements and obligations set forth in this Agreement, each Party shall be entitled to any injunction or injunctions to prevent or restrain breaches or threatened breaches of this Agreement, and to specifically enforce the terms and provisions of this Agreement to prevent breaches or threatened breaches of, or to enforce compliance with, the covenants and obligations under this Agreement (including those conditions precedent set forth in section 4 hereof), in addition to any other remedy to which such party is entitled at law or in equity. Each Party hereby agrees not to raise any objections to the availability of specific performance to prevent breaches or threatened breaches of, or to enforce compliance with, the covenants and obligations under this Agreement. Each Party hereby waives (i) any defenses in any action for specific performance, including the defense that a remedy at law would be adequate and (ii) any requirement under any law to post a bond or other security as a prerequisite to obtaining equitable relief.

## 15. Miscellaneous.

- a. Each of the Parties acknowledges, represents, and agrees that no promise, inducement or consideration has been offered or promised to any Party except as expressly set forth herein.
- b. This Agreement is executed without reliance upon any statement or representation by any other Party or other Party's attorneys or representatives concerning the nature and extent of any claims and/or damages or legal liability therefor.
- c. No failure or delay by any party hereto in exercising any right, power, or privilege hereunder or under that settlement term sheet dated August 22, 2022 (the "Settlement Term Sheet") shall operate as a waiver thereof, with all such rights, powers or privileges being expressly preserved, and any waiver of any breach of the provisions of this Agreement shall be without prejudice to any rights with respect to any other or further breach thereof or under the Settlement Term Sheet, which shall remain in force and effect.
- d. All payments made hereunder shall be made without any set-off or counterclaim.
- e. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of the parties hereto may execute this Agreement by signing any such counterpart. Delivery of an executed counterpart of this Agreement by telefacsimile, electronic mail, or by any other electronic form of transmission shall be equally as effective as delivery of an original executed counterpart of this Agreement.

Signatures exchanged by email or facsimile transmission shall be deemed original signatures for all purposes and shall indicate and evidence such Party's final and fully-enforceable agreement to the terms of this Agreement.

- f. This Agreement constitutes the final and fully-integrated agreement of the Parties concerning the subject matter hereof and supersedes all prior or contemporaneous oral and written statements, understandings, and agreements between them or their counsel regarding the subject matter hereof. If any provision of this Agreement is determined to be invalid, illegal, or unenforceable by a court of competent jurisdiction, the remaining provisions of this Agreement shall remain in full force and effect.
- g. This Agreement shall be governed by the laws of the State of Texas without regard to any choice of law analysis that might call for application of some different law. The Parties each irrevocably submits to the non-exclusive jurisdiction and venue of the United States Bankruptcy Court for the Northern District of Texas, Dallas Division over any suit, action, or proceeding arising out of or relating to any dispute and irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined in such court. Each party to this Agreement hereby irrevocably waives, to the fullest extent it may effectively do so, the defense of an inconvenient forum to the maintenance of such action or proceeding.
- h. This Agreement may not be modified except in a writing signed by each of the Parties and no Party shall be entitled to rely on any other manner of attempted modification, which shall be void (and not merely voidable).
- i. No Party has assigned or purported to assign any claim that otherwise would be released or discharged by this Agreement.
- j. The captions of Sections herein are intended for convenience only and shall not be used in any way to interpret the contents of such Section.
- k. In the event of any dispute between the parties arising out of, under, or in connection with this Agreement, the Transaction Documents, any related documents and agreements, or any course of conduct, course of dealing, or statements (whether oral or written) (collectively, the "Disputes"), the prevailing party shall be entitled to recover all of its reasonable costs and attorneys' fees incurred in such dispute, in addition to all other sums that it may be entitled.
- l. This Agreement is enforceable regardless of whether or not the Appeal Actions are decided in favor of any or all of the Great Value Parties.
- m. EACH PARTY HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVE ANY RIGHTS EACH MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED ON ANY DISPUTE.
- 16. <u>Authority</u>. Each Party and each signatory below represents that the signatory has all necessary authority to enter into the terms of this Agreement on behalf of the Party for which she or he is signing and to bind that Party to the terms of this Agreement. The Parties acknowledge that the other Party is specifically relying on these representations in entering into this Agreement and that the

Parties' respective signatories have apparent and inherent authority to bind the Parties to the terms of this Agreement.

[Signature Pages to Follow]

NATIN PAUL, ON BEHALF OF HIMSELF INDIVIDUALLY AND ON BEHALF OF ALL ENTITIES THAT HE EITHER OWNS OR CONTROL (IN WHOLE OR IN PART)

Name: Natin Paul

Title: Authorized Representative

NATIN PAUL, ON BEHALF OF HIMSELF INDIVIDUALLY AND ON BEHALF OF ALL ADVERSARY DEFENDANTS

Name: Natin Paul

Title: Authorized Representative

NATIN PAUL ON BEHALF OF THE REORGANIZED DEBTORS

Name: Natin Paul
Title: Manager

WORLD CLASS HOLDINGS I, LLC

Name: Natin Paul Title: Manager

PRINCETON CAPITAL CORPORATION ON BEHALF OF ITSELF AND THE PRINCETON RELEASED PARTIES

By: Mark S. DiSalvo

Title: Chief Executive Officer

IN WITNESS WHEREOF, the Parties have hereunto signed their names on the dates indicated.

PHOENIX LENDING, LLC

Name: Mickey Altman
Title: Vice President

Date: September 2, 2022

## Exhibit A

Form of Indemnity Security Escrow Release Instructions

[To Be Submitted By Parties]

## Exhibit B

Form of Settlement Order

## UNITED STATES BANKRUPTCY COURT FOR THE NORTHERN DISTRICT OF TEXAS **DALLAS DIVISION**

In re: Chapter 11

GVS TEXAS HOLDINGS I, LLC, et al.<sup>1</sup>

Reorganized Debtors.

Case No. 21-31121-MVL

(Jointly Administered)

## ORDER GRANTING EMERGENCY MOTION PURSUANT TO BANKRUPTCY RULE 9019 FOR ENTRY OF AN ORDER APPROVING A SETTLEMENT AND COMPROMISE BETWEEN PRINCETON CAPITAL CORPORATION AND THE REORGANIZED DEBTORS

<sup>1</sup> The Reorganized Debtors in these chapter 11 cases, along with the last four digits of each Reorganized Debtor's federal tax identification number, as applicable, are: GVS Texas Holdings I, LLC (7458); GVS Texas Holdings II, LLC (1225); GVS Portfolio I, LLC (6441); GVS Portfolio I B, LLC (7171); GVS Portfolio I C, LLC (3093); WC Mississippi Storage Portfolio I, LLC (0423); GVS Nevada Holdings I, LLC (4849); GVS Ohio Holdings I, LLC (6449); GVS Missouri Holdings I, LLC (5452); GVS New York Holdings I, LLC (5858); GVS Indiana Holdings I, LLC (3929); GVS Tennessee Holdings I, LLC (5909); GVS Ohio Holdings II, LLC (2376); GVS Illinois Holdings I, LLC (9944); and GVS Colorado Holdings I, LLC (0408). The location of the Reorganized Debtors' service address is: 814 Lavaca Street, Austin, Texas 78701.

Upon consideration of the *Emergency Motion Pursuant to Bankruptcy Rule 9019 for Entry* of an Order Approving a Settlement and Compromise Between Princeton Capital Corporation and the Reorganized Debtors (the "Emergency Motion")<sup>2</sup> requesting that the Court approve the Settlement Agreement<sup>3</sup> pursuant to Bankruptcy Rule 9019 and the related Escrow Instructions<sup>4</sup> to the Title Company, the Court (1) having considered the Emergency Motion; (2) finding that (a) notice of the Emergency Motion was good and sufficient upon the particular circumstances and that no other or further notice need be given, (b) the Emergency Motion is a core proceeding under 28 U.S.C. § 157(b), (c) the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334, and (d) venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409; (3) finding that the Parties demonstrated both (a) good, sufficient, and sound business purposes and justifications for the Settlement Agreement and the transactions, compromises, and releases provided therein, and (b) compelling circumstances for approval of the Settlement Agreement pursuant to Bankruptcy Rule 9019; (4) finding that the terms of the Settlement Agreement are fair and reasonable, falling above the lowest point in the range of reasonableness, and are in the best interests of the Parties and the Reorganized Debtors' stakeholders as a whole; (5) having weighed the probability of success in litigation, the complexity of the litigation involved, and the expense, inconvenience, and delay necessarily attending to it, and taken into account the paramount interest of alleged creditors and, based on all of the foregoing, the Court has determined that the relief requested in the Emergency Motion is fair and equitable, in the best interests of the Parties, and should be approved in all respects; (6) finding that (a) in the absence of the Settlement Agreement, the

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<sup>&</sup>lt;sup>2</sup> Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Emergency Motion or Settlement Agreement, as applicable.

<sup>&</sup>lt;sup>3</sup> The Settlement Agreement is attached hereto as **Exhibit 1**.

<sup>&</sup>lt;sup>4</sup> The Escrow Instructions are attached hereto as **Exhibit 2**.

Defendants face considerable litigation expense, risk, and delay, (b) the disputes between the Parties involve numerous legal and factual issues, and judicial resolution of these disputes will require additional, extensive and costly briefing and discovery, (c) even if the Defendants were successful in litigating against any claims, a judgment obtained may be subject to appeal with no guarantee as to the ultimate outcome, (d) there is no doubt that the Parties' combined legal expenditures during a protracted litigation process would be substantial and further forestall any disbursement of the Princeton Reserve to any of the Parties, and (e) the Settlement Agreement resolves the Parties' disputes now without the need for additional costly, uncertain litigation; and good and sufficient cause appearing therefor,

#### IT IS HEREBY ORDERED THAT:

- 1. The Emergency Motion is hereby **GRANTED**.
- 2. The Settlement Agreement is approved in its entirety.
- 3. Notwithstanding anything to the contrary in the *Amended Order Granting World Class Holdings I, LLC's Motion to Confirm Reinstatement of Natin Paul as Sole Officer of the Reorganized Debtors* [Docket No. 1377] (the "Reinstatement Order"), including, but not limited to, paragraph 5(b) thereof, on the Effective Date, the Title Company shall wire (a) the Settlement Amount of \$11,372,698.89 from the Princeton Reserve to Princeton and (b) \$2,627,301.11 from the Princeton Reserve to the entity or party designated by the Defendants pursuant to this Order and the Escrow Instructions in a form substantially similar to the form attached hereto as **Exhibit 2**. The remainder of the Princeton Reserve, in the amount of \$1 million, shall be distributed in accordance with those certain instructions annexed as **Exhibit A**<sup>5</sup> to the Settlement Agreement (the "Indemnity Security Escrow Release Instructions"). For the avoidance of any doubt, this

<sup>&</sup>lt;sup>5</sup> The Settlement Agreement that will be attached to the final order shall have the final version of the Indemnity Security Escrow Release Instructions attached thereto as **Exhibit A**.

Order shall be deemed a final, non-appealable order for purposes of paragraph 5(b) of the Reinstatement Order.

- 4. The Escrow Instructions attached hereto as Exhibit 2 are approved by this Court, and the Title Company shall comply with this Order and the Escrow Instructions no later than one (1) business day after receipt of the Escrow Instructions sent to the Title Company by counsel for Princeton via hand delivery. The hand delivered Escrow Instructions shall be signed by the hand of Judith W. Ross or Frances Smith, counsel for Princeton. The hand delivered Escrow Instructions shall be signed digitally on behalf of the Defendants. The hand delivered Escrow Instructions shall be substantially identical to the Escrow Instructions attached to this Order as **Exhibit 2**. The hand delivered Escrow Instructions shall include copies of this Order and the Reinstatement Order, entered in the chapter 11 cases, both physically attached to the hand delivered Escrow Instructions. If any of the requirements of this Paragraph 4 are not fully satisfied, then the Title Company is directed by this Court to disburse no funds from the Princeton Reserve; provided, however, that the Indemnity Security Escrow Release Instructions shall not be subject to this Paragraph 4. In the event that all requirements of this Paragraph 4 are fully satisfied, then immediately upon receipt of the hand delivered Escrow Instructions, the Title Company shall notify counsel for Princeton and the Defendants via email (at email addresses included in the Escrow Instructions) that the Title Company received the hand delivered Escrow Instructions in compliance with this Paragraph 4, and counsel for Princeton and Defendants shall then immediately provide the Title Company with their respective wire instructions via email in accordance with the Escrow Instructions.
- 5. Notwithstanding anything in the Reinstatement Order to the contrary, it is hereby ordered that Mr. Natin Paul, any family member of Mr. Natin Paul, any affiliate of Mr. Natin Paul,

and any person acting at Mr. Natin Paul's direction, shall not seek removal of or to remove from the Title Company the Remaining Reserves (as defined in the Reinstatement Order) (exclusive of the Princeton Reserve that is to be released pursuant to the term of this Order) until further Order of this Court.

- 6. Notwithstanding the foregoing, the funds reserved for the Receiver Claims may be disbursed upon (1) the filing in this Court of a final, non-appealable order of the Texas state district court in the *Princeton Capital Corporation vs Great Value Storage LLC, et. al.* pending in the 165th District Court of Harris County, Texas, case no. 2019-18855 (the "Princeton Lawsuit") awarding the Receiver fees and expenses pursuant to the Order Appointing Receiver in the Princeton Lawsuit (the "Receiver Award") and (2) a subsequent final, non-appealable Order of this Court directing the Title Company to disburse funds in the amount of the Receiver Award to the Receiver less any amounts that the Receiver has collected that the state court approves the Receiver to apply to his total fees and expenses in connection with the Princeton Lawsuit; *provided, however*, that this paragraph shall only be effective if the Receiver files a motion to dismiss adversary proceeding in this Case, with prejudice and files a notice of withdrawal of any proofs of claims with prejudice the seek to collect the Receiver Award, within three business days of the entry of this Order. The Reinstatement Order shall remain in full force and affect except as modified herein.
- 7. Notice of the Emergency Motion as provided therein shall be deemed good and sufficient notice of such Emergency Motion under the circumstances and the requirements of the Bankruptcy Rules and the Local Rules are satisfied by such notice.
- 8. Notwithstanding the applicability of any Bankruptcy Rules, the terms and conditions of this Order shall not be stayed and shall be immediately effective and enforceable

upon its entry.

- 9. The Defendants are authorized to take all such actions as are necessary or appropriate to implement the terms of this Order.
- 10. This Court shall retain jurisdiction over all matters arising from or related to the interpretation or implementation of this Order.

### END OF ORDER ##

## **Exhibit C**

Form of Settlement Payment Escrow Release Instructions

[To Be Submitted By Parties]

## Exhibit D

Form of Notice of Dismissal of Adversary Proceeding

Judith W. Ross State Bar No. 21010670 Jessica L. Voyce Lewis State Bar No. 24060956 ROSS & SMITH, PC 700 N. Pearl Street, Suite 1610 Dallas, TX 75201

Phone: 214-377-7879 Fax: 214-377-9409

Email: judith.ross@judithwross.com Email: jessica.lewis@judithwross.com

#### COUNSEL FOR PRINCETON CAPITAL CORPORATION

#### IN THE UNITED STATES BANKRUPTCY COURT FOR THE NORTHERN DISTRICT OF TEXAS **DALLAS DIVISION**

In re:	§	Chapter 11
	§	
GVS TEXAS HOLDINGS I, LLC, et al.,1	§	Case No. 21-31121-MVL
	§	
Debtors.	8	(Jointly Administered)
	8	,
	S	
	8	
PRINCETON CAPITAL CORPORATION,	§	
	§	Adv. No. 22-03043
Plaintiff,	8	
<del>,</del>	8	
	8	
<b>v.</b>	§	
	§	
GVS TEXAS HOLDINGS I, LLC, et al., <sup>2</sup>	§	

<sup>&</sup>lt;sup>1</sup> The Reorganized Debtors in these chapter 11 cases, along with the last four digits of each Reorganized Debtor's federal tax identification number, as applicable, are: GVS Texas Holdings I, LLC (7458); GVS Texas Holdings II, LLC (1225); GVS Portfolio I, LLC (6441); GVS Portfolio I B, LLC (7171); GVS Portfolio I C, LLC (3093); WC Mississippi Storage Portfolio I, LLC (0423); GVS Nevada Holdings I, LLC (4849); GVS Ohio Holdings I, LLC (6449); GVS Missouri Holdings I, LLC (5452); GVS New York Holdings I, LLC (5858); GVS Indiana Holdings I, LLC (3929); GVS Tennessee Holdings I, LLC (5909); GVS Ohio Holdings II, LLC (2376); GVS Illinois Holdings I, LLC (9944); and GVS Colorado Holdings I, LLC (0408) (collectively, the "Reorganized Debtors"). The location of the Reorganized Debtors' service address is: 814 Lavaca Street, Austin, Texas 78701.

<sup>&</sup>lt;sup>2</sup> The Defendants in this adversary proceeding are: GVS Texas Holdings I, LLC; GVS Texas Holdings II, LLC; GVS Portfolio I, LLC; GVS Portfolio I B, LLC; GVS Portfolio I C, LLC; WC Mississippi Storage Portfolio I, LLC; GVS Nevada Holdings I, LLC; GVS Ohio Holdings I, LLC; GVS Missouri Holdings I, LLC; GVS New York Holdings I, LLC; GVS Indiana Holdings I, LLC; GVS Tennessee Holdings I, LLC; GVS Ohio Holdings II, LLC; GVS Illinois Holdings I, LLC; GVS Colorado Holdings I, LLC; World Class Capital Group, LLC; Great Value Storage, LLC; Natin Paul; Sheena Paul; Barbara Lee; Jason Rogers; WC Ohio Storage Portfolio I, LP; WC Texas Storage Portfolio I, LP; WC Texas Storage Portfolio II, GP, LLC; WC Memphis Storage II, LP; WC Ohio Storage Portfolio I GP, LLC;

Defendants.

WORLD CLASS HOLDINGS I, LLC

Intervenor.

\$

#### NOTICE OF DISMISSAL WITH PREJUDICE

**PLEASE TAKE NOTICE THAT** Princeton Capital Corporation, by its undersigned attorneys, in the above-captioned adversary proceeding (this "<u>Adversary Proceeding</u>"), dismisses this Adversary Proceeding with prejudice as ordered by the Court in the *Order of Dismissal of Adversary Proceeding* [Docket No. ].

DATED: \_\_\_\_\_\_, 2022 Dallas, Texas Respectfully submitted,

/s/ DRAFT

Judith W. Ross

State Bar No. 21010670

Jessica L. Voyce Lewis

State Bar No. 24060956

ROSS & SMITH, PC

700 N. Pearl Street, Suite 1610

Dallas, TX 75201

Phone: 214-377-7879

Fax: 214-377-9409

Email: judith.ross@judithwross.com Email: jessica.lewis@judithwross.com

COUNSEL FOR PRINCETON CAPITAL CORPORATION

WC Ohio Storage Portfolio II TIC, LLC; WC Ohio Storage Portfolio II Equity, LLC; WC Texas Storage Portfolio III MM, LLC; WC Mississippi Storage Portfolio I MM, LLC; WC Illinois Storage Portfolio I, LLC; WC Illinois Storage Portfolio TIC, LLC; WC 4641 Production MM, LLC; WC New York Storage Portfolio I, LLC; WC 4641 Production, LLC; WC TSPIGP, LLC; WC Texas Storage Portfolio II, LP; WC Texas Storage Portfolio III Property, LLC; WC Texas Storage Portfolio III, LLC; WC San Benito Storage, LP; WC San Benito GP, LLC; WC Memphis Storage GP, LLC; WC Memphis Storage II GP, LLC; WC Las Vegas Storage, LP; WC Kansas City Storage, LP; WC 13825 FM 306, L.P.; WC Kansas City Storage GP, LLP; and John Does.

## **CERTIFICATE OF SERVICE**

I hereby certify that on this	, 2022, I caused a true and correct copy of the
foregoing to be filed and served through ECF no	otification upon all parties who receive notice in
this matter pursuant to the Court's CM/ECF filin	g system.
	<u>/s/ DRAFT</u> Judith W. Ross

## Exhibit E

Form of Notice of Assignment of Judgment and Substitution of Parties

[To Be Submitted By Parties]

## Exhibit F

Form of Notice of Withdrawal of Proofs of Claim

Judith W. Ross State Bar No. 21010670 Jessica L. Voyce Lewis State Bar No. 24060956 ROSS & SMITH, PC 700 N. Pearl Street, Suite 1610

Dallas, TX 75201 Phone: 214-377-7879 Fax: 214-377-9409

Email: judith.ross@judithwross.com Email: jessica.lewis@judithwross.com

#### COUNSEL FOR PRINCETON CAPITAL CORPORATION

## IN THE UNITED STATES BANKRUPTCY COURT FOR THE NORTHERN DISTRICT OF TEXAS **DALLAS DIVISION**

1

In re:	Chapter 11
GVS TEXAS HOLDINGS I, LLC, et al. <sup>1</sup>	Case No. 21-31121-MVI
Reorganized Debtors.	(Jointly Administered)

#### NOTICE OF WITHDRAWAL OF PROOFS OF CLAIM

PLEASE TAKE NOTICE THAT Princeton Capital Corporation ("Princeton"), by its undersigned attorneys, in the above-captioned jointly administered bankruptcy cases, respectfully withdraws with prejudice the following amended proofs of claim filed by Princeton on January 21, 2022:

<sup>&</sup>lt;sup>1</sup> The Reorganized Debtors in these chapter 11 cases, along with the last four digits of each Reorganized Debtor's federal tax identification number, as applicable, are: GVS Texas Holdings I, LLC (7458); GVS Texas Holdings II, LLC (1225); GVS Portfolio I, LLC (6441); GVS Portfolio I B, LLC (7171); GVS Portfolio I C, LLC (3093); WC Mississippi Storage Portfolio I, LLC (0423); GVS Nevada Holdings I, LLC (4849); GVS Ohio Holdings I, LLC (6449); GVS Missouri Holdings I, LLC (5452); GVS New York Holdings I, LLC (5858); GVS Indiana Holdings I, LLC (3929); GVS Tennessee Holdings I, LLC (5909); GVS Ohio Holdings II, LLC (2376); GVS Illinois Holdings I, LLC (9944); and GVS Colorado Holdings I, LLC (0408). The location of the Reorganized Debtors' service address is: 814 Lavaca Street, Austin, Texas 78701.

- Proof of Claim No. 119-8 filed against GVS Portfolio I B, LLC;<sup>2</sup> i.
- Proof of Claim No. 120-4 filed against GVS Portfolio I, LLC;<sup>3</sup> ii.
- Proof of Claim No. 121-78 filed against GVS Texas Holdings I, LLC;<sup>4</sup> iii.
- iv. Proof of Claim No. 122-32 filed against GVS Texas Holdings II, LLC;<sup>5</sup>
- Proof of Claim No. 123-12 filed against GVS Ohio Holdings I, LLC;<sup>6</sup> v.
- Proof of Claim No. 124-10 filed against GVS Ohio Holdings II, LLC;<sup>7</sup> vi.
- Proof of Claim No. 125-10 filed against WC Mississippi Storage Portfolio I, LLC;8 vii.
- Proof of Claim No. 126-6 filed against GVS Nevada Holdings I, LLC;<sup>9</sup> viii.
- Proof of Claim No. 127-7 filed against GVS Missouri Holdings I, LLC;<sup>10</sup> ix.
- Proof of Claim No. 128-9 filed against GVS New York Holdings I, LLC;<sup>11</sup> Χ.
- Proof of Claim No. 129-8 filed against GVS Indiana Holdings I, LLC;<sup>12</sup> xi.
- Proof of Claim No. 130-7 filed against GVS Illinois Holdings I, LLC;<sup>13</sup> xii.
- Proof of Claim No. 131-13 filed against GVS Tennessee Holdings I, LLC;<sup>14</sup> xiii.
- Proof of Claim No. 132-7 filed against GVS Colorado Holdings I, LLC; <sup>15</sup> and xiv.

<sup>&</sup>lt;sup>2</sup> Amends Proof of Claim No. 119-5.

<sup>&</sup>lt;sup>3</sup> Amends Proof of Claim No. 120-2.

<sup>&</sup>lt;sup>4</sup> Amends Proof of Claim No. 121-62.

<sup>&</sup>lt;sup>5</sup> Amends Proof of Claim No. 122-24.

<sup>&</sup>lt;sup>6</sup> Amends Proof of Claim No. 123-7.

<sup>&</sup>lt;sup>7</sup> Amends Proof of Claim No. 124-5.

<sup>&</sup>lt;sup>8</sup> Amends Proof of Claim No. 125-4.

<sup>&</sup>lt;sup>9</sup> Amends Proof of Claim No. 126-3.

<sup>&</sup>lt;sup>10</sup> Amends Proof of Claim No. 127-4.

<sup>&</sup>lt;sup>11</sup> Amends Proof of Claim No. 128-5.

<sup>&</sup>lt;sup>12</sup> Amends Proof of Claim No. 129-4.

<sup>&</sup>lt;sup>13</sup> Amends Proof of Claim No. 130-3.

<sup>&</sup>lt;sup>14</sup> Amends Proof of Claim No. 131-9.

<sup>&</sup>lt;sup>15</sup> Amends Proof of Claim No. 132-3.

XV.	Proof of Claim No.	164-2 filed against	GVS Portfolio l	IC LLC 16
AV.	1 1001 of Claim 140.	107-2 mod agamst	O V D I OI HOHO I	$\mathcal{L}$

DATED: \_\_\_\_\_\_, 2022 Respectfully submitted, Dallas, Texas

/s/ DRAFT

Judith W. Ross State Bar No. 21010670 Jessica L. Voyce Lewis State Bar No. 24060956 ROSS & SMITH, PC 700 N. Pearl Street, Suite 1610

Dallas, TX 75201 Phone: 214-377-7879 Fax: 214-377-9409

Email: judith.ross@judithwross.com Email: jessica.lewis@judithwross.com

COUNSEL FOR PRINCETON CAPITAL CORPORATION

<sup>&</sup>lt;sup>16</sup> Amends Proof of Claim No. 164-1.

## **CERTIFICATE OF SERVICE**

I hereby certify that on this,	2022, I caused a true and correct copy of the
foregoing to be filed and served through ECF not	ification upon all parties who receive notice in
this matter pursuant to the Court's CM/ECF filing	system.
	/s/ DRAFT Judith W. Ross

## Exhibit 2

## **Escrow Instructions**

[To Be Submitted By Parties]

## EXHIBIT B

Order of Dismissal

## UNITED STATES BANKRUPTCY COURT FOR THE NORTHERN DISTRICT OF TEXAS **DALLAS DIVISION**

In re:	§	Chapter 11
	§	
GVS TEXAS HOLDINGS I, LLC, et al.,1	§	<b>Case No. 21-31121-MVL</b>
D. 1.	§	
Debtors.	§	(Jointly Administered)
	<u> </u>	
DDINGETON CARTAL CORRORATION	§	
PRINCETON CAPITAL CORPORATION,	§	A 1 BT 22 02042
DI 1 4.00	8	Adv. No. 22-03043
Plaintiff,	8	
	8	
V.	8	
CVC TEVACHOLDINGCL LLC -4 -1 2	8	
GVS TEXAS HOLDINGS I, LLC, et al., <sup>2</sup>	8	

<sup>&</sup>lt;sup>1</sup> The Reorganized Debtors in these chapter 11 cases, along with the last four digits of each Reorganized Debtor's federal tax identification number, as applicable, are: GVS Texas Holdings I, LLC (7458); GVS Texas Holdings II, LLC (1225); GVS Portfolio I, LLC (6441); GVS Portfolio I B, LLC (7171); GVS Portfolio I C, LLC (3093); WC Mississippi Storage Portfolio I, LLC (0423); GVS Nevada Holdings I, LLC (4849); GVS Ohio Holdings I, LLC (6449); GVS Missouri Holdings I, LLC (5452); GVS New York Holdings I, LLC (5858); GVS Indiana Holdings I, LLC (3929); GVS Tennessee Holdings I, LLC (5909); GVS Ohio Holdings II, LLC (2376); GVS Illinois Holdings I, LLC (9944); and GVS Colorado Holdings I, LLC (0408) (collectively, the "Reorganized Debtors"). The location of the Reorganized Debtors' service address is: 814 Lavaca Street, Austin, Texas 78701.

<sup>&</sup>lt;sup>2</sup> The Defendants in this adversary proceeding are: GVS Texas Holdings I, LLC; GVS Texas Holdings II, LLC; GVS Portfolio I, LLC; GVS Portfolio I B, LLC; GVS Portfolio I C, LLC; WC Mississippi Storage Portfolio I, LLC; GVS Nevada Holdings I, LLC; GVS Ohio Holdings I, LLC; GVS Missouri Holdings I, LLC; GVS New York Holdings I, LLC; GVS Indiana Holdings I, LLC; GVS Tennessee Holdings I, LLC; GVS Ohio Holdings II, LLC; GVS Illinois Holdings I, LLC; GVS Colorado Holdings I, LLC; World Class Capital Group, LLC; Great Value Storage, LLC; Natin Paul; Sheena Paul; Barbara Lee; Jason Rogers; WC Ohio Storage Portfolio I, LP; WC Texas Storage Portfolio I, LP; WC Texas Storage Portfolio II, GP, LLC; WC Memphis Storage II, LP; WC Ohio Storage Portfolio I GP, LLC;

	§
Defendants.	§
	§
WORLD CLASS HOLDINGS I, LLC	<b>§</b>
	<b>§</b>
Intervenor.	<b>§</b>
	§

#### ORDER OF DISMISSAL OF ADVERSARY PROCEEDING

Upon consideration of *Emergency Motion Pursuant to Bankruptcy Rule 9019 for Entry of* an Order Approving a Settlement and Compromise Between Princeton Capital Corporation and the Reorganized Debtors (the "Emergency Motion")<sup>3</sup> requesting, in part, that the Court dismiss the Adversary Proceeding upon entering the Proposed Order attached to the Emergency Motion, as described in the Emergency Motion, the Court (1) having considered the Emergency Motion and (2) finding that (a) notice of the Emergency Motion was good and sufficient upon the particular circumstances and that no other or further notice need be given, (b) the Emergency Motion is a core proceeding under 28 U.S.C. § 157(b), (c) the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 1408 and 1409, and good and sufficient cause appearing therefor,

#### IT IS HEREBY ORDERED THAT:

1. The relief sought in the Emergency Motion related to the dismissal of the Adversary Proceeding is hereby **GRANTED**, subject to the terms contained in this Order.

WC Ohio Storage Portfolio II TIC, LLC; WC Ohio Storage Portfolio II Equity, LLC; WC Texas Storage Portfolio III MM, LLC; WC Mississippi Storage Portfolio I MM, LLC; WC Illinois Storage Portfolio I, LLC; WC Illinois Storage Portfolio TIC, LLC; WC 4641 Production MM, LLC; WC New York Storage Portfolio I, LLC; WC 4641 Production, LLC; WC TSPIGP, LLC; WC Texas Storage Portfolio II, LP; WC Texas Storage Portfolio III Property, LLC; WC Texas Storage Portfolio III, LLC; WC San Benito Storage, LP; WC San Benito GP, LLC; WC Memphis Storage GP, LLC; WC Memphis Storage II GP, LLC; WC Las Vegas Storage, LP; WC Kansas City Storage, LP; WC 13825 FM 306, L.P.; WC Kansas City Storage GP, LLP; and John Does.

<sup>&</sup>lt;sup>3</sup> Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Emergency Motion.

- 2. Upon payment of the Settlement Amount of \$11,372,698.89 to Princeton and \$2,627,301.11 to the entity or party designated by the Defendants, the Adversary Proceeding is dismissed with prejudice.
- 3. Notice of the Emergency Motion as provided therein shall be deemed good and sufficient notice of such Emergency Motion under the circumstances and the requirements of the Bankruptcy Rules and the Local Rules are satisfied by such notice.
- 4. Notwithstanding the applicability of any Bankruptcy Rules, the terms and conditions of this Order shall not be stayed and shall be immediately effective and enforceable upon its entry.
- 5. The Defendants are authorized to take all such actions as are necessary or appropriate to implement the terms of this Order.
- 6. This Court shall retain jurisdiction over all matters arising from or related to the interpretation or implementation of this Order.

### END OF ORDER ###

#### UNITED STATES BANKRUPTCY COURT FOR THE NORTHERN DISTRICT OF TEXAS DALLAS DIVISION

**EXHIBIT 3** 

In re:

Chapter 11

GVS TEXAS HOLDINGS I, LLC, et al.<sup>1</sup>

Case No. 21-31121-MVL

Reorganized Debtors.

(Jointly Administered)

## DECLARATION OF SHEENA PAUL IN SUPPORT OF EMERGENCY MOTION PURSUANT TO BANKRUPTCY RULE 9019 FOR ENTRY OF AN ORDER APPROVING A SETTLEMENT AND COMPROMISE BETWEEN PRINCETON CAPITAL CORPORATION AND THE REORGANIZED DEBTORS

I, SHEENA PAUL, pursuant to 28 U.S.C. § 1746, hereby declare, under penalty of perjury that the foregoing is true and correct:

1. I am in house counsel to World Class Holdings I, LLC ("WCH"), which directly or indirectly owns, controls, employs, and/or is affiliated with the above-captioned reorganized debtors (the "Reorganized Debtors") and the 36 Non-Debtor Defendants<sup>2</sup> (together with WCH and

<sup>&</sup>lt;sup>1</sup> The Reorganized Debtors in these chapter 11 cases, along with the last four digits of each Reorganized Debtor's federal tax identification number, as applicable, are: GVS Texas Holdings I, LLC (7458); GVS Texas Holdings II, LLC (1225); GVS Portfolio I, LLC (6441); GVS Portfolio I B, LLC (7171); GVS Portfolio I C, LLC (3093); WC Mississippi Storage Portfolio I, LLC (0423); GVS Nevada Holdings I, LLC (4849); GVS Ohio Holdings I, LLC (6449); GVS Missouri Holdings I, LLC (5452); GVS New York Holdings I, LLC (5858); GVS Indiana Holdings I, LLC (3929); GVS Tennessee Holdings I, LLC (5909); GVS Ohio Holdings II, LLC (2376); GVS Illinois Holdings I, LLC (9944); and GVS Colorado Holdings I, LLC (0408). The location of the Reorganized Debtors' service address is: 814 Lavaca Street, Austin, Texas 78701.

<sup>&</sup>lt;sup>2</sup> "Non-Debtor Defendants" means, collectively, World Class Capital Group, LLC; Natin Paul; Sheena Paul; Barbara Lee; Jason Rogers; WC Ohio Storage Portfolio I, LP; WC Texas Storage Portfolio I, LP; WC Texas Storage Portfolio II, GP, LLC; WC Memphis Storage II, LP; WC Ohio Storage Portfolio I GP, LLC; WC Ohio Storage Portfolio II TIC, LLC; WC Ohio Storage Portfolio II Equity, LLC; WC Texas Storage Portfolio III MM, LLC; WC Mississippi Storage Portfolio I MM, LLC; WC Illinois Storage Portfolio II, LLC; WC Illinois Storage Portfolio TIC, LLC; WC 4641 Production MM, LLC; WC New York Storage Portfolio II, LLC; WC 4641 Production, LLC; WC TSPIGP, LLC; WC Texas Storage Portfolio II, LP; WC Texas Storage Portfolio III Property, LLC; WC Texas Storage Portfolio III, LLC; WC San Benito Storage, LP; WC San Benito GP, LLC; WC Memphis Storage GP, LLC; WC Memphis Storage II GP, LLC; WC Las Vegas Storage, LP; WC Kansas City Storage, LP; WC Las Vegas Storage GP, LLC; World Class Real Estate LLC; WC Memphis Storage, LP; WC 7116 S IH 35, L.P.; WC 10013 RR 620 N, LP; WC 13825 FM 306, L.P.; and WC Kansas City Storage GP, LLP.

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the Reorganized Debtors, the "<u>Defendants</u>") in *Princeton Capital Corp. v. GVS Texas Holdings I*, *LLC*, Adv. Case No. 22-03043 (Bankr. N.D. Tex. 2022) (the "<u>Adversary Proceeding</u>"). I have served in this role with WCH since 2017. I also appeared as the authorized representative of the Reorganized Debtors and <u>Phoenix Lending</u>, <u>LLC</u> in connection with the September 9, 2022 deposition conducted by the Receiver in connection with this matter.

- 2. I submit this Declaration in support of the *Emergency Motion Pursuant to Bankruptcy Rule 9019 for Entry of an Order Approving a Settlement and Compromise Between Princeton Capital Corporation and the Reorganized Debtors* (the "9019 Motion"),<sup>3</sup> including that certain settlement agreement (the "Settlement Agreement"), by and among certain Defendants in the Adversary Proceeding and Princeton Capital Corporation ("Princeton" and together with the Defendants, the "Parties")
- 3. Except as otherwise indicated herein, all statements set forth in this Declaration are based on my personal knowledge, as I was personally involved in the negotiations that led to the Settlement Agreement. I am over the age of eighteen and authorized to submit this Declaration on behalf of the Reorganized Debtors and other Defendants. If called upon to testify, I would testify competently to the facts set forth herein.

## The Settlement Agreement Should Be Approved

- 4. I understand that courts in the Fifth Circuit may consider the following factors before approving settlements and compromises:
  - a) The probability of success litigating the claims subject to the settlement;
  - b) The complexity and likely duration and the associated expense, inconvenience, and delay; and

<sup>&</sup>lt;sup>3</sup> Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Emergency Motion or Settlement Agreement, as applicable.

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c) The wisdom of the settlement, which include (i) the interest of creditors and (ii) whether the settlement is a product of arms-length bargaining.

I understand from reviewing the 9019 Motion that it sufficiently demonstrates why each of these factors weigh in favor of the Court approving the Settlement Agreement.

#### I. Probability of Success

- 5. It is my belief that in negotiating and considering the merits of the Settlement Agreement, the Parties considered all material disputes between Princeton and the Reorganized Debtors as well as the various other Defendants in both the Adversary Proceeding and Texas District Court. If Princeton is permitted to prosecute their causes of action in the Adversary Proceeding, the Reorganized Debtors will incur significant expense to complete extensive discovery, retain expert witnesses, and prepare for a potentially long and contentious trial. And, while it is my understanding that the Reorganized Debtors and the other Defendants are confident in their positions, there is no certainty in the outcome.
- 6. Finally, even when one of the Parties ultimately prevails on the merits of their claims, any litigation has a high likelihood of appeal considering the amount-in-controversy and issues involved, which would only further delay the Parties' ability to obtain relief. By entering into the Settlement Agreement, the Parties avoid the risk of not prevailing on their claims in the Adversary Proceeding, as well as potentially significant legal expenses.

## II. Complexity of Litigation Involved and the Attendant Expense, Inconvenience, and Delay

7. The Parties' likelihood of success in connection with the Adversary Proceeding is uncertain due to the complexity of the myriad factual and legal issues involved in both proceedings, which have been previewed in the Complaint, the Non-Debtor Defendants' motion to dismiss, and Princeton's response to that motion. For example, the Complaint lists five different types of

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allegedly fraudulent transfers that purported occurred over the course of nearly a decade. Unraveling the allegations will be an expensive, lengthy, and document-intensive process. The settlement avoids such attendant expense and delay to the Reorganized Debtors and the other Parties.

8. Indeed, in the absence of settlement, continued litigation of the Adversary Proceeding will take years to reach a final resolution, after accounting for the time necessary to reach decisions on the merits and to work through any challenge or appellate processes. Such delay will subject the Parties to the economic overhang of these disputes and hinder the final resolution of these cases while generating significant legal expenses, and continue the uncertainty regarding whether Princeton will recover its Judgment from the Reorganized Debtors, and will prevent the Reorganized Debtors from obtaining a final decree in what has been a long and complex chapter 11 cases. This sort of delay and uncertainty is unnecessary given the settlement. For these reasons, the cost of the Settlement Agreement to each Party, especially the Reorganized Debtors, is far outweighed by the benefit realized by ending this continuing contentious and expensive litigation, and gaining certainty regarding the Reorganized Debtors' exposure to Princeton.<sup>4</sup>

#### **III.** Wisdom of Settlement

9. Based on my business judgment, I believe that the terms of the Settlement Agreement are fair, reasonable, and in the best interests of the Reorganized Debtors, its remaining creditors, if any, and other stakeholders. The only potential creditors that have unresolved claims in the Bankruptcy Cases are Princeton and the Receiver. But, through the Settlement Agreement, only one alleged creditor will remain – the Receiver. The Settlement Agreement also paves the

<sup>&</sup>lt;sup>4</sup> Indeed, to the extent any party is disadvantaged by the proposed settlement, it is WCH, as the equity holder of the Reorganized Debtors and WCH consents to its treatment in the proposed settlement and wholly supports its approval.

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way for a final resolution of the Receiver's alleged claim because it calls for the Title Company to hold \$3.5 million related to the Receiver's proofs of claim and administrative expense claim in an escrow account pending the resolution of the Receiver's fee application in state court, or other resolution of the adversary proceeding, administrative expense claim, and/or proofs of claim. For the avoidance of doubt, nothing in the Settlement Agreement precludes or prevents the Receiver from seeking approval of his fees and expenses in the state court, which is the only forum in which the Receiver can seek approval of such fees and expenses. More specifically, as part of the resolution with Princeton, the Reorganized Debtors and WCH have agreed that should the Receiver agree to withdraw his proofs of claim, administrative expense claim and dismiss his adversary proceeding, the Reorganized Debtors will seek to make the funds being held by the Title Company on account of the Receiver's claims (i.e., the \$3.5 million) available to satisfy any fee award in favor of the Receiver that is not otherwise satisfied in the underlying state court case, when such fee is determined by a final, non-appealable order in the Texas District Court that appointed the Receiver. As a result, the Receiver is adequately insulated from any outcome related to how the Princeton Reserve is disbursed. The parties reserve all rights as to any fee application and approval from the state court forum, and the expansion of the availability of the reserve moots any need for the Receiver to continue pursuing fraudulent transfer claims in this Court and any other court.

10. Further, the Receiver is not prejudiced by the Settlement Agreement because, as discussed above, the purchase of the Notes does not preclude the Receiver's right to seek approval of his fees and expenses (if any) from the Texas District Court. Rather, the note purchase by Phoenix Lending, LLC, a duly formed Delaware limited liability company,<sup>5</sup> is designed to provide

<sup>&</sup>lt;sup>5</sup> See Exhibit C [Docket No. 1396].

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t Page 6 of 6

the Reorganized Debtors, the others Defendants and Princeton with finality. Moreover, since

Phoenix Lending, LLC is acquiring the Notes and the Judgment from Princeton pursuant to the

Settlement Agreement, the Judgment will remain outstanding and Phoenix will, at the appropriate

time, in the Texas District Court, (i) move for a termination of the receivership including seeking

an accounting and final report from the receiver and (ii) seek a determination of the fees and

expenses, if any, owed to the Receiver.

11. With respect to the other stakeholders, the Reorganized Debtors, the Defendants

and WCH, the Settlement Agreement provides immediate certainty and finality with respect to the

outcome of contentious and expensive litigation with Princeton. The Settlement Agreement also

permits the Reorganized Debtors, Defendants and WCH to reallocate the resources they were

dedicating to the Adversary Proceeding toward the Receiver's adversary proceeding and

concluding these chapter 11 cases. At bottom, this resolution inures to the benefit of all parties

and stakeholders.

12. The Settlement Agreement is the product of extensive negotiations between the

Defendants and Princeton. Each of the Parties has been represented by experienced professionals

throughout the Settlement Agreement negotiations and has acted in its own economic self-interest.

13. Accordingly, I believe that the Court should approve the Settlement Agreement and

enter the Proposed Order and Order of Dismissal.

Executed this 13th day of September 2022.

/s/ Sheena Paul

Sheena Paul

Authorized Representative

6

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1
                  IN THE UNITED STATES BANKRUPTCY COURT
 2
                      NORTHERN DISTRICT OF TEXAS
     EXHIBIT 4
 3
                           DALLAS DIVISION
 4
 5
      IN RE:
                                            ) CHAPTER 11
 6
 7
      GVS TEXAS HOLDINGS I, LLC, et al,
                                            ) CASE NO.
 8
                                            ) 21-31121-MVL
 9
      DEBTORS
                                            )
                                            ) (Jointly
10
11
                                            ) Administered)
12
13
14
                         Zoom deposition of SHEENA PAUL, duly
15
          sworn, was taken on Friday, September 9, 2022
16
          between the times of approximately 2:05 p.m. CST
17
           and 4:55 p.m. CST, before Noelle R. Nevius,
18
          Professional Stenographer, reported by machine
19
           shorthand, after which time the Zoom deposition
          was reduced to writing and set forth as follows:
20
21
22
23
24
25
                                                       Page 1
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# Case 21-31121-mvl11 Doc 1403-1 Filed 09/12/22 Entered 09/12/22 16:41:19 Desc Exhibits A-J Page 13 of 251

1	APPEARANCES:		1	EXHIBITS	
2			2		
3			3		
4	FOR THE RECEIVER:		4	EXHIBIT NO. DESCRIPTION	PAGE
5	CULHANE MEADOWS, PLLC		5		
6	BY: CHERYL DIAZ, ESQUIRE		6		
7	BY: LYNNETTE WARMAN, ESQUI	RE	7	Exhibit 1 9/8/22 Receiver's 30(b)(6) 8	}
8	BY: DANA LIPP, ESQUIRE		8	Notice to Defendants	
9	1301 Preston Road, Suite 110-1593		9		
10	Dallas, Texas 75240		10		
11	214-693-6525		11	Exhibit 2 9/8/22 Receiver's 30(b)(6) 1	0
12			12	Notice to Phoenix Lending	
13			13		
14	FOR THE DEFENDANTS:		14		
15	SQUIRE PATTON BOGGS		15	Exhibit 3 Settlement Agreement 3	3
16	BY: JANINE LITTLE, ESQUIRE		16		
17	BY: PETER MORRISON, ESQUIRE		17		
18	BY: JEFFREY ROTHLEDER, ESQUI	RE	18	Exhibit 4 Term Sheet 51	
19	1000 Key Tower, 127 Public Square		19		
20	Cleveland, Ohio 44114		20		
21	216-479-8500		21		
22			22		
23			23		
24	Also Present: Seth Kretzer, Receiver		24		
25			25		
		Page 2			Page 4
1	INDEX		1		
2			2	SHEENA PAUL was called as a	
3			3	witness, and after having been duly	
4	EXAMINATION OF SHEENA PAUL	PAGE	E 4	sworn to tell the truth, testified as	
5	Ms. Diaz 5		5	follows:	
6			6	(Witness sworn.)	
7			7		
8			8	DIRECT EXAMINATION	
9			9		
10	Witness Read and Sign 112		10	BY MS. DIAZ:	
11	Stenographer's Certification 115		11	Q. Good afternoon, Ms. Paul. My name is C	heryl
12			12	Diaz. I represent Seth Kretzer in his capacity a	•
13			13	the receiver for World Class Capital World, LI	
14			14	Great Value Storage, LLC.	
15			15	I'm here today to ask you some questions	in
16			16	connection with an Emergency Motion for Ent	
17			17	Order Approving a Settlement in the Dallas	-
18			18	Bankruptcy case. You're familiar with that case	se
19			19	and why we are here; correct?	
20			20	A. I am.	
21			21	Q. And I gather you have given a deposition	
22			22	before?	
23			23	A. I have.	
24					
44			24	Q. Okay. I won't spend a lot of time then on	
25			24 25	Q. Okay. I won't spend a lot of time then on any kind of rules, but since we are doing this	
		Page 3			Page 5

1	remotely please be sure to answer verbally in	1	A. I did.
2	response to my questions, avoid gesturing. And if	2	Q. Okay. Let me pull up the notice of intent
3	you will do your best and let me get my question	3	to take the oral deposition of the Reorganized
4	out before you answer, I'll do my best to extend	4	Debtors, the non-debtor defendants and World Class
5	you that same courtesy; okay?	5	Holdings I, LLC. I'm going to ask the court
6	A. Sounds good.	6	reporter to mark as Exhibit 1.
7	Q. All right. Before we get started, let me	7	(Exhibit No. 1 was marked for
8	ask you if you happen to have with you, where you	8	identification.)
9	are today, a copy of the Settlement Agreement that	9	BY MS. DIAZ:
10	we are here to discuss.	10	Q. Are you able to see my screen?
11	A. I do. I have closed all of my folders and	11	A. I am.
12	everything on my computer so I can't access them,	12	Q. And did you have an opportunity to review
13	but I don't have a hard copy or anything with me.	13	this after it was served on your counsel?
14	Q. All right. That's okay. We can share the	14	A. I did just about an hour ago.
15	screen if necessary. I just thought it would be	15	Q. Okay. Did you review the list of subject
16	faster if you had a hard copy.	16	matters identified in Exhibit A?
17	I'm going to be referring to some parties	17	A. I did. To both notices, yes.
18	and some things that are defined in the Settlement	18	MS. LITTLE: Ms. Diaz, sorry to
19	Agreement today. For example, when I speak about	19	interrupt. Are you intending to show
20	the Reorganized Debtor defendants, I'm going to be	20	the notice right now? Because I'm just
21	speaking about the parties that are identified in	21	seeing your file folder.
22	footnote 1 of the proposed Settlement Agreement.	22	MS. DIAZ: Oh, yes. Hold on. Are
23	Are you familiar with those parties and the	23	you seeing it now? Or are you still
24	way they are defined in the Settlement Agreement?	24	seeing my folder?
25	A. I am.	25	MS. LITTLE: I see it now. Thank
	Page 6		Page 8
1	Q. So if I use that term, you'll understand	1	you.
2	what I am talking about?	2	MS. DIAZ: Okay. Sorry about that.
3	A. I will.	3	THE WITNESS: So if it's possible
4	Q. I will also refer to non-debtors defendants	4	to expand the Adobe screen in the
5	or the Adversary defendants as the parties defined	5	corner, that would be helpful on my end.
6	in footnote 2 of the Settlement Agreement. You are	6	So if you hit yeah. Perfect. Thank
7	familiar with that definition; correct?	7	you.
8	A. I am.	8	MS. DIAZ: Okay.
9	Q. So you will understand what I'm speaking	9	BY MS. DIAZ:
10	about?	10	Q. I'll slowly scroll through this. I'll
11	A. I will.	11	represent to you this is a true and correct copy of
12	Q. Okay. There is an entity that's been	12	what we sent to your counsel yesterday evening.
13	identified, who was also a party to the settlement	13	Have you been authorized to appear today to
14	agreement notice, Phoenix Lending, LLC. May I	14	speak on behalf of the reorganized debtors, the
15	refer to that entity as Phoenix, will you	15	non-debtor defendants and World Class Holdings I,
16	understand if I do that?	16	LLC on these subjects?
17	A. I will.	17	A. That's correct,
18	Q. My understanding is that you are appearing	18	Q. There is also a second notice that's
19	here today as the designated representative of	19	directed to Phoenix Lending, LLC. Did you have an
20	several of the parties to that settlement	20	opportunity to review that prior to the deposition?
21	agreement; correct?	21	A. I did.
22	A. That's correct.	22	Q. Okay.
23	Q. Have you had an opportunity to review some	23	MS. DIAZ: I will have the court
24			1 1
24	deposition notices that were provided to your	24	reporter mark that as Exhibit 2 and I'll
25	deposition notices that were provided to your counsel yesterday afternoon?  Page 7	24 25	reporter mark that as Exhibit 2 and I'll pull that up for you in a second.  Page 9

CEShibit No. 2 was marked for 2			1	
3 BY MS. DIAZ: 4 Q. Have you been authorized to provide testimony today on behalf of Phoenix in response to the subject matters listed in that notice? 5 A. I have. 8 Q. Okay. Both of the notices requested that 9 the parties that were subject to the notice produce document in connection with the deposition. Have 11 you produced any documents today? 12 A. I'll defer to counsel who handled the 2 you produced any documents today? 13 document production and review. 14 MS. LITTLE: Ms. Diaz, we reviewed 2 documents and all documents were either 2 nonresponsive, irrelevant or otherwise 2 privileged. So there was no documents 2 making a claim of privilege or otherwise 3 as to a reason for not producing. 15 MS. DIAZ: Would you be willing to 2 provide a written response and let us 2 know in response to each of these 2 and does not exist, and what you are 3 making a claim of privilege or otherwise 3 know in response to each of these 2 aready for the best use of the time. 15 m specific response so the 2 counters do or do not exist, and what you are 3 making a claim of privilege or otherwise 3 as to a reason for not producing. 16 m specific response to the 2 counters do or do not exist, and what you are 3 making a claim of privilege or otherwise 4 as to a reason for not producing. 17 m not being deposed. 18 m specific response and let us 4 know in response to each of these 19 more specific responses to the 2 prior to filing our response to the 2 prior to the hearing on Wednesday, and 2 privilege log so we can evaluate it 3 prior to the hearing on Wednesday, and 2 privilege log so we can evaluate it 3 prior to filing our response to the 2 prior to the hearing on Wednesday, and 2 privilege log so we can evaluate it 3 prior to filing our response to the 2 prior to filing our response to the 3 prior to filing our response to the 3 prior to fi	1	(Exhibit No. 2 was marked for	1	
4 Mr. Paul to execute the Settlement 6 the subject matters listed in that notice? 7 A. I have. 8 Q. Oxay. Both of the notice produce 10 document in connection with the deposition. Have 11 you produced any documents today? 12 A. I'll defer to counsel who handled the 13 document production and review. 14 MS. LITTLE: Ms. Diaz. we reviewed 15 documents and all documents were either 16 nonresponsive, irrelevant or otherwise privileged. So there was no documents 17 privileged. So there was no documents 18 to be produced. 19 MS. DIAZ: Oxay. 19 MS. DIAZ: Oxay. 19 MS. DIAZ: Well, we can scroll 20 down. I just want to quickly go through 21 the categories to understand what does and does not exist, and what you are making a claim of privilege or otherwise is an appropriate exercise for this deposition or the best use of the time. 10 I'm not being deposed. 11 MS. DIAZ: Would you be willing to provide a written response to each of these already provided a response to the two cannels are heing provided on texts and the basis for your objection? 10 documents and held ocuments do or do not exist and the basis for your objection? 10 document privileged in to make a provide on the resolutions exist? 11 more being deposed. 12 documents of the weekend with respect to any documents do or do the set use of the time. 13 ms. DIAZ: Would you be willing to provide a written response and let us know in response to each of these already provided a response that we have reviewed documents in relation to provine a documents in relation to provine a written response and let us already provided a response that we have reviewed documents in relation to provine a written response over the weekend with respect to each of these. 2 documents and the documents are heing provided on behalf of Phoenix as well and the documents in relation to provine a written response over the weakend with respect to each of these. 2 do not exist and the basis for your objection? 3 ms. DIAZ: We have the same request as to that notice. 3 ms. DIAZ: We have the same req	2	identification.)	2	
testimony today on behalf of Phoenix in response to the subject matters listed in that notice?  A. I have.  Q. Okay. Both of the notices requested that the parties that were subject to the notice produce of document in connection with the deposition. Have to document ment of the parties that were subject to the notice produce of document in connection with the deposition. Have to up or produced any documents today?  A. I'll defer to counsel who handled the document production and review.  MS. LITTLE: Ms. Diaz, we reviewed the morresponsive, irrelevant or otherwise privileged. So there was no documents to privileged. So there was no documents to privileged. So there was no documents to privilege or otherwise and does not exist, and what you are making a claim of privilege or otherwise as to a reason for not producing.  MS. DIAZ: Wendly ou be willing to provide a written response and let us know in response to each of these that categories whether the documents or or do not exist and what you are which is labeled Exhibit B. Ms. LITTLE: I delice the time.  Page 10  The not being deposed.  MS. DIAZ: Would you be willing to provide a written response and let us know in response to each of these whave already provided a response that we have reviewed documents in relation to can be already provided a response that we have reviewed documents in relation to can get a provided on contexist and what you are which is labeled Exhibit B. Ms. LITTLE: I believe we have already provided a response that we have reviewed documents in relation to or dornerwise privileged, but we can get you a response over the weekend with response to each of these.  MS. DIAZ: Right. For example,	3	BY MS. DIAZ:	3	=
the subject matters listed in that notice?  7 A. I have.  9 Q. Okay. Both of the notices requested that the parties that were subject to the notice produce of document in connection with the deposition. Have you produced any documents today?  12 A. I'll defer to counsel who handled the you produced any documents today?  13 document production and review.  14 MS. LITTLE: Ms. Diaz, we reviewed document production and review.  15 documents and all documents were either no more sponsive, irrelevant or otherwise privileged. So there was no documents to be produced.  18 to be produced.  19 MS. DIAZ: Okay.  19 MS. DIAZ: Okay.  19 MS. Little, do you have a copy of the notice in front of you?  20 MS. Little, do you have a copy of the notice in front of you?  21 MS. DIAZ: Well, we can scroll down. I just want to quickly go through Page 10  1 the categories to understand what does and does not exist, and what you are making a claim of privilege or otherwise as to a reason for not producing.  3 making a claim of privilege or otherwise is an appropriate exercise for this deposition or the best use of the time.  4 more provide and review.  18 is an appropriate exercise for this deposition or the best use of the time.  10 I'm not being deposed.  11 MS. DIAZ: Would you be willing to provide a written response that we have already provided a response that we have already provided a response that we have already provided a response that we have reviewed documents in relation to a provide on behalf of Phoenix today either?  18 MS. DIAZ: We have the same request as to that notice.  19 MS. LITTLE: I believe we have already provided a response that we have reviewed documents in relation to a provide on behalf of Phoenix today either?  10 more ponsive, or otherwise irrelevant or otherwise privileged, but we can get you a response over the weckend with respect to any otherwise privileged, but we can get you a response over the weakend with respect to any otherwise privileged, but we can get you a response over the weckend with respect	4	Q. Have you been authorized to provide	4	Mr. Paul to execute the Settlement
A. I have.   7	5	testimony today on behalf of Phoenix in response to	5	=
8 Q. Okay. Both of the notices requested that 9 the parties that were subject to the notice produce 10 document in connection with the deposition. Have 11 you produced any documents today? 12 A. I'll defer to connsel who handled the 13 document production and review. 14 MS. LITTLE: Ms. Diaz, we reviewed 15 documents and all documents were either 16 nonresponsive, irrelevant or otherwise 17 privileged. So there was no documents 18 to be produced: 19 MS. DIAZ: Well, we can scroll 20 Ms. Little, do you have a copy of 21 the notice in front of you? 22 MS. LITTLE: I don't believe this 23 as to a reason for not producing. 24 mS. DIAZ: Well, we can scroll 25 down. I just want to quickly go through 26 making a claim of privilege or otherwise 27 and does not exist, and what you are 28 making a claim of privilege or otherwise 29 mS. LITTLE: I don't believe this 30 is an appropriate exercise for this 41 deposition or the best use of the time. 42 provide a written response and let tus 43 know in response to each of these 44 categories whether the documents do or 45 do not exist and the basis for your 46 objection? 47 MS. LITTLE: I don't believe this 48 is an appropriate exercise for this 49 deposition or the best use of the time. 40 provide a written response and let tus 41 categories whether the documents do or 42 do not exist and the basis for your 43 documents and behalf of Phoenix sa well' 44 already provided a response that we have 45 reviewed documents in relation to 46 Exhibit B, and that they're all 47 nonresponsive, or otherwise irrelevant 48 or otherwise privileged, but we can get 49 you a response over the weekend. 49 MS. LITTLE: I hon't believe this 50 correct that I would like 51 a documents do or do not exist and what does 52 and does not exist, and what you are 53 making a claim of privilege of the time. 64 privilege log so we can evaluate it 65 privilege log so we can evaluate it 66 privilege log so we can evaluate it 67 privilege log so we can evaluate it 68 privilege log so we can evaluate it 69 provide o	6	the subject matters listed in that notice?	6	Are you contending that that's
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11	9	the parties that were subject to the notice produce	9	
A Fill defer to counsel who handled the document production and review.  MS. LITTLE: I do. I can pull it the categories to understand what does and does not exist, and what you are making a claim of privilege or otherwise as to a reason for not producing.  MS. LITTLE: I don't believe this is an appropriate exercise for this deposition or the best use of the time.  Image: MS. LITTLE: I don't believe this is an appropriate exercise for this deposition or the best use of the time.  Image: MS. LITTLE: I believe we have a leady provided a response to the categories whether the documents do or do not exist, the basis for your objection, and if you are claiming a privilege or solution.  A MS. DIAZ: Well, we can scroll a privilege log so we can evaluate it prior to the hearing on Wednesday, and Page 12  The categories to understand what does and does not exist, and what you are and does not exist, and what you are and toes not exist, and what you are and the basis for your objection, and if you are claiming a privilege log so we can evaluate it prior to the hearing on Wednesday, and Page 12  The categories to understand what does and does not exist, and what you are going to defer ever to counsel with respect to any documents requested on behalf of Phoenix as welling to provide a written response and let us the categories whether the documents or the set use of the time.  MS. DIAZ: Would you be willing to provide a written response that we have reviewed documents in relation to Exhibit B, and that they're all poncresponsive, or otherwise irrelevant or otherwise privileged, but we can get you a response over the weekend with respect to each of these.  MS. DIAZ: Right. For example, the Reorganized Debtors'? I understand there are as the Reorganized Debtors'? I understand there are as the Reorganized Debtors'? I understand there are approached and the provided poncreased by the Reorganized Debtors'? I understand there are approached and there are approached and the provided poncreased by the Reorganized Debtors'? I unders	10	document in connection with the deposition. Have	10	with this proceeding, but we can provide
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14   MS. LITTLE: Ms. Diaz, we reviewed documents and all documents were either nonresponsive, irrelevant or otherwise privileged. So there was no documents to be produced.   18   MS. DIAZ: Yeah. I'll just make my request on the record that I would like a specific response so ver the weekend.   18   MS. DIAZ: Yeah. I'll just make my request on the record that I would like a specific response as to whether the documents do or do not exist, the basis for your objection, and if you are claiming a privilege — information to a privilege log so we can evaluate it prior to the hearing on Wednesday, and   24   MS. DIAZ: Well, we can scroll down. I just want to quickly go through   25   MS. LITTLE: I don't believe this is an appropriate exercise for this deposition or the best use of the time.   10   MS. DIAZ: Would you be willing to provide a written response and let us a know in response to each of these categories whether the documents do or do not exist, and what you are which is labeled Exhibit B.   4   MS. DIAZ: Would you be willing to provide a written response and let us a know in response to each of these categories whether the documents do or do not exist, and the basis for your objection?   15   MS. DIAZ: Would you be willing to provide a written response and let us already provided a response that we have already provided a response that we have reviewed documents in relation to   19   MS. DIAZ: Would you be willing to objection?   16   MS. DIAZ: Would you be willing to provided a response that we have reviewed documents in relation to   19   MS. DIAZ: We have the same request already provided a response that we have reviewed documents in relation to   19   MS. DIAZ: Right. For example,   25   MS. DIAZ: Right. For example,   25   MS. DIAZ: Right. For example,   25   MS. DIAZ: Right. For example,   26   MS. DIAZ: Right. For example,   27   MS. DIAZ: Right. For example,   28   MS. DIAZ: Right. For example,   29   MS. DIAZ: Right. For example,   29   MS. DIAZ: Right. For example,   29   MS. DIAZ: Right. For ex	12	A. I'll defer to counsel who handled the	12	each of these over the weekend.
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18 MS. DIAZ: Yeah. I'll just make my 19 MS. DIAZ: Okay. 20 Ms. Little, do you have a copy of 21 the notice in front of you? 22 MS. LITTLE: I do. I can pull it 23 up. 24 MS. DIAZ: Well, we can scroll 25 down. I just want to quickly go through 26 and does not exist, and what you are 27 and does not exist, and what you are 28 as to a reason for not producing. 3 making a claim of privilege or otherwise 4 as to a reason for not producing. 4 MS. LITTLE: I don't believe this 8 is an appropriate exercise for this 9 deposition or the best use of the time. 10 I'm not being deposed. 11 MS. DIAZ: Would you be willing to provide a written response and let us 13 know in response to each of these 14 categories whether the documents do or 15 do not exist and the basis for your 16 objection? 17 MS. LITTLE: I believe we have 18 already provided a response that we have reviewed documents in relation to 19 Exhibit B, and that they're all 20 or otherwise privileged, but we can get 21 you a request on the record that I would like 22 a specific response as to whether the documents of do not exist, the basis of your objection, and if you are claiming a privilege information to a privilege bog so we can evaluate it prior to the hearing on Wednesday, and Page 12  22 Court on Monday.  3 MS. LITTLE: We can do that.  4 BY MS. DIAZ:  4 BY MS. DIAZ:  4 BY MS. DIAZ:  5 Q. Well, I take it, Ms. Paul, that you are going to defer ever to counsel with respect to any documents requested on behalf of Phoenix as well's provided on behalf of Phoenix as well's provided on behalf of Phoenix today either?  5 MS. LITTLE: That's correct.  6 MS. DIAZ: We have the same request as to that notice.  7 MS. LITTLE: I believe we have a reviewed documents in relation to provided a response to ach of these.  8 All that's correct.  9 MS. LITTLE: In connection with the 9019 Motion and this Settlement Agreement, yes:  9 Agreement, yes:  9 Q. Ms. Paul, what is your role with respect to the Reorganized Debtors? I understand there are	16	nonresponsive, irrelevant or otherwise	16	more specific responses over the
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11 MS. DIAZ: Would you be willing to 12 provide a written response and let us 13 know in response to each of these 14 categories whether the documents do or 15 do not exist and the basis for your 16 objection? 17 MS. LITTLE: I believe we have 18 already provided a response that we have 19 reviewed documents in relation to 19 reviewed documents in relation to 19 Exhibit B, and that they're all 20 Exhibit B, and that they're all 21 nonresponsive, or otherwise irrelevant 22 or otherwise privileged, but we can get 23 you a response over the weekend with 24 respect to each of these. 25 MS. DIAZ: Right. For example, 26 the Reorganized Debtors? I understand there are	9		9	MS. DIAZ: And do I understand,
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14 categories whether the documents do or 15 do not exist and the basis for your 16 objection? 16 Does Squire Patton Boggs 17 MS. LITTLE: I believe we have 18 already provided a response that we have 19 reviewed documents in relation to 19 Exhibit B, and that they're all 20 Exhibit B, and that they're all 21 nonresponsive, or otherwise irrelevant 22 or otherwise privileged, but we can get 23 you a response over the weekend with 24 respect to each of these. 25 MS. DIAZ: Right. For example, 26 Agreement, yes. 27 Use have the same request 28 Agreement Phoenix Lending? 29 THE WITTLE: In connection— 20 THE WITNESS: In connection with 21 the 9019 Motion and this Settlement 22 Agreement, yes. 23 BY MS. DIAZ: 24 Q. Ms. Paul, what is your role with respect to 25 the Reorganized Debtors? I understand there are	13		13	MS. LITTLE: That's correct.
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1 many of them. Are you legal counsed to each and 2 every of the Reorganized Debtors: 7 m tot an employed professional in a bankrupey case, but in-house counsed to World Class Holdings I, which is the ultimate cupity holder or worner of all three 2 organized debtors.  8 organized debtors organized Debtors? 11 A. I do not. 2 Q. Do you hold any office or board position any of the Reorganized Debtors? 12 Q. Do you hold any office or board position any of the Reorganized Debtors? 13 With either — with any of the Reorganized Debtors? 14 A. I do not. 15 Q. So your role with respect to those entities 15 Q. So your role with respect to those entities 16 is is that of legal counsel to World Class Holdings. 15 A. T do not. 15 Q. So your role with respect to those entities 16 is is that of legal counsel to World Class Holdings. 16 that of geal advice and counsel to the Reorganized Debtors? 20 A. That's correct. 21 Q. Without me going through the entire list of 21 the Reorganized Debtors, how was it that that group 25 of entities came to designate you as authorized to 27 provide testimony today on their behalf? 2 the Reorganized Debtors in the — I think you called them the Non-Debtor defendants. And, s., it was determined that I would be the most knowledgeable to speak about the topics that were noticed for 2 this 30(b)(6) deposition. 2 A. That's correct. 2 this 30(b)(6) deposition. 2 A. That's correct. 2 this 30(b)(6) deposition. 2 this 30(b)(6) deposition. 3 Q. Who made that determination? 4 A. Well, the only ultimate owner of these with him, but he acts on the advice of counsel as well. 3 A. That's correct. 2 the Reorganized Debtors; correct? 3 A. That's correct. 3 C. Q. A. That's correct. 3 C. Q. A. That's correct. 4 A. Correct. 4 A. Correct. 5 Q. Q. All right. And Mr. Paul is your brother; in consultation of 2 counsel, authorized you to sit today on behalf of the Reorganized Debtors; correct? 4 A. Correct. 5 Q. Q. All think you mentioned you were also Page 16 The Reorganized Debtors; correct? 4 A. Correct. 5 Q. Q. All				
A. A. I have provided legal services to the 4 Reorganized Debtors. I'm not an employed 5 counsel to World Class Holdings I, which is the 6 counsel to World Class Holdings I, which is the 7 ultimate equity holder or owner of all three 8 organized debtors. 9 Q. Do you hold any employment positions with 1 any of the Reorganized Debtors? 11 A. I do not. 12 Q. Do you hold any office or board position 13 with either — with any of the Reorganized Debtors? 14 A. I do not. 15 Q. So your role with respect to those entities 16 is that of legal counsel to World Class Holdings, 17 I. And by virtue of that position, you sometimes 18 provided legal advice and counsel to the Reorganized 19 Debtors; correct? 20 A. That's correct. 21 q. Without me going through the entire list of the Reorganized bebtors, how was it that that group 22 of entities came to designate you as authorized to provide testimony today on their behalf? 24 responsible for negotiating this Settlement 2 Agreement with outside counsel on behalf of the 2 Reorganized Debtors in that or not who made that determination? 3 Q. Who made that determination? 4 A. Well, the only ultimate owner of these 2 entities is Mr. Nate Paul. So ultimate 30 rests 3 well. 4 A. Correct. 5 Q. So your brother is, in consultation of counsel, authorized pottors; or recet? 5 q. A. That's correct. 6 Q. A. That's correct. 7 this 30(h)(6) deposition. 8 Q. Who made that determination? 9 A. Those parties and counsel. 9 A. Those parties and counsel. 14 A. Well, the only ultimate owner of these 2 entities is Mr. Nate Paul. So ultimate 30 rests 3 well. 16 Q. All right. And Mr. Paul is your brother; 17 correct? 18 Q. All right. And Mr. Paul is your brother; 18 Q. All right. And Mr. Paul is your brother; 20 A. That's correct. 21 Q. So your brother is, in consultation of counsel, authorized pott to sit that of the purposed yourself, and the princeton also has principles on its side. 22 question the provided any kind of the purpose of the pur	1	, ,	1	
4 R. Yes. Himm-himm. 5 Porofessional in a bankruptey case, but in-house counsed to World Class Holdings I, which is the organized debors. 6 Companied debors. 7 Q. Do you hold any employment positions with any of the Reorganized Debtors? 8 Q. Do you hold any employment positions with any of the Reorganized Debtors? 9 Q. Do you hold any office or board position with either – with any of the Reorganized Debtors? 11 A. I do not. 12 Q. Do you hold any office or board position with either – with any of the Reorganized Debtors? 13 with either – with any of the Reorganized Debtors? 14 A. I do not. 15 Q. So your role with respect to those entities is that of legal counsel to World Class Holdings. 17 I. And by virtue of that position, you sometimes provide legal advice and counsel to the Reorganized Debtors or of this Society of entities came to designate you as authorized to provide testimony today on their behalf? 22 do Royal T. Was the primary authorized person Page 14  1 responsible for negotiating this Settlement Agreement with outside counsel on behalf of the Reorganized Debtors in the – I think you called them the Non-Debtor defendants. And, so, it was determined that I would be the most knowledgeable to speak about the topics that were noticed for this 30(b)(6) deposition. 2 A. Well, the only ultimate owner of these entities is Mr. Nate Paul. So ultimate 30 rests with him, but he acts on the advice of counsel as well. 3 A. Correct. 3 Q. All right. And Mr. Paul is your brother: entities is Mr. Nate Paul. So ultimate 30 rests with him, but he acts on the advice of counsel as well. 3 Q. All right. And Mr. Paul is your brother: entities is Mr. Nate Paul. So ultimate 30 rests with him, but he acts on the advice of counsel as well. 4 A. Correct. 5 Q. Nature for the purpose so of Squire Patton and Boggs who shalf of the Reorganized Debtors separate and apart from legal counsel? 5 Q. All right. And Mr. Paul is your brother: 18 Go of the Reorganized Debtors separate and apart from legal counsel? 5 Q. All right. And Mr. Pa	2		2	on behalf of the non-debtor defendants; is that
5 providesional in a hankruptcy case, but in-house 6 counsel to World Class Holdings I, which is the 8 organized debtors. 9 Q. Do you hold any employment positions with 10 any of the Reorganized Debtors? 11 A. I do not. 12 Q. Do you hold any office or board position 13 with either — with any of the Reorganized Debtors? 14 A. I do not. 15 Q. So your role with respect to those entities 16 is that of legal counsel to World Class Holdings. 17 I. And by virtue of that position, you sometimes 18 provide legal advice and counsel to the Reorganized 19 Debtors; correct? 10 Q. Without me going through the entire list of 22 the Reorganized Debtors, how was it that that group 30 of entities came to designate you as authorized to 41 responsible for negotiating this Settlement 42 Agreement with outside counsel on behalf of the 43 Reorganized Debtors in the I think you called 44 them the Non-Debtor defendants. And, so, it was 55 determined that I would be the most knowledgeable 56 to speak about the topics that were noticed for 67 this 30(b)(6) deposition. 68 Q. Who made that determination? 69 A. Those parties and counsel. 60 Q. Was there one persoon or more than one person 61 who made that determination? 62 A. That's correct. 61 the provide legal actionship to Morid Class 62 Capital Group. LLC? 7 A. That's and the the defendants in this thitgation. I have at times 64 provided legal counsel to the entity. 65 Q. Let me back up. Talking to the Reorganized 66 pebtors: understand you are at times provided legal counsel in the negotiation of the possibly. But for 67 the business counsel or advice to those entities? 68 A. Yeah. I was the primary authorized person 69 Page 14 70 Pebtors: understand you and solve to those entities? 71 Peptomore from Squire person of the Settlement 72 Page 16 71 Peptomore from Squire patient and Boggs who was 72 person in the negotiation of the settlement on the provide legal active and counsel. 73 Perty much all of the negotiation so curured 74 Page 16 75 Perty much all of the negotiation so the settl	3	-	3	true?
counsel to World Class Holdings I, which is the ultimate equity holder or owner of all three organized debtors.  Q. Do you hold any employment positions with any of the Reorganized Debtors?  A. I do not.  Q. Do you hold any office or board position with either — with any of the Reorganized Debtors?  A. I do not.  A. That's correct of the proposes of today's deposition in respect to those entities?  Debtors: correct?  A. That's correct.  Q. Without me going through the entire list of the Reorganized Debtors how was it that that group of entities came to designate you as authorized to the Reorganized Debtors?  A. Yeah. I was the primary authorized person provide testimony today on their behalf of the Reorganized Debtors in the — I think you called the them the Non-Debtor defendants. And, so, it was determined that I would be the most knowledgeable to speak about the topics that were noticed for this 30(b)(6) deposition.  A. Those parties and counsel.  Q. Was there one person or more than one person who made that determination?  A. Those parties and counsel.  Q. Was there one person or more than one person who made that determination?  A. Those parties and counsel.  Q. Was there one person or more than one person who made that determination?  A. Those parties and counsel.  Q. Was there one person or more than one person who made that determination?  A. Those parties and counsel.  Q. Was the end person or more than one person who made that determination?  A. Those parties and counsel.  Q. Was the end person or more than one person who made that determination?  A. Those parties and counsel.  Q. Was the end person or more than one person or who made that deter	4		4	
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9	7	ultimate equity holder or owner of all three	7	A. I have no former relationship other than the
10 any of the Reorganized Debtors? 11 A. I do not. 12 Q. Do you hold any office or board position 13 with either — with any of the Reorganized Debtors? 14 A. I do not. 15 Q. So your role with respect to those entities 16 is that of legal counsel to World Class Holdings, 16 is that of legal counsel to World Class Holdings, 16 is that of legal counsel to World Class Holdings, 17 and by virtue of that position, you sometimes 18 provide legal advice and counsel to the Reorganized 19 Debtors; correct? 20 Q. Without me going through the entire list of 21 the Reorganized Debtors, how was it that that group 22 the Reorganized Debtors, how was it that that group 23 of entities came to designate you as authorized to 24 provide testimony today on their behalf? 25 A. Yeah. I was the primary authorized person 26 determined that I would be the most knowledgeable to speak about the topics that were noticed for 27 this 300b/60 deposition. 28 Q. Who made that determination? 39 A. Those parties and counsel. 30 Q. Was there one person or more than one person 31 the person or more than one person 32 the person or more than one person 33 the person or more than one person 34 the more person or more than one person 35 the person or more than one person 36 the Reorganized Debtors separate and apart from legal 37 counsel? 38 vell. 39 A. Well, the only ultimate owner of these 39 thin, but he acts on the advice of counsel as 30 vell. 31 person the entities provided may kind of business counsel. The parties, including in-house counsel of the parties, including in-house counsel more person or more than one person 30 the Reorganized Debtors in the — I think you deal ment of the settlement or between counsel for the parties, including in-house counsel ment of the settlement or between counsel from the parties, including in-house counsel and outside counsel. And the remaination or behalf of the corner of the settlement or between counsel from the parties, including in-house counsel and the princeton also has principles on its side. 30 Q. Was	8	organized debtors.	8	same role as it relates to the rest of the
A. I do not.  Q. De you hold any office or board position with either – with any of the Reorganized Debtors? A. I do not. Q. So your role with respect to those entities G. So your role with respect to those entities G. So your role respect to the seed of the search of	9	Q. Do you hold any employment positions with	9	defendants in this litigation. I have at times
12 Q. Do you hold any office or board position 13 with either with any of the Reorganized Debtors? 14 A. I do not. 15 Q. So your role with respect to those entities 16 is that of legal counsel to World Class Holdings, 17 I. And by virtue of that position, you sometimes 18 provide legal advice and counsel to the Reorganized 19 Debtors; correct? 20 A. That's correct. 21 Q. Without me going through the entire list of 22 the Reorganized Debtors, how was it that that group 23 of entities came to designate you as authorized to 24 provide testimony today on their behalf? 25 A. Yeah. I was the primary authorized person 26 Page 14  1 responsible for negotiating this Settlement 27 Agreement with outside counsel on behalf of the 28 determined that I would be the most knowledgeable 29 to speak about the topics that were noticed for 29 to speak about the topics that were noticed for 20 to speak about the topics that were noticed for 21 this 30(b)(6) deposition. 22 Q. Was there one person or more than one person 23 q. Who made that determination? 24 A. Those parties and counsel. 25 Q. Was there one person or more than one person 26 with him, but he acts on the advice of counsel as 27 well. 28 Q. All right. And Mr. Paul is your brother; 29 correct? 20 Q. So your brother is, in consultation of 29 defermined that I would plain the ordinary of the perties on its side. 30 Q. Was there one person or more than one person 31 defending the perties of the purposes of today's deposition in respect to the purposes of today's deposition in the regotiations of the settlement of the purposes of today's deposition in the regotiations of the settlement of the purpose of today's deposition in the regoti	10	· ·	10	provided legal counsel to the entity.
13 with either — with any of the Reorganized Debtors? 14 A. A. I do not. 15 Q. So your role with respect to those entities 16 is that of legal counsel to World Class Holdings, 17 I. And by virtue of that position, you sometimes 18 provide legal advice and counsel to the Reorganized 19 Debtors; correct? 20 A. That's correct. 21 Q. Without me going through the entire list of 22 the Reorganized Debtors, how was it that that group 23 of entities came to designate you as authorized to 24 provide testimony today on their behalf? 25 A. Yeah. I was the primary authorized person 26 Page 14  1 responsible for negotiating this Settlement 27 Agreement with outside counsel on behalf of the 28 Reorganized Debtors in the — I think you called 39 determined that I would be the most knowledgeable to speak about the topics that were noticed for 40 this 30(b)(6) deposition. 40 Q. Who made that determination? 41 A. Well, the only ultimate owner of these entities is Mr. Nate Paul. So ultimate 30 rests with in, but he acts on the advice of counsel as well. 41 Q. Os your brother; is in consultation of coursel, authorized you to sit today on behalf of the Reorganized Debtors; correct? 41 A. Those parties and counsel. 42 Correct. 43 Carrect. 44 Carrect. 45 Carrect. 46 Carrect. 47 Carrect. 48 Eagla counsel. Have you provided to business counsel or divice to those entities; pit the poly the polyton to this polyton, my role was to work with outside the purposes of today's deposition in respect to the polybos ton the polybos the popple Motion, my role was to work with outside the purposes of today's deposition in respect to the polybos the polybos the polybos towns to work with outside counsel in the poption of the Settlement Agreement. 4 Agreement. 4 Agreement. 4 Agreement. 4 Agreement.  4 A. Yeah. I was the primary authorized person Page 14  4 Presponsible for negotiating this Settlement on behalf of the every more and all of the every mell all of the Parties (inaudible) between the Reorganized Debtors and all of the evidence of the parti	11	A. I do not.	11	Q. Let me back up. Talking to the Reorganized
14 A. I do not. 15 Q. So your role with respect to those entities 16 is that of legal counsel to World Class Holdings, 17 I. And by virtue of that position, you sometimes 18 provide legal advice and counsel to the Reorganized 19 Debtors; correct? 20 A. That's correct. 21 Q. Without me going through the entire list of 22 the Reorganized Debtors, how was it that that group 23 of entities came to designate you as authorized to 24 provide testimony today on their behalf? 25 A. Yeah. I was the primary authorized person 26 A. Yeah. I was the primary authorized person 27 A. Yeah. I was the primary authorized person 28 determined that I would be the most knowledgeable to speak about the topics that were noticed for 29 A. Those parties and counsel. 30 Q. Who made that determination on behalf of the 31 Reorganized Debtors person or more than one person or who made that determination on behalf of the 32 Reorganized Debtors separate and apart from legal counsel? 31 Counsel? 32 Debtors; correct? 33 In our case, that would be Mr. Paul on our side as well and then Princeton also has principles on its side. 34 O. Over the course of time, possibly. But for the purposes of today's deposition in respect to the purpose of today's deposition in respect to the purpose of today's deposition in respect to the purpose of today's deposition in the egotation of the Settlement agreement.  24 Debtors; or retream you der in the regotation of the Settlement agreement.  25 A. Pretty much all of the Reorganized Debtors and all of the rewell, between counsel for the parties, including in-house counsel and outsid	12	Q. Do you hold any office or board position	12	Debtors. I understand you have at times provided
15 Q. So your role with respect to those entities is that of legal counsel to World Class Holdings, 17 I. And by virtue of that position, you sometimes provide legal advice and counsel to the Reorganized 18 provide legal advice and counsel to the Reorganized 19 Debtors; correct? 19 A. That's correct. 20 Q. Were there any nonlawyer representatives — 21 in other words not — someone other than you and 22 someone from Squire Patton and Boggs who was 22 involved in negotiations of the Settlement on 24 behalf of the Reorganized Debtors, how was it that that group 25 of entities came to designate you as authorized to 26 provide testimony today on their behalf? 26 A. Yeah. I was the primary authorized person 27 Agreement with outside counsel on behalf of the 28 Reorganized Debtors in the — I think you called 4 them the Non-Debtor defendants. And, so, it was 25 determined that I would be the most knowledgeable 5 to speak about the topics that were noticed for 5 this 30(b)(6) deposition. 27 this 30(b)(6) deposition. 28 Q. Who made that determination? 29 A. Those parties and counsel. 30 Q. Was there one person or more than one person 310 Q. Was there one person or more than one person 310 Q. Was there one person or more than one person 310 Q. Was there one person or more than one person 310 Q. Was there one person or more than one person 310 Q. Was there one person or more than one person 310 Q. Was there one person or more than one person 311 Q. Q. Was there one person or more than one person 312 Q. O. Ray, So to cut to the chase and hopefully 312 get us out of here at a reasonable hour, the 312 nonlawyer on this negotiating table on behalf of 313 the Reorganized Debtors was Mr. Paul? 31 A. Tauprosed you could say that, but honestly 31 all negotiations happen through counsel. There are counsel discussions through all of that. So if you 312 are asking who is the ultimate authorizing person 313 to the Reorganized Debtors; correct? 314 A. Correct. 315 Q. And I think you mentioned you were also 325 Q. And I think you mention	13	with either with any of the Reorganized Debtors?	13	legal counsel. Have you provided any kind of
16 is that of legal counsel to World Class Holdings, 17 I. And by virtue of that position, you sometimes 18 provide legal advice and counsel to the Reorganized 19 Debtors; correct? 19 A. That's correct. 20 Q. Without me going through the entire list of 21 the Reorganized Debtors, how was it that that group 22 of entities came to designate you as authorized to 24 provide testimony today on their behalf? 25 A. Yeah. I was the primary authorized person 26 Reorganized Debtors in the – I think you called 4 them the Non-Debtor defendants. And, so, it was 26 determined that I would be the most knowledgeable 27 this 30b(b) deposition. 28 Q. Who made that determination? 29 A. Those parties and counsel. 30 Q. Was there one person or more than one person 30 Q. Was there one person or more than one person 31 counsel? 31 with him, but he acts on the advice of counsel as 32 with him, but he acts on the advice of counsel as 32 with him, but he acts on the advice of counsel as 32 counsel, authorized you to sit today on behalf of the Reorganized Debtors; correct? 32 Q. So your brother is, in consultation of 22 counsel, authorized you to sit today on behalf of the Reorganized Debtors; correct? 32 Q. And I think you mentioned you were also 34 Pages the counsel for the parties of the settlement on behalf of the Porties and counsel. 34 between the Reorganized Debtors and all of the well, between all of the parties (inaudible) between counsel and outside counsel. 40 between counsel for the parties (inaudible) between counsel for the parties (inaudible) between counsel with their respective clients as well. 35 between the Reorganized Debtors and all of the well, between all of the parties (inaudible) between counsel and outside counsel. And then those counsel as well. 40 counsel and outside counsel. 40 counsel and outside counsel and o	14	A. I do not.	14	business counsel or advice to those entities?
17 I. And by virtue of that position, you sometimes provide legal advice and counsel to the Reorganized Debtors; correct?  20 A. That's correct.  21 Q. Without me going through the entire list of the Reorganized Debtors, how was it that that group of entities came to designate you as authorized to provide testimony today on their behalf?  22 the Reorganized Debtors, how was it that that group of entities came to designate you as authorized to provide testimony today on their behalf?  23 A. Yeah. I was the primary authorized person Page 14  14 responsible for negotiating this Settlement  2 Agreement with outside counsel on behalf of the Reorganized Debtors and all of the - well, between the Reorganized Debtors and all of the - well, between counsel for the parties, including in-house counsel and outside counsel. And then those counsel swell and then Princeton also has principles on its side.  Q. Was there one person or more than one person who made that determination?  A. Those parties and counsel.  Q. Was there one person or more than one person who made that determination?  A. Well, the only ultimate owner of these entities is Mr. Nate Paul. So ultimate 30 rests with him, but he acts on the advice of counsel as with him, but he acts on the advice of counsel as with him, but he acts on the advice of counsel as correct.  Q. All right. And Mr. Paul is your brother; correct?  A. That's correct.  Q. Wand I think you mentioned you were also  10 Q. So your brother is, in consultation of the Reorganized Debtors; orrect?  A. That's correct.  Q. Wand I think you mentioned you were also  10 Q. And I think you mentioned you were also  11 the 9019 Motion ment on and boges who was involved in negotiations of the Settlement on behalf of the Reorganized Debtors someone other than you and someone of these than you and involved in negotiations of the Sett	15	Q. So your role with respect to those entities	15	A. Over the course of time, possibly. But for
18    provide legal advice and counsel to the Reorganized   19    Debtors; correct?   19    A. That's correct.   20    Q. Without me going through the entire list of   21    in other words not someone other than you and   22    someone from Squire Patton and Boggs who was   23    of entities came to designate you as authorized to   24    provide testimony today on their behalf?   24    provide testimony today on their behalf?   25    A. Yeah. I was the primary authorized person   Page 14	16	is that of legal counsel to World Class Holdings,	16	the purposes of today's deposition in respect to
19 Debtors; correct? 20 A. Thar's correct. 21 Q. Without me going through the entire list of the Reorganized Debtors, how was it that that group of entities came to designate you as authorized to provide testimony today on their behalf? 22 A. Yeah. I was the primary authorized person	17	I. And by virtue of that position, you sometimes	17	the 9019 Motion, my role was to work with outside
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21 Q. Without me going through the entire list of the Reorganized Debtors, how was it that that group of entities came to designate you as authorized to provide testimony today on their behalf? 24 provide testimony today on their behalf? 25 A. Yeah. I was the primary authorized person Page 14 26 behalf of the Reorganized Debtors? 26 A. Yeah outside counsel on behalf of the Reorganized Debtors in the I think you called them the Non-Debtor defendants. And, so, it was determined that I would be the most knowledgeable to speak about the topics that were noticed for this 30(b)(6) deposition. 27 G. Who made that determination? 28 A. Those parties and counsel. 29 Was there one person or more than one person who made that determination on behalf of the Reorganized Debtors was Mr. Paul on our side as well and then Princeton also has principles on its side. Q. Was there one person or more than one person who made that determination on behalf of the entities is Mr. Nate Paul. So ultimate 30 rests with him, but he acts on the advice of counsel as with him, but he acts on the advice of counsel as well. Q. All right. And Mr. Paul is your brother; 19 correct? 19 Q. So your brother is, in consultation of counsel, authorized you to sit today on behalf of the Reorganized Debtors? 20 A. That's correct. 24 A. Correct. 25 Q. And I think you mentioned you were also	19	Debtors; correct?	19	Agreement.
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24 provide testimony today on their behalf? 25 A. Yeah. I was the primary authorized person Page 14  1 responsible for negotiating this Settlement 2 Agreement with outside counsel on behalf of the 3 Reorganized Debtors in the — I think you called 4 them the Non-Debtor defendants. And, so, it was 5 determined that I would be the most knowledgeable 6 to speak about the topics that were noticed for 7 this 30(b)(6) deposition.  8 Q. Who made that determination? 9 A. Those parties and counsel. 10 Q. Was there one person or more than one person who made that determination on behalf of the 12 Reorganized Debtors separate and apart from legal 13 counsel? 14 A. Well, the only ultimate owner of these 15 entities is Mr. Nate Paul. So ultimate 30 rests with him, but he acts on the advice of counsel as well. 16 Q. All right. And Mr. Paul is your brother; 17 correct? 18 Q. So your brother is, in consultation of 29 C. And I think you mentioned you were also  20 And I think you mentioned you were also  21 behalf of the Reorganized Debtors? A. Pretty much all of the negotiations occurred Page 16  A. Pretty much all of the negotiations occurred Page 16  A. Pretty much all of the negotiations occurred Page 16  A. Pretty much all of the negotiations occurred Page 16  A. Pretty much all of the negotiations occurred Page 16  A. Pretty much all of the negotiations occurred well, between all of the parties (inaudible) between counsel for the parties, including in-house counsel and outside counsel. And then those counsel and outside counsel. And then those counsel and outside counsel.  10 Q. Okay. So to cut to the chase and hopefully get us out of here at a reasonable hour, the nonlawyer on this negotiating table on behalf of the Reorganized Debtors was Mr. Paul?  1 A. I supposed you could say that, but honestly all negotiations happen through counsel. There are counsel discussions through all of that. So if you are asking who is the ultimate authorizing person of those entities, yes, that's correct.  10 Q. Right. And I guess my questi	22	the Reorganized Debtors, how was it that that group	22	someone from Squire Patton and Boggs who was
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Page 14  responsible for negotiating this Settlement Agreement with outside counsel on behalf of the Reorganized Debtors in the I think you called them the Non-Debtor defendants. And, so, it was determined that I would be the most knowledgeable to speak about the topics that were noticed for this 30(b)(6) deposition.  Q. Who made that determination? A. Those parties and counsel. Q. Was there one person or more than one person who made that determination on behalf of the Reorganized Debtors separate and apart from legal counsel? A. Well, the only ultimate owner of these entities is Mr. Nate Paul. So ultimate 30 rests well. Q. All right. And Mr. Paul is your brother; Correct? Q. So your brother is, in consultation of counsel, authorized you to sit today on behalf of the Reorganized Debtors? A. I guess the reason I'm having trouble  between the Reorganized Debtors and all of the well, between all of the parties (inaudible) between counsel for the parties, including in-house counsel and outside counsel. And then those counsel swould consult with their respective clients as well.  So, in our case, that would be Mr. Paul on our side as well and then Princeton also has principles on its side. Q. Okay. So to cut to the chase and hopefully get us out of here at a reasonable hour, the nonlawyer on this negotiating table on behalf of the Reorganized Debtors was Mr. Paul?  A. I supposed you could say that, but honestly all negotiations happen through counsel. There are counsel discussions through all of that. So if you are asking who is the ultimate authorizing person for those entities, yees, that's correct. Q. Right. And I guess my question is broader than that though.	24	provide testimony today on their behalf?	24	behalf of the Reorganized Debtors?
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9 A. Those parties and counsel. 10 Q. Was there one person or more than one person 11 who made that determination on behalf of the 12 Reorganized Debtors separate and apart from legal 13 counsel? 14 A. Well, the only ultimate owner of these 15 entities is Mr. Nate Paul. So ultimate 30 rests 16 with him, but he acts on the advice of counsel as 17 well. 18 Q. All right. And Mr. Paul is your brother; 19 correct? 20 A. That's correct. 21 Q. So your brother is, in consultation of 22 counsel, authorized you to sit today on behalf of 23 the Reorganized Debtors was Mr. Paul? 24 A. Correct. 25 Q. And I think you mentioned you were also 26 principles on its side. 26 Q. Okay. So to cut to the chase and hopefully 26 get us out of here at a reasonable hour, the 27 nonlawyer on this negotiating table on behalf of 28 the Reorganized Debtors was Mr. Paul? 29 A. I supposed you could say that, but honestly 20 all negotiations happen through counsel. There are 21 counsel discussions through all of that. So if you 22 are asking who is the ultimate authorizing person 23 the reason I'm having trouble	7		7	So, in our case, that would be Mr. Paul on
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13 of the Reorganized Debtors, that would have been 14 Mr. Paul on behalf of them; correct? 15 A. Yes. 16 Ms. LITTLE: Objection. 17 THE WITNESS: Yes. So, yes, 18 Mr. Paul is the ultimate — I don't think it's any secret to anyone in this 20 case or this court that Mr. Paul is the ultimate decision-maker for these 21 ultimate decision-maker for these 22 entries. 23 So that is the case where he 24 was acting this — in making that 25 determination with the advice of 24 World Class Capital (proup) A. Tm not sure I'm understanding your question. 25 Q. Was your brother involved in authorizing the Page 28 so with the advice of 25 in the case of the sure I understand you. 26 Ms. DIAZ: Right. 27 A. Correct. 28 Q. Okay. With respect to the Non-debtor defendants or the Adversary defendants is are one in the same. The Adversary defendants is broader because it includes Reorganized Debtors, 19 but it is all of the same and the Adversary defendants is broader because it includes Reorganized Debtors, 19 to that entity; is that right? 29 A. Yes. World Class Capital Group; 10 to that entity; is that right? 20 A. Yes. World Class Capital Group is 20 defendant in this — in that litigation that's 21 defendant in this — in that litigation that's 22 defendant in this — in that litigation that's 22 defendant in this — in that litigation that's 24 decisions with the advice of counsel? 21 A. The not sure I'm understanding your question. 22 World Class Capital Group; 24 A. Yes. He was — as I think I have already 3 answered, he was the ultimate authority for all of the defendants and all of the parties that are related to those defendants that this litigation in this — in that litigation that's 25 defendants. Was your role with respect to that Settlement 3 agreement? 30 A. That's the same as I just answered for the otherwise. I think those parties are also for your 2 defendants. I think we're getting a little too 4 duplicative, but I'm happy to answer those 4 duplicative, but I'm happy to answer those 4 duplicative, but I'm happy to answe	11	Q. Okay. But as far as business	11	Capital Group in connection with the settlement in
14 Mr. Paul on behalf of them; correct? 15 A. Yes. 16 MS. LITTLE: Objection. 17 THE WITNESS: Yes. So, yes, 18 Mr. Paul is the ultimate — I don't 19 think it's any secret to anyone in this 20 case or this court that Mr. Paul is the 21 ultimate decision-maker for these 22 entries. 23 So that is the case where he 24 was acting this — in making that 25 defendants on the Adversary defendants are one in the same. The Adversary defendants is 17 the war no other persons other than him involved in it hose decisions with the advice of order defendants or the Adversary defendants is 10 A. Twas the same as we have discussed. The 11 A. It was the same as we have discussed. The 12 Non-debtor defendants and the Adversary defendants are one in the same. The Adversary defendants is 15 but it is all of the same parties. 16 Q. Right. You mentioned you don't have a for formal relationship with World Class Capital Group, and that the content of the certain that World Class Capital Group, and the defination of Adversary defendants is but it is all of the same parties. 16 Q. Right. You mentioned you don't have a for formal relationship with World Class Capital Group, and the advice of counsel, and the Adversary defendants is but it is all of the same parties. 16 Q. Right. You mentioned you don't have a for formal relationship with World Class Capital Group, and the advice of counsel, and the advice of counsel and other was a for the other with the settlement and the advice of counsel, and the advice of counsel, and the advice of counsel and other was a for the other was a for the certain this in the advice of counsel, and the advice of	12	decision-making and what was in the best interest	12	this case?
15 A. Yes.  16 MS. LITTLE: Objection. 17 THE WITNESS: Yes. So, yes, 18 Mr. Paul is the ultimate – I don't 19 think it's any secret to anyone in this 20 case or this court that Mr. Paul is the 21 ultimate decision-maker for these 22 entries. 23 So that is the case where he 24 was acting this – in making that 25 defernantion with the advice of 26 MS. DIAZ: Right. 27 MS. DIAZ: Right. 28 BY MS. DIAZ: 39 BY MS. DIAZ: 40 Q. I just want to be sure I understand you. 40 There were no other persons other than him involved in intose decisions with the advice of coursel. 41 A. It was the same as we have discussed. The 42 O, Okay. With respect to the Non-debtor defendants or the Adversary defendants, was your role as counsel for those parties? 43 are one in the same. The Adversary defendants is a rone in the same. The Adversary defendants is a rone in the same. The Adversary defendants is a rone in the same. The Adversary defendants is a rone in the same as men the advice of coursel for those derived. The formal relationship with World Class Capital Group, and the defendant in this – in that litigation that's being settled in accordance with this settlement and the defendant in the the textent that World Class Capital is defendant in that the gotiation, it was implicated. 40 Q. Well, did anyone other than you or Squire Patton Boggs make any decisions with the regard to the theat that this legotion in that the tapout on the same any decisions with the regard to the theat that was any earlor brain and the regard to the theat that was fill anyone other than you or Squire Patton Boggs make any decisions with the regard to the theat that was any earlor brain and the the that world Class Capital froup?  24 A. I'm not sure I'm understanding your question.  25 Settlement on behalf of World Class Capital Group?  26 A. Yes. He was – as I think I have already answered, he was the ultimate authority for all of the defendants and all of the parties at this litigation involved.  25 O, Okay. With respect to that Settlement agreement?  26	13	of the Reorganized Debtors, that would have been	13	A. I don't think I'm acting on behalf of that
16 MS. LITTLE: Objection. 17 HE WITNESS: Yes. So, yes, 18 Mr. Paul is the ultimate — I don't 19 think it's any secret to anyone in this 20 case or this court that Mr. Paul is the 21 ultimate decision-maker for these 22 entries. 23 So that is the case where he 24 was acting this — in making that 25 determination with the advice of 26 MS. DIAZ: Right. 27 MS. DIAZ: Right. 28 Page 18 29 A. Yes. He was — as I think I have already 29 answered, he was the ultimate authority for all of the defendants and the Adversary defendants is 29 to that earne. The Adversary defendants is 29 but it is all of the same parties. 20 Patton Boggs make any decisions with respect to the Non-debtor defendants and the Adversary defendants is 29 but it is all of the same parties. 20 Patton Boggs make any decisions with respect to the Non-debtor defendants or the settlement with respect to the Page 20 20 World Class Capital group? 21 settlement on behalf of World Class Capital Group? 22 A. Yes. He was — as I think I have already answered, he was the ultimate authority for all of the defendants and all of the parties that are related to those defendants that this litigation involved. 30 (a. With respect to the Non-debtor defendants or the Adversary defendants is a roone in the same. The Adversary defendants is broader because it includes Reorganized Debtors, but it is all of the same parties. 40 (a. Right. You mentioned you don't have a formal relationship with World Class Capital Group, but it is all of the same parties. 41 (a. New Yorld Class Capital Group is a defendant in this — in that litigation that's being settled in accordance with this settlement agreement. So for purposes of what we are here to defendant in this — in that litigation that's being settled in accordance with this settlement agreement. So for purposes of what we are here to discussed to any my role for that entity was the same as designated to undertake the role that I did, just as the same as outside counsel and other parties acting in this litigation. 40 (a. Yes. How	14	Mr. Paul on behalf of them; correct?	14	entry. As I mentioned, I was providing legal
THE WITNESS: Yes. So, yes,  Mr. Paul is the ultimate — I don't think it's any secret to anyone in this case or this court that Mr. Paul is the that negotiation, it was implicated.  Q. Well, did anyone other than you or Squire Patton Boggs make any decisions with respard to the appropriateness of the settlement with respect to the settlement on	15	A. Yes.	15	counsel, and working with outside counsel in the
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20 case or this court that Mr. Paul is the 21 ultimate decision-maker for these 22 entries. 23 So that is the case where he 24 was acting this in making that 25 determination with the advice of 26 MS. DIAZ: Right. 27 MS. DIAZ: Right. 28 BY MS. DIAZ: Right. 29 MS. DIAZ: Right. 20 Page 18  1 counsel. 20 Was your brother involved in authorizing the Page 20  1 settlement on behalf of World Class Capital Group? 2 A. Yes. He was as I think I have already answered, he was the ultimate authority for all of the defendants and all of the parties that are 25 related to those defendants that this litigation involved. 3 Ry MS. DIAZ: 4 Q. I just want to be sure I understand you. 5 There were no other persons other than him involved in those decisions with the advice of counsel? 6 in those decisions with the advice of counsel? 7 A. Correct. 8 Q. Okay. With respect to the Non-debtor defendants or the Adversary defendants or the Adversary defendants are one in the same as we have discussed. The 10 role as counsel for those parties? 11 A. It was the same as we have discussed. The 12 Non-debtor defendants and the Adversary defendants is broader because it includes Reorganized Debtors, but it is all of the same parties. 13 are one in the same. The Adversary defendants is broader because it includes Reorganized Debtors, but it is all of the same parties. 14 broader because it includes Reorganized Debtors, but it is all of the same parties. 15 but it is all of the same parties. 16 Q. Right. You mentioned you don't have a formal relationship with World Class Capital Group, but that you have at times provided legal counsel to that entity; is that right? 10 A. Yes. I was designated to undertake the role that I did, just as the same as outside counsel and other parties acting in this litigation. 17 Q. Okay. Other than your borther, Mr. Paul, there were no other nonlawyers involved in that decision to involve you; correct? 19 A. That's correct. 20 Okay. Other than your borther, Mr. Paul, there were no other nonlawyers involved in t	18	Mr. Paul is the ultimate I don't	18	that negotiation, it was implicated.
21 ultimate decision-maker for these entries. 22 entries. 23 So that is the case where he was acting this in making that determination with the advice of Page 18  24 Was acting this in making that determination with the advice of Page 18  25 MS. DIAZ: Right. 26 MS. DIAZ: Right. 27 MS. DIAZ: Right. 28 BY MS. DIAZ: 29 MS. DIAZ: Right. 20 A. Correct. 20 Cokay. With respect to the Non-debtor defendants or the Adversary defendants, was your or defendants or the Adversary defendants are one in the same. The Adversary defendants are one in the same. The Adversary defendants are one in the same it includes Reorganized Debtors, but it is all of the same parties. 21 appropriateness of the settlement with respect to to World Class Capital group? 22 A. I'm not sure I'm understanding your question. 23 A. I'm not sure I'm understanding your question. 24 Q. Was your brother involved in authorizing the Page 20 25 A. I'm not sure I'm understanding your question. 26 Q. Was your brother involved in authorizing the Page 20 26 A. Yes. He was as I think I have already answered, he was the ultimate authority for all of the defendants and all of the parties that are related to those defendants that this litigation involved. 26 in those decisions with the advice of counsel? 27 A. Yes. He was as I think I have already answered, he was the ultimate authority for all of the defendants and all of the parties that are related to those defendants that this litigation involved. 29 Q. With respect to Great Value Storage, what was your role with respect to Great Value Storage, what was your role with respect to Great Value Storage in on Adversary defendants. I think those parties are also for your benefit included in the definition of Adversary defendants. I think we're getting a little too duplicative, but I'm happy to answer those questions. 29 A. Yes. I was designated to undertake the role that I did, just as the same as outside counsel and other parties acting in this litigation. 20 Okay. Other than your brother, Mr. Paul, there	19	think it's any secret to anyone in this	19	Q. Well, did anyone other than you or Squire
22 entries. 23 So that is the case where he 24 was acting this in making that 25 determination with the advice of 26 Page 18 27 Page 18 28 World Class Capital group? 28 A. I'm not sure I'm understanding your question. 29 Q. Was your brother involved in authorizing the Page 20 29 Page 18 20 Was your brother involved in authorizing the Page 20 20 A. Yes. He was as I think I have already answered, he was the ultimate authority for all of the defendants and all of the parties that are related to those defendants that this litigation involved. 3 BY MS. DIAZ: 4 Q. I just want to be sure I understand you. 5 There were no other persons other than him involved in inthose decisions with the advice of counsel? 6 in those decisions with the advice of counsel? 7 A. Correct. 8 Q. Okay. With respect to the Non-debtor defendants or the Adversary defendants are one in the same. The Adversary defendants is broader because it includes Reorganized Debtors, but it is all of the same parties. 10 Q. Right. You mentioned you don't have a formal relationship with World Class Capital Group, but that you have at times provided legal counsel to that entity; is that right? 10 A. Yes. World Class Capital Group, but that you have at times provided legal counsel to that entity; is that right? 11 A. Yes. I was designated to undertake the role that I did, just as the same as outside counsel and other parties acting in this litigation. 12 Q. Okay. Other than your brother, Mr. Paul, there were no other nonlawyer involved in authorizing the question. 29 Q. With respect to the Norld Class Capital Group, but Tim happy to answer those questions. 20 Q. Right. You mentioned you don't have a formal relationship with World Class Capital Group, but Tim happy to answer those questions. 21 Q. A. Yes. I was designated to undertake the role that I did, just as the same as outside counsel and other parties acting in this litigation. 22 Q. Okay. Other than your brother, Mr. Paul, there were no other nonlawyer involved in that decision to involve you; corr	20	case or this court that Mr. Paul is the	20	Patton Boggs make any decisions with regard to the
So that is the case where he was acting this in making that determination with the advice of Page 18  1	21	ultimate decision-maker for these	21	appropriateness of the settlement with respect to
24 was acting this in making that determination with the advice of Page 18  25	22	entries.	22	World Class Capital group?
25 determination with the advice of Page 18 26 Q. Was your brother involved in authorizing the Page 20  1	23	So that is the case where he	23	A. I'm not sure I'm understanding your
Page 18  Counsel.  MS. DIAZ: Right.  BY MS. DIAZ:  Q. I just want to be sure I understand you.  There were no other persons other than him involved in those decisions with the advice of counsel?  A. Correct.  Q. Okay. With respect to the Non-debtor defendants or the Adversary defendants, was your role as counsel for those parties?  A. It was the same as we have discussed. The Non-debtor defendants and the Adversary defendants are one in the same. The Adversary defendants are one in the same. The Adversary defendants is broader because it includes Reorganized Debtors, but it is all of the same parties.  Q. Right. You mentioned you don't have a formal relationship with World Class Capital Group, agreement. So for purposes of what we are here to discuss today, my role for that entity, was the same  10 A. Yes. He was as I think I have already  A. Yes. He was as I think I have already  answered, he was the ultimate authority for all of  the defendants and all of the parties that are  related to those defendants that this litigation  involved.  7 Q. With respect to Great Value Storage, what  was your role with respect to that Settlement  agreement?  10 A. It's the same as I just answered for the  otherwise. I think those parties are also for your  benefit included in the definition of Adversary  defendants. I think we're getting a little too  duplicative, but I'm happy to answer those  questions.  Q. And did you have any formal authority to act  on behalf of Great Value Storage in connection with  these negotiations?  A. Yes. World Class Capital Group is a  defendant in this in that litigation that's  20 A. Yes. World Class Capital Group is a  defendant in this in that litigation that's  21 defendant in this in that litigation that's  22 Q. Okay. Other than your brother, Mr. Paul,  there were no other nonlawyers involved in that  decision to involve you; correct?  A. That's correct.	24	was acting this in making that	24	question.
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in those decisions with the advice of counsel?  A. Correct.  Q. With respect to Great Value Storage, what  was your role with respect to that Settlement  gefendants or the Adversary defendants, was your  role as counsel for those parties?  A. It was the same as we have discussed. The  Non-debtor defendants and the Adversary defendants  are one in the same. The Adversary defendants is  broader because it includes Reorganized Debtors,  but it is all of the same parties.  Q. Right. You mentioned you don't have a  formal relationship with World Class Capital Group,  but that you have at times provided legal counsel  to that entity; is that right?  A. Yes. World Class Capital Group is a  defendant in this in that litigation that's  being settled in accordance with this settlement  discuss today, my role for that entity was the same  as for the rest of the entities, which is  defendants and the Adversary defendants  agreement?  A. It's the same as I just answered for the  otherwise. I think those parties are also for your  benefit included in the definition of Adversary  defendants. I think we're getting a little too  duplicative, but I'm happy to answer those  Q. And did you have any formal authority to act  on behalf of Great Value Storage in connection with  these negotiations?  A. Yes. I was designated to undertake the role  that I did, just as the same as outside counsel and  other parties acting in this litigation.  Q. Okay. Other than your brother, Mr. Paul,  decision to involve you; correct?  A. That's correct.	4	Q. I just want to be sure I understand you.	4	the defendants and all of the parties that are
A. Correct.  Q. Okay. With respect to the Non-debtor defendants or the Adversary defendants, was your role as counsel for those parties?  A. It was the same as we have discussed. The Non-debtor defendants and the Adversary defendants are one in the same. The Adversary defendants is broader because it includes Reorganized Debtors, but it is all of the same parties.  Q. Right. You mentioned you don't have a formal relationship with World Class Capital Group, but that you have at times provided legal counsel to that entity; is that right?  A. Yes. World Class Capital Group is a defendant in this in that litigation that's being settled in accordance with this settlement discuss today, my role for that entity was the same 25 as for the rest of the entities, which is  7 Q. With respect to Great Value Storage, what was your role with respect to that Settlement was your role with respect to that Settlement agreement?  A. It's the same as I just answered for the otherwise. I think those parties are also for your benefit included in the definition of Adversary defendants. I think we're getting a little too duplicative, but I'm happy to answer those questions.  Q. And did you have any formal authority to act on behalf of Great Value Storage in connection with these negotiations?  P. A. Yes. I was designated to undertake the role that I did, just as the same as outside counsel and other parties acting in this litigation.  Q. Okay. Other than your brother, Mr. Paul, there were no other nonlawyers involved in that decision to involve you; correct?  A. That's correct.	5	There were no other persons other than him involved	5	related to those defendants that this litigation
8Q. Okay. With respect to the Non-debtor8was your role with respect to that Settlement9defendants or the Adversary defendants, was your9agreement?10role as counsel for those parties?10A. It's the same as I just answered for the11A. It was the same as we have discussed. The11otherwise. I think those parties are also for your12Non-debtor defendants and the Adversary defendants is12benefit included in the definition of Adversary13are one in the same. The Adversary defendants is13defendants. I think we're getting a little too14broader because it includes Reorganized Debtors,14duplicative, but I'm happy to answer those15but it is all of the same parties.15questions.16Q. Right. You mentioned you don't have a16Q. And did you have any formal authority to act17on behalf of Great Value Storage in connection with18these negotiations?19to that entity; is that right?19A. Yes. I was designated to undertake the role20A. Yes. World Class Capital Group is a20that I did, just as the same as outside counsel and21defendant in this in that litigation that's21other parties acting in this litigation.22Q. Okay. Other than your brother, Mr. Paul,23agreement. So for purposes of what we are here to24decision to involve you; correct?25as for the rest of the entities, which is25A. That's correct.	6	in those decisions with the advice of counsel?	6	involved.
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Page 19 Page 21	20 21 22 23	A. Yes. World Class Capital Group is a defendant in this in that litigation that's being settled in accordance with this settlement agreement. So for purposes of what we are here to	21 22 23	other parties acting in this litigation.  Q. Okay. Other than your brother, Mr. Paul, there were no other nonlawyers involved in that
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1	MS. LITTLE: Asked and answered,	1	Mr. Paul and Mr. Altman. And, similar to earlier,
2	Ms. Diaz. Let's keep it more efficient	2	because Phoenix is an entity that's involved in
3	if we don't go through this repeatedly.	3	this negotiation, I would be the most knowledgeable
4	BY MS. DIAZ:	4	to speak on Phoenix's behalf.
5	Q. Are World Class Capital Group and Great	5	Q. Let me ask you some questions about Phoenix.
6	Value Storage currently operating businesses?	6	That is a newly formed entity; correct?
7	A. I don't know how to answer your question.	7	A. That's correct.
8	MS. LITTLE: Ms. Diaz, I'm going to	8	Q. It was formed on August 31, 2022; correct?
9	object. That's irrelevant to this	9	A. I believe so. I think we have provided the
10	proceeding.	10	certificate of formation to your colleagues and I
11	BY MS. DIAZ:	11	think that's the date.
12	Q. Who authorized World Class Capital Group to	12	Q. Who were the individuals involved in forming
13	employ legal counsel in connection with the	13	that entity?
14	Princeton adversary proceeding?	14	A. Counsel assisted I believe counsel Brian
15	A. I don't know.	15	Elliott formed the entity.
16	Q. Who authorized the employment of counsel or	16	Q. At whose request did he do that?
17	behalf of Great Value Storage in connection with	17	A. Probably mine or Mr. Paul. I just can't
18	the Princeton adversary proceeding?	18	remember.
19	MS. LITTLE: Objection. It's	19	Q. Who are the owners of Phoenix?
20	irrelevant to the approval under 9019	20	A. Mr. Paul.
21	standard.	21	Q. And who are the officers of Phoenix?
22	MS. DIAZ: You can answer.	22	A. Mr. Paul is the president and Mickey Altman
23	THE WITNESS: Same as before. I	23	is the president.
24	don't know.	24	Q. Are there any other officers?
25	BY MS. DIAZ:	25	A. No.
	Page 22		Page 24
1	Q. Is there anyone do you know who would	1	Q. Are there any other members?
2	know the answer to that question?	2	A. No.
3	A. Well, I the reason I'm hesitating is that	3	Q. Is Mr. Altman somebody that Mr. Paul had
			1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
4	I think I have already said that the ultimate	4	done business with prior to forming Phoenix?
5	decision-making for those entities is Mr. Paul.	5	MS. LITTLE: Objection.
	decision-making for those entities is Mr. Paul.  And that in this Adversary proceeding which your		MS. LITTLE: Objection. Foundation.
5	decision-making for those entities is Mr. Paul.	5 6 7	MS. LITTLE: Objection.  Foundation.  THE WITNESS: I'm also not sure how
5 6	decision-making for those entities is Mr. Paul.  And that in this Adversary proceeding which your	5 6	MS. LITTLE: Objection. Foundation. THE WITNESS: I'm also not sure how this is relevant to the 9019 standard or
5 6 7	decision-making for those entities is Mr. Paul.  And that in this Adversary proceeding which your client has had knowledge and participated in the	5 6 7	MS. LITTLE: Objection. Foundation. THE WITNESS: I'm also not sure how this is relevant to the 9019 standard or what we are here to discuss, but I
5 6 7 8	decision-making for those entities is Mr. Paul.  And that in this Adversary proceeding which your client has had knowledge and participated in the bankruptcy case, it's been quite some months now that those entities have had counsel.  So I just don't know and I'm not even sure	5 6 7 8 9 10	MS. LITTLE: Objection.  Foundation.  THE WITNESS: I'm also not sure how this is relevant to the 9019 standard or what we are here to discuss, but I believe so.
5 6 7 8 9 10 11	decision-making for those entities is Mr. Paul.  And that in this Adversary proceeding which your client has had knowledge and participated in the bankruptcy case, it's been quite some months now that those entities have had counsel.  So I just don't know and I'm not even sure who would know it. I would probably just need to	5 6 7 8 9 10 11	MS. LITTLE: Objection.  Foundation.  THE WITNESS: I'm also not sure how this is relevant to the 9019 standard or what we are here to discuss, but I believe so.  BY MS. DIAZ:
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1	those entities. No. And I think by the way, it	1	appearing for the deposition today?
2	would help if you could any time someone uses	2	A. I didn't speak with him about appearing for
3	the term World Class entities, I don't know what	3	the deposition today.
4	you're referring to. So if you want to be more	4	Q. Oh, that's what I thought I heard you say.
5	specific, that would be more helpful.	5	You said you know him professionally because you
6	Q. Certainly. Has Mr. Altman provided real	6	spoke to him.
7	estate or consulting services to any of the	7	A. In connection with the Settlement Agreement.
8	entities owned directly or indirectly by Mr. Paul?	8	Q. Well, Mr. Altman signed the Settlement
9	MS. LITTLE: Same objection. This	9	Agreement. So I presume he has seen it; correct?
10	is irrelevant to 9019 Motion. And if we	10	A. That's correct.
11	are going to continue this way, it's a	11	MS. LITTLE: Objection.
12	waste of time.	12	Foundation.
13	THE WITNESS: And I believe	13	THE WITNESS: That's correct.
14	Janine, are you instructing me not to	14	BY MS. DIAZ:
15	answer those questions that are	15	Q. You mentioned that you were involved in the
16	irrelevant?	16	negotiation of the Settlement. Were you involved
17	MS. LITTLE: Yeah. If we could,	17	in the negotiation of both the Term Sheet and
18	you know, limit the scope to what's	18	Settlement Agreement?
19	relevant and what was noticed for the	19	MS. LITTLE: Objection. Form.
20	9019 Motion appropriately, that would be	20	THE WITNESS: I was.
21	best.	21	BY MS. DIAZ:
22	MS. DIAZ: Well, this is the	22	Q. When I say Term Sheet, I'll pull this up in
23	subject of the notice and it's the	23	a moment. But I'm referring to the Term Sheet that
24	subject of conversation from Judge	24	was filed with the Court back on August 27, 2022.
25	Larson this week about the formation of	25	When you say you were involved in negotiation, were
	Page 26		Page 28
1	the new assignee. So I would like some	1	you also involved in drafting the documents?
1 2	the new assignee. So I would like some background on the entity and that's why	1 2	you also involved in drafting the documents?  A. Squire Patton Boggs was primary drafting
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2	background on the entity and that's why	2	A. Squire Patton Boggs was primary drafting
3	background on the entity and that's why I'm asking about Mr. Altman.	2 3	A. Squire Patton Boggs was primary drafting counsel. I would review drafts that they had
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		,	
1	been traded or things like that where Martha Salvo,	1	MS. LITTLE: Objection. That's
2	counsel, Judith Ross and they may have had one	2	irrelevant.
3	other counsel, Squire Patton Boggs, and myself, and	3	THE WITNESS: And in any case, it's
4	I believe Greg Kanella (ph) of Princeton were also	4	determined that there aren't any that
5	on.	5	are necessary.
6	But there was I think the only times	6	BY MS. DIAZ:
7	that we spoke directly to their client were very	7	Q. So there are none?
8	early, maybe one or two phone calls.	8	A. There are none, but that's because they are
9	Q. Did Mr. Altman participate at all in the	9	not necessary.
10	negotiation of the settlement on	10	MS. DIAZ: I object to that as
11	A. He did not.	11	nonresponsive.
12	Q behalf of Phoenix?	12	BY MS. DIAZ:
13	A. He did not.	13	Q. Who approved the settlement on behalf of th
14	Q. Okay.	14	non-debtor defendants? Was that the same?
15	A. He is the vice president of that entity. So	15	Mr. Paul?
16	the primary person for the president of that	16	A. Yes. This is going to be the same earlier
17	entity participated, which is Nate Paul. Mickey	17	authority questions.
18	Altman had signatory authority, which is why his	18	Q. All right. So similarly then with respect
19	name is on the settlement agreement, if that's	19	to World Class Capital Group and Great Value
20	helpful.	20	Storage, Mr. Paul would have been the one who
	Q. He said he had signatory authority?	21	approved the settlements on their behalves;
21		22	correct? Did you answer? I'm sorry. I couldn't
22	A. Yes. Excuse me just a second.	23	hear.
23	Q. Sure.		
24	A. I had a lingering allergy cough. Yes. He	24 25	A. I did. I said correct.
25	was given authority to sign the Settlement Page 30	25	Q. Sorry. I didn't hear you. The same again Page 3
1	Agreement.	1	for World Class Holdings I?
2	Q. Okay. Did Mr. Paul give him that	2	A. Yes.
3	authority?	3	Q. And also for Phoenix; right?
4	A. Yes.	4	A. Well, yes. He was the ultimate authorizing
5	Q. We talked about negotiating the settlement.	5	party and he delegated the signatory for
6	Who actually approved the settlement on behalf of	6	Mr. Altman.
7	the Reorganized Debtors?	7	Q. Let me I'm going to pull up a copy of the
8	A. Well, the settlement is up for approval with	8	Settlement Agreement. And I'm going to ask the
9	the bankruptcy court right now. But if you are	9	court reporter to mark it as Exhibit 3 to your
10	asking who approved that it be finalized and filed	10	deposition, Ms. Paul.
11	for court approved that it be inhanced that med	11	(Exhibit No. 3 was marked for
12	decisionmaker for all of the Adversary defendants	12	identification.)
13	and Reorganized debtors is Mr. Paul. He is the	13	BY MS. DIAZ:
14	only officer. So it would be him.	14	Q. Are you able to see that?
15	And, again, he relied on and used the	15	MS. LITTLE: No. It's just your
16	advice of counsel in coming to that conclusion.	16	file folder once again.
16	Q. Did Mr. Paul have any meetings with any of	17	MS. DIAZ: Let me try again. Are
	· · · · · · · · · · · · · · · · · · ·	18	you seeing Exhibit A?
18	the officers, directors or employees of the	19	
19	Reorganized debtors in connection with making that	20	THE WITNESS: I am, just the top of
20	decision?		it though.
21	A. The Reorganized debtors don't have any	21	MS. LITTLE: Ms. Diaz, I apologize.
22	employees or officers other than him.	22	Could we break for one moment because
23	Q. So there are no board resolutions or corp	23	one of our my colleague dropped off
24	resolutions formally approving the settlement on	24	of the call, and he can't get back in
25	behalf of the Reorganized debtors?	25	and the host needs to let him in.
	Page 31	1	Page 3

1	MR. DIAZ: Oh. Sure.	1	Q. So when those entities sign a release in
2	THE WITNESS: I'm going to take a	2	favor of Princeton, the release is only being
3	quick restroom break if we are going off	3	provided on behalf of the specific entities
4	the record.	4	identified in the first paragraph of the Settlement
5	(At this time, off the record.)	5	Agreement. Is that your understanding?
6	(At this time, back on the record.)	6	MS. LITTLE: Objection. Form.
7	BY MS. DIAZ:	7	THE WITNESS: Well, the release is
8	Q. Okay. Just before the break, Ms. Paul, I	8	may be broader. I think the release
9	was trying to pull up a copy of the Settlement	9	is if you'll go to the release
10	Agreement. Are you all able to see that?	10	section, we can look at the language
11	A. Yes.	11	together.
12	Q. And this is what we marked as Exhibit 3.	12	BY MS. DIAZ:
13	I'm just scrolling down to the bottom. Okay. I	13	Q. Yeah. We'll go there in a little bit. But
14	wanted to ask you a question about the signature	14	I'm just curious because I'm not sure who this
15	pages. The first signature page your brother,	15	particular signature pertains to.
16	Mr. Paul, signs on behalf of himself, and on behalf	16	A. Yes. I think I just answered the question.
17	of all entities he either owns or controls in whole	17	So typically, you know, contracts are signed up.
18	or in part.	18	The parties to the contract are the signatories.
19	Do you see that?	19	And this the reason I went to the beginning of
20	A. I do.	20	this document is that it lists who the parties to
21	Q. Can you tell me who Mr. Paul is signing on	21	the contract are. And to the extent that it's
22		22	
23	behalf of, or he signs on behalf of all entities that he either owns or controls in whole or in	23	helpful for you, we can you know, we are happy
			to bring it up, and objection, and we can clarify
24	part?	24	the signature pages, if necessary.
25	A. Yeah. I think if you go to the recital to Page 34	25	I'm just helping you to understand that in Page 36
1	the very top of this agreement, it lists out the	1	this preamble one, two, three, four and I guess
2	relevant entities.	2	that's five One two three and six Corry
			that's five. One, two, three and six. Sorry.
3	Q. Actually, I don't think it does. As a	3	One, two, three, four and six are who we intend to
3 4	Q. Actually, I don't think it does. As a matter of fact, there's many times where it refers	3 4	One, two, three, four and six are who we intend to refer to as to that signatories for that block. To
3 4 5	Q. Actually, I don't think it does. As a matter of fact, there's many times where it refers to entities that Mr. Paul owns or controls in whole	3	One, two, three, four and six are who we intend to refer to as to that signatories for that block. To the extent of the releases, because those run to
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Asked and answered.  THE WITNESS: I'm not even sure what your question is. All of those cuttities have their own operating a greenents that designate him to make decisions such as this one. So I'm not ready a greenents that designate him to make decisions such as this one. So I'm not ready are all the way he operates business.  BY MS, DIAZ:  MS, LITTLE: Same objection.  THE WITNESS: I think it's the same question, I, think, that you asked earlier. But if you want to restate it question, I, think, that you asked of what you're asking, and I'm happy to re-answer it.  BY MS, DIAZ:  BY MS, DIAZ:  DY, Sure. All right. Let's switch gears. So you are sitting today on behalf of the Reorganized debtors. In play the process to evaluate whether the settlement terms were in their best interest. Was there any kind of decidents and outside counsel, I'm going to instruct Ms. Paul not to answer that.  MS, DIAZ:  MS, LITTLE: I just want to get an objection on the record that to the extra your seeking information that's based on communications between decidents. My question really docsart ask about communications between that.  MS, DIAZ: Yes. I'm not going to be seeking - forgive me. Let me turn this off.  I don't intend my question to ask about autorneyclicin to their own interests.  MS, DIAZ: Yes. I'm not going to the seeking - forgive me. Let me turn this off.  I don't intend my question to ask about communications at all. I if it is asks if there was any kind of process that the Reorganized debtors employ any objection on the record that to the extra your seeking information that's based on communications at all. I if it is asks if there was any kind of process that the Reorganized debtors employ any objection on the record that to the extra your seeking information that's based on communications. My question really docsart ask about communications at all. I if it is asks if there was any kind of process that the Reorganized debtors went through in order to evaluate the terms of the settlement in respect to their own interes				
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second week of August.  So I think that — so during the course of that time trame, there were oagoing and multiple discussions between myself. Squire Patton Boggs, and Mr. Paul to determine whether the overarching terms of this agreement were in the best interest of the Reorganized debtors. In light of this case is coming to a conclusion, the Chapter II cases, and Mr. Paul to determine whether the overarching terms of this agreement were in the best interest of the Reorganized debtors. In light of this case is coming to a conclusion, the Chapter II cases, and Mr. Paul of externion of this agreement were in the best interest of the Reorganized debtors. In light of this case is coming to a conclusion, the Chapter II cases, and Mr. Paul of the Reorganized debtors. In light of this case is coming to a conclusion, the Chapter II cases, and Mr. Paul of the Reorganized Debtors, correct?  A. That's correct.  Q. And I gather your determination is that the settlement is in fact in the best interest of the Reorganized Debtors, correct?  A. That's correct.  Q. And I gather your determination is that the settlement is in fact in the best interest of the Reorganized Debtors, correct?  A. That's correct.  Q. And I gather your determination is that the settlement is in fact in the best interest of the Reorganized Debtors, correct?  A. That's correct.  Q. And I gather your determination is that the settlement is in fact in the best interest of the Reorganized Debtors, correct?  A. That's correct.  Q. And I gather your determination is that the settlement is in fact in the best interest of the Reorganized Debtors correct?  A. That's correct.  Q. And I gather your determination is that the settlement is in fact in the best interest of the Reorganized Debtors correct?  A. That's correct.  Q. Sure. All right. Let's switch gears. So you are sitting today on behalf of the Reorganized abetors mploy any process to evaluate whether the settlement terms were in their best interest of the Reorganized Debtors were proving the course in cou			2	
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10 Q. Well, he didn't need to go and obtain formal 11 authorization in order to sign on their behalf, is 2 all I'm getting at; right? 1	8	the way he operates business.	8	and Mr. Paul to determine whether the overarching
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12 all I'm getting at; right? 13 MS. LITTLE: Same objection. 14 THE WTTNESS: I think it's the same question, I think, that you asked 15 question, I think, that you asked 16 earlier. But if you want to restate it hopefully we can just get a clear record 17 hopefully we can just get a clear record 18 of what you're asking, and I'm happy to re-answer it. 19 ror-answer it. 20 BY MS. DIAZ: 21 Q. Sure. All right. Let's switch gears. So you are sitting today on behalf of the Reorganized debtors. But the Reorganized debtors whether the settlement terms were in their best interest. Was there any kind of Page 38 21 formal process? 22 MS. LITTLE: I just want to get an objection on the record that to the extent you're seeking information that's based on communications between defendants and outside counsel, I'm going to instruct Ms. Paul not to answer that. 29 MS. DIAZ: Yes. I'm not going to be seeking forgive me. Let me turn this off. 21 I don't intend my question to ask about attorney/client communications. My question really doesn't ask about communications at all. It just asks if there was any kind of process that the Reorganized debtors went through in order to evaluate the terms of the settlement in respect to their own interests. 20 Q. What was that process? 21 THE WITNESS: Yes. 21 BY MS. DIAZ: 22 Q. What was that process? 23 debtors. Did the Reorganized debtors were in their best interest. Was there any kind of process that the Reorganized debtors were page and the cost and expense really the only two remaining issues in the Chapter 11 cases. 23 defendants that the enting the fact that the Reorganized Debtors looked to that litigation, the complexity that1 think there are 36 defendants there. The uncertainty bit atthe fact that it would involve multiple in and complex, the likelihood that those things would be lengthy and complex, the likelihood that those things would be challenged on appeal, and the cost and expense related to that made the determination that settling this matter would broing this proces	10	Q. Well, he didn't need to go and obtain formal	10	of the Reorganized debtors. In light of this case
13 MS. LITTLE: Same objection. 14 THE WITNESS: I think it's the same question, I think, that you asked earlier. But if you want to restate it hopefully we can just get a clear record of what you're asking, and I'm happy to re-answer it. 18 of what you're asking, and I'm happy to re-answer it. 20 BY MS. DIAZ: 21 Q. Sure. All right. Let's switch gears. So you are sitting today on behalf of the Reorganized debtors. Did the Reorganized debtors employ any were in their best interest. Was there any kind of Page 38  1 formal process? 2 MS. LITTLE: I just want to get an objection on the record that to the extent you're seeking information that's based on communications between defendants and outside counsel, I'm going to instruct Ms. Paul not to answer that. 3 MS. DIAZ: 4 MS. DIAZ: 5 MS. DIAZ: 6 MS. DIAZ: 7 MS. LITTLE: 1 just want to get an objection on the record that to the extent you're seeking information that's based on communications between that. 8 MS. DIAZ: 9 MS. DIAZ: 1 I don't intend my question to ask about attorney/client communications. My question to ask about attorney/client communications. My question to ask about communications at all. It just asks if there was any kind of process that the Reorganized debtors went through in order to evaluate the terms of the settlement in respect to their own interests. 20 What was that process? 21 LTME WITNESS: Yes. 22 BY MS. DIAZ: 23 Q. What was that process? 24 A. So the negotiations to come to these terms of the settlement in respect to curred over the course of months, but really in the fact that it would bring the high points of why you believe that to be true? 24 A. Sure. Absolutely. So for the Reorganized Debtors why you believe that to be true? 25 A. Sure. Absolutely. So for the Reorganized Debtors why you believe that to be true? 26 A. Sure. Absolutely. So for the Reorganized Debtors why you believe that to be true? 27 A. Sure. Absolutely. So for the Reorganized Debtors why you believe that to be true? 28 A. Sure. Absolutely. So for the Reorganized Debtors w	11		11	
THE WITNESS: I think it's the same question, I think, that you asked earlier. But if you want to restate it hopefully we can just get a clear record for what you're asking, and I'm happy to re-answer it.  BY MS. DIAZ:  Q. Sure. All right. Let's switch gears. So you are sitting today on behalf of the Reorganized 2d debtors. Did the Reorganized debtors employ any process to evaluate whether the settlement terms were in their best interest. Was there any kind of Page 38  I formal process?  MS. LITTLE: I just want to get an objection on the record that to the extent you're seeking information that's based on communications between defendants and outside counsel, I'm going to be seeking forgive me. Let me turn this off.  I don't intend my question to ask about attorney/client communications. My question really doesn't ask about communications at all. It just asks if there was any kind of process that the Reorganized debtors only the estates, but also to Princeton, which is an open creditor - or an open a party that's claiming to be a creditor to the Reorganized Debtors that the best interest of the Reorganized Debtors (in the Reorganized Debtors that they sold primary assets, they have repaid all credits other than the contingent claims, or the controversial claims, or t	12	all I'm getting at; right?	12	and this being one of the remaining controversies
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ask about attorney/client 13 related to that made the determination that 14 communications. My question really 15 doesn't ask about communications at all. 16 It just asks if there was any kind of 17 process that the Reorganized debtors 18 went through in order to evaluate the 19 terms of the settlement in respect to 19 their own interests. 20 their own interests. 21 THE WITNESS: Yes. 22 BY MS. DIAZ: 23 Q. What was that process? 24 A. So the negotiations to come to these terms 25 occurred over the course of months, but really in 26 only the estates, but also to Princeton, which is 27 an open creditor or an open a party that's 28 an open creditor or an open a party that's 29 claiming to be a creditor to the Reorganized 20 bebtors. 21 So for the Reorganized Debtors to enter 22 into this agreement that leaves only one 23 controversy left in the Chapter 11 cases, which is 24 litigation to a close and not have ongoing 25 litigation was something that the Reorganized	11	this off.	11	and complex, the likelihood that those things would
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THE WITNESS: Yes.  21 controversy left in the Chapter 11 cases, which is 22 BY MS. DIAZ: 23 Q. What was that process? 24 A. So the negotiations to come to these terms 25 occurred over the course of months, but really in 26 controversy left in the Chapter 11 cases, which is 27 the pending adversary with Mr. Kretzer. 28 Q. So the ability to essentially bring 29 litigation to a close and not have ongoing 20 litigation was something that the Reorganized	19	terms of the settlement in respect to	19	So for the Reorganized Debtors to enter
22 BY MS. DIAZ: 23 Q. What was that process? 24 A. So the negotiations to come to these terms 25 occurred over the course of months, but really in 26 the pending adversary with Mr. Kretzer. 27 Q. So the ability to essentially bring 28 litigation to a close and not have ongoing 29 litigation was something that the Reorganized	20	their own interests.	20	into this agreement that leaves only one
Q. What was that process?  Q. So the ability to essentially bring  A. So the negotiations to come to these terms  occurred over the course of months, but really in  occurred over the course of months, but really in	21	THE WITNESS: Yes.	21	controversy left in the Chapter 11 cases, which is
A. So the negotiations to come to these terms occurred over the course of months, but really in litigation to a close and not have ongoing litigation was something that the Reorganized	22	BY MS. DIAZ:	22	the pending adversary with Mr. Kretzer.
occurred over the course of months, but really in 25 litigation was something that the Reorganized	23	Q. What was that process?	23	Q. So the ability to essentially bring
	24	A. So the negotiations to come to these terms	24	litigation to a close and not have ongoing
Page 39 Page 41	1		۱	
	25		25	litigation was something that the Reorganized

1	Debtors thought was beneficial to them; right?	1	other than these two. So they were both taken into
2	A. There is a significant amount of cost and	2	account.
3	expense to the estate in continuing that	3	Q. Okay. Sometimes your counsel refers to
4	litigation. So, yes.	4	Princeton as an alleged creditor. That's why I'm
5	Q. Did the Reorganized Debtors go through a	5	asking specifically I mean to the receiver as an
6	similar process in evaluating whether the	6	alleged creditor. So that's why I want to
7	settlement, that we are here to talk about today,	7	specifically know if there were any other
8	was in the best interest of creditors of the	8	considerations that were given to the interest of
9	estate?	9	the receiver in evaluating this claim.
10	A. It did.	10	A. And I do believe that's correct to refer to
11	Q. What was that process?	11	both Princeton and the receiver as alleged
12	A. All of that process was one in the same. As	12	creditors because their proofs of claim are one,
13	I mentioned, only the two remaining I'm not sure		they have not been allowed and two, they have been
14	what the correct bankruptcy term is, but Princeton	14	objected to. So they are not they haven't yet
15	and the receiver are the only two remaining	15	been deemed creditors of the estate.
16	possible creditors to the estate. All of their	16	But nonetheless, the Reorganized Debtors
17	allowed claims have been paid.	17	did consider both Princeton and the receiver
18	And, so, what this settlement does is it	18	regardless of whether or not they are actually
19	brings resolution to one of those two, and it	19	creditors of the estate because they were both open
20	actually paves the way for resolution of the	20	litigation of the estate.
21	second. And so, this settlement not only provides	21	Q. Would you agree as a representative of the
22	finality and certainty to the Reorganized Debtors	22	Reorganized Debtors that protracted an ongoing
23	about future costs and litigation risks of the	23	litigation in the future would not be in the best
24	estate, but also provides obviously Princeton is	24	interest of the receiver?
25	in support of this and is a potential creditor.	25	A. I can't speak for the best interest of the
	Page 42		Page 44
1	And with the enhanced security that it provides,	1	receiver.
2	the receiver, should he ever obtain a fee award	2	Q. Well, was that considered by the Reorganized
3	that is for which it is sufficient funds to make	3	Debtors when they were in terms of the
4	whole, there's also a path for collection for him	4	settlement?
5	there.	5	A. Yes and I'm just you might just need
6	So this settlement is undoubtedly in the	6	to rephrase your question. I'm getting a little
7	best interest of both the estate and any possible	7	confused by what you're asking me. I believe what
8	remaining creditors.	8	you're asking me is the 9019 Standard, which is did
9	Q. You may have just answered the question I'm	9	the Reorganized Debtors in recommending this
10	about to ask you, but I'm going to ask it to make	10	Settlement Agreement consider both the estates, and
11	sure there's not something else of what you just	11	the both interest of creditors, and I believe I
12	said.	12	have answered that.
13	My question was directed to what the	13	And now you're asking me then you asked
14	Reorganized considered when it came to creditors	14	if I considered Princeton and the receiver
15	generally. Did the Reorganized Debtors employ any	15	regardless of whether they are creditors or not,
16	process to specifically consider what was in the	16	and I believe I answered that. And now you're
17	best interest of the receiver in this case?	17	asking me if I think that prolonged litigation is
18	A. Yes, it did.	18	in the best interest of the receiver. I don't know
19	Q. What was that process? If it was different	19	that that's a question relevant. But I don't think
20	from what you just described?	20	in my personal opinion and of the Reorganized
21	A. No. It's all one in the same. The	21	Debtors, prolonged litigation is always an expense
22	Reorganized Debtors considered the only I guess	22	of a costly process, and if it can be avoided for
23	I just want to you probably are aware of this,	23	terms that make sense to the estate, when you are
1 -	I just want to you probably are aware of this,		
24	but at this stage in the case, like I mentioned,	24	weighing the balance of that, then I think that's a
1		24 25	
24	but at this stage in the case, like I mentioned,		weighing the balance of that, then I think that's a

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1	Q. Would you also agree then that if the	1	Q. During that status conference, one of the
2	Settlement Agreement, that we marked as Exhibit 3	2	Squire Patton Boggs lawyers mentioned that there is
3	that we are here to talk about today, actually	3	a note agreement that's being prepared in
4	would result in additional litigation for the	4	connection with the assignment.
5	receiver as opposed to putting off litigation, that	5	Do you recall hearing that?
6	that would not be a factor that would weigh in	6	A. Yeah. I think that there was some confusion
7	favor in the interest of the receiver?	7	there. The reference was and we and I'm
8	MS. LITTLE: Objection. Form.	8	happy to walk you through this. I think the
9	THE WITNESS: I'm not really sure I	9	question at the time was how was the payment being
10	understand your question. I'm not aware	10	made by Phoenix. And I think counsel misspoke and
11	of any additional litigation or	11	said there was a loan between the Reorganized
12	otherwise.	12	Debtors and Phoenix, but that's not accurate.
13	And, quite honestly, there's	13	Q. Okay. Well, I am going to ask you about
14	so much litigation cost by the receiver	14	that before we get to that. So there is no
15	that, you know, we the Reorganized	15	additional document that's forthcoming with regard
16	Debtors have attempted to resolve things	16	to the settlement in the way of a loan agreement
17	with the Receiver and have not been able	17	then?
18	to get counsel on the phone to do so in	18	A. No. There is no loan agreement necessary
19	that regard. And so, to the extent of	19	between the parties here for the purposes of having
20	additional litigation for another party,	20	the Settlement Agreement approved. Right. We are
21	I don't think I'm in a position to speak	21	getting the parties submitted this to the Court
22	to that.	22	for purposes of those entities that need the
23	MS. DIAZ: Objection.	23	authority to release the reserve, which is the
24	Nonresponsive.	24	Reorganized Debtors, and settle the proceeding. So
25	BY MS. DIAZ:	25	all of those documents are included here.
	Page 46		Page 48
1	Q. We are looking at what I have marked as	1	Q. Okay. I'm going to ask you about that
2	Exhibit 3. This is actually part of the Settlement	2	payment arrangement in a second. So are there any
3	Agreement. This was filed with the Court by Squire	3	other documents that you are aware of as you sit
4	Patton Boggs on September 2. And later, there were	4	here today that the parties are undertaking to
5	some additional exhibits that were filed to the	5	draft to finalize the Settlement Agreement, should
6	Court and provided to us.	6	it be approved by the Court?
7	Does the Settlement Agreement that you	7	A. Can you clarify when you say parties? Who
8	are looking at and all of the attachments that are	8	are you talking about? Because everything between
9	referred to it constitute the entire settlement	9	the parties opposite each other here is provided
10	between these parties and Princeton?	10	here in this agreement. So there are no other
11	A. Yes.	11	documents that are necessary to effectuate this
12	Q. Are there any side agreements or separate	12	agreement than those that are have been tended
13	agreements that reflect additional terms of the	13	to the Court.
14	settlement?	14	Q. Okay. Is Princeton receiving any kind of
15	A. No.	15	promise or consideration separate and apart from
16	Q. Are there any documents that still need to	16	what is being promised in this Settlement
17	be drafted in order to memorialize what the parties	17	Agreement?
18	have agreed to in connection with the settlement?	18	A. No.
19	A. No.	19	Q. In other words, is there any kind of
20	Q. Were you at the status conference, by phone	20	separate business deal or business relationship
21	at least, this past week with Judge Larson to	21	that are emerging out of the negotiations that are
22	discuss the settlement?	22	leading up into the up to the execution of the
23	A. I was.	23	Settlement Agreement?
24	Q. You were?	24	A. No. In fact, the purpose of this settlement
25	A. Yes.	25	agreement is to bring finality between finality
	Page 47		Page 49

1 and the end of the relationship between Princeton 2 and the opposite parties indefinitely. There will 3 be no future relationship. 4 Q. Are there any documents that reflect the 5 obligations of Princeton going forward upon 6 assignment of the notes, and judgment and 6 transaction documents to Phoenis? 7 A. They are all attached to this agreement. 8 A. They are all attached to this agreement. 1 is supposed to do. 1 is supposed to do. 2 It reflects certain documents to escrow. 13 And upon payment, those documents are released to 14 counsel for the opposing parties, who will then 15 ille the relevant substitutions and whatnut, and 16 Princeton has no further obligations to not take an 18 adverse position from the World Class parties or 19 the GVS parties? 20 A. To the extent that thuse reps or covenants 21 are required they're also in this agreement. There 22 are no other agreements, or obligations, or 22 ovenants, or reps or anything of any sort between 23 covenants, or reps or anything of any sort between 24 Princeton and the opposing parties, than what's in 25 this fulsome agreement with the exhibits. 25 the GVS parties? 26 A. I do. 27 Term Sheet shat was filed with the Court by 28 MS, DIAZ: 39 (A. I do. 30 (Brith Term Sheet that Ms, Ross filed with 20 (D. I referred earlier in your deposition to a 20 Term Sheet that was filed with the Court by 31 MS, Ross back on August 27. I'm harpy to mark it as Exhibit 4. I can pull it up for you. But when 32 abour? 34 A. I believe so of laptaches, or 20 (D. Reps 52) 35 (D. O, I and the rem Sheet that Ms, Ross filed with 36 (Brith Term Sheet that was filed with the Court by 37 MS, Ross back on August 27. Tim harpy to mark it as Exhibit 4. I can pull it up for you. But when 38 (Brith Term Sheet that was filed with the Court by 39 MS, Ross back on August 27. Tim harpy to mark it as Exhibit 4. I can pull it up for you. But when 40 (D. I referred earlier in your deposition to a 41 Term Sheet that was filed with the Court by 41 O, I nother words, there might be other 42 the Co				
be no future relationship.  Q. Are there any documents that reflect the obligations of Princeton going forward upon a sarignment of the notes, and judgment and transaction documents to Phoenix?  A. They are all attached to this agreement.  Princeton's only obligation is and there is a section in this agreement that says what Princeton is supposed to do.  It tenders certain documents to escrow.  And upon payment, those documents are released to coursel for the opposing parties, who will then file the relevant substitutions and whatnot, and Princeton has no further obligations.  Princeton has no further obligations.  Q. What about obligations to not take an adverse position from the World Class parties of the GVS parties?  A. To the extent that those reps or covenants are roughted they're also in this agreement. There are no other agreements, or obligations, or are no oranything of any sort between Princeton and the opposing parties than what's in this fulsome agreement with the exhibits.  Page 50  1 Q. I referred earlier in your deposition to a Term Sheet that was filed with the Court by in dentification.)  B. M. S. Ross back on August 27. Im happy to mark it as Exhibit 4. I can pull it up for you. But when show you what I am talking about.  A. I do, that was released to connect agreement with the and the opposing parties than what's in the file of the remained and comprehensive agreement that the remained of the court by	1	and the end of the relationship between Princeton	1	Term Sheet, the Term Sheet calls for the
4 Q. Are there any documents that reflect the obligations of Princeton going forward upon assignment of the notes, and judgment and transaction documents to Princeton? A. A. They are all attached to this agreement.  9 Princeton's only obligation is — and there is a section in this agreement that says what Princeton is supposed to do.  12 It tenders certain documents to escrow.  13 And upon payment, those documents are released to counsel for the opposing parties, who will then the princet for the opposing parties, who will then the princet and the princet has no further obligations.  17 Q. What about obligations to not take an adverse position from the World Class parties or the GVPs parties?  18 adverse position from the World Class parties or the GVPs parties?  20 A. To the extent that those reps or covenants are required they're also in this agreement. There are no other agreements, or obligations, or covenants, or reps or anything of any sort between a Princeton and the opposing parties than what's in this fulsome agreement with the exhibits.  10 Q. I referred earlier in your deposition to a Term Sheet that was filed with the Court by defining advour?  11 Q. I referred earlier in your deposition to a Term Sheet that was filed with the Court by defining about.  12 Term Sheet that was filed with the Court by defining about.  13 And upon payment, those documents are released to comuse for the opposing parties. Who will then the count the final "Term Sheet" are no other agreement between the parties. And lone the prince of the Court by approval of the Court. Once the Court gives its approval of the Settlement Agreement that reflects the same.  12 Term Sheet that was filed with the Court by a show you what I am talking about.  13 A. To the extent that they reps or covenants are required they're also in this agreement. There are no other agreement with the exhibits.  14 The WITNESS: That's all right.  15 Term Sheet that was sameted for its of the Court by a show you want that talking about.  15 Term Sheet that wa	2	and the opposite parties indefinitely. There will	2	preparation of this Settlement Agreement. That was
bilgations of Princeton going forward upon assignment of the notes, and judgment and transaction documents to Phoenix? A. They are all attached to this agreement. Section in this agreement that says what Princeton sort only obligation is and there is a section in this agreement that says what Princeton is supposed to do. It is do the term is the stellment agreement that many times the consistent is supposed to the court of the	3	be no future relationship.	3	the purpose of the Term Sheet. I think that's the
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Page 51 Page 53	25		25	that you and I were just discussing; right?
		Page 51		Page 53

1 A. That's right. 2 Q. And it says here in the last sentence of that recital that the Settlement Agreement, which we marked as Exhibit 3, is a new is new and separate from the settlement of the Term Sheet; correct? 3 A. That's right. 4 Q. Okay. Let me now ask you to look at paragraph 15C. In paragraph 15C states the term very last sentence to the Settlement Term Sheet, which shall remain in force and effect. 1 Which shall remain in force and effect. 2 Do you see that? 3 A. Hmm-hmm. 4 Q. So it's your interpretation and understanding that this agreement that once it's extinguished? 4 A. That's right. I can help illuminate that. 5 So the Term Sheet provided that the parties would memorialize a settlement agreement. I helieve that was also discussed with the U.S. rustee and Judge Larson as well that a full you know, all of the full terms and the fill and final agreement that has not yet be been approved. 5 you're looking at an agreement that has not yet be been approved. 6 And, so, the purpose of the provisions of the Term Sheet, which had its own remedies and requirements in the case of the full and final agreement that has not yet be been approved. 6 And, so, the purpose of the provisions of the lack of Court approval, including that the parties should negotiate in good faith and things like that. 6 Q. All right. So if the Court does approve that, would hand final agreement that has not yet be been approved. 7 And, so, the purpose of the provisions of the Term Sheet with the Great Value parties should negotiate in good faith and things like that. 9 Q. Whose was it what's referred to as the only purchase had parties who requested paragraphs five and six of the Term Sheet. Was it the Great Value parties who requested paragraphs five and six of the Term Sheet. Was it the organization shall be the full and final agreement, and if it was not approved, we rever that to the Term Sheet, which had its own remedies and requirements in the case of the full and final agreement is a parties should negotiate in				
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4 required Princeton to take certain actions with respect to abatement of the bankruptcy proceeding and also providing information to Judge Davis in A. That's right.  9 Q. Okay. Let me now ask you to look at paragraph 15C. In paragraph 15C states the term—the paragraph 15C in paragraph 15C states the term—the paragraph 15C. In paragraph 15C states the term—the paragraph 15C. In paragraph 15C states the term—the paragraph 15C. In paragraph 15C states the term—the paragraph 15C in paragraph 15C states the term—the paragraph 15C. In paragraph 15C states the term—the paragraph 15C states the term 15C stat	1		2	Q. I'm happy to pull this up. Do you remember
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25 By, yes, this is the full and final agreement that 25 A. I don't. The reason is because the Term	23	agreement. And we are happy to make any	23	recall at whose suggestion paragraphs five and six
	24	clarifications that you might require to show that.	24	were inserted into the Term Sheet?
Page 55 Page 57	25		25	
		Page 55		Page 57

1	Sheet it wasn't like we requested something and	1	the 9019 proceedings, as well as
2	Princeton requested something. It was the product	2	requesting privileged communications
3	of many, many phone calls and negotiations. So I	3	with outside counsel.
4	don't recall exactly how it ended up in here.	4	MS. DIAZ: Number one, it's really
5	Q. Do you recall whether any of the parties	5	a yes or no question if documents exist.
6	requested that it be taken out in connection with	6	So it's not asking for privileged
7	the Settlement Agreement that was ultimately	7	communication. And I certainly think
8	executed by the parties?	8	when the Court is evaluating the impact
9	A. We did want to clarify, based on Judge	9	of this Settlement Agreement under rule
10	Larson's comments the other day, that she has only	10	9019, it's fair for us to be able to
11	got authority to order parties to do things in her	11	tell her whether or not additional
12	court. So I recall, you know, that that was taken	12	litigation against the Receiver is being
13	into consideration.	13	contemplated as part of this settlement.
14	But again, I don't know that these two	14	MS. LITTLE: Future litigation is
15	paragraphs made it in and then were taken out.	15	irrelevant to the 9019 Motion.
16	What I do know is that the parties to keep, to	16	MS. DIAZ: So you're instructing
17	ensure that the requests before Judge Larson were	17	Ms. Paul not to answer?
18	only related to her jurisdiction and her court.	18	MS. LITTLE: I am instructing
19	Q. Among the attachments to the Settlement	19	Ms. Paul not to answer.
20	Agreement that we recently saw and I believe they	20	MS. DIAZ: Okay.
21	were attached as Exhibit E, there were some draft	21	THE WITNESS: I think what might be
22	proceedings that had been signed by counsel for	22	helpful here too, to the extent that it
23	Princeton to substitute in Phoenix or Princeton in	23	could be relevant to the Reorganized
24	pending matters.	24	Debtor, the Reorganized Debtors don't
25	Do you know what I am talking about?	25	intend to initiate any other litigation
23	Page 58	23	Page 60
			<del>-</del> <del>-</del>
1	A. I do.	1	in this bankruptcy case. The purpose of
2	Q. Okay. Were there any other documents like	2	this Settlement Agreement is to resolve
3	that that are currently being drafted or that are	3	the open issues in this bankruptcy case.
4	anticipated with respect to steps to be taken in	4	I think that is what is relevant to the
5	litigation involving the Receiver?	5	estate.
6	A. With Princeton? No.	6	BY MS. DIAZ:
7	Q. What about with Phoenix?	7	Q. Are you able now to I put the Settlement
8	A. I don't think that's relevant to the 9019	8	Agreement back up, Exhibit 3.
9	Motion.	9	A. No. You are on your file folder again.
10	Q. Well	10	Q. Oh. Sorry. Can you see it now?
11	A. The future litigation strategy of Phoenix,	11	A. Yes.
12	this not one, I'm not authorized to I think	12	Q. Okay. Give me a second. I'm going to take
13	that's attorney/client privilege information with	13	you to page eight of the agreement, which talks
14	respect to what Phoenix and its outside counsel had		about the payment terms.
15	discussed. And then two, I don't think it's	15	A. Hmm-hmm.
16	relevant. I think you are going to need to clarify	16	Q. So paragraph two sets forth the terms of the
17	here.	17	payment to Princeton; correct?
18	MS. LITTLE: Can you restate your	18	A. Yes.
19	question, Ms. Diaz?	19	Q. And to put it pretty simply, the settlement
20	THE WITNESS: She asked if there	20	provides for full payment of the notes; correct?
21	was any litigation papers being drafted	21	A. That's how the parties well, the number
22	with respect to the Receiver after the	22	that is reflected in the settlement amount was a
23	note purchase.	23	negotiated number that reflected a lot of different
24	MS. LITTLE: Understood. I'm going	24	things related to the judgment and the pending
25	to object to it as being irrelevant to	25	litigation.
	Page 59		Page 61
	e e e e e e e e e e e e e e e e e e e		

		1	The independent of the manuscription of the
1	Q. And my question wasn't even meant to be that	1	The judgment is the memorialization of the
2	difficult. But the bottom line is the notes were	2	obligations and the litigation related to the note.
3	already paid in full; correct?	3	So it's all part of the same.
4	A. No. That's not true. The notes will remain	4	Q. So what is the business reason, as you
5	outstanding because the notes will be held by	5	understand it, why rather than allowing Princeton
6	Phoenix Lending.	6	to be paid in full the balance owed under the note
7	Q. Well, explain that to me, Ms. Paul. After	7	of judgment and then have Princeton release the
8	Princeton receives this \$11 million dollars, what	8	assignee on the note, how does it benefit Princeton
9	monies are still going to be owed on the notes to	9	for the notes to be sold? For the judgment to be
10	Princeton?	10	sold?
11	A. Well, the notes are being sold to Phoenix	11	A. I believe I just answered that question.
12	Lending. So, you know, loans trade all of the time	12 13	First of all, Princeton can best speak to its
13	in commercial lending. So Princeton will no longer		benefits. But from the Reorganized Debtors
14	be the lender under the notes. Phoenix Lending will be the lender under the notes. This now	14	standpoint, this ensures that Princeton there
15		15	are there's no further litigation, or no further
16	reflects the consideration paid to Princeton for	16	actions that need to be taken by Princeton to
17	selling its note.	17 18	resolve the open litigation or no matters between the Reorganized Debtors debts and Princeton.
18 19	Q. So if Phoenix Lending decides to turn around	19	Q. Do you mean the open matters between
	and sell the note, how will it set the amount its	20	Princeton and the Receiver?
20	owed under that instrument?	21	
21 22	A. Well, the note and instrument speak for itself. They remain as they are. The terms of the	22	A. No. I mean the open matters between the Reorganized Debtors and Princeton.
23		23	Q. What
23	note, the terms of the judgment remain as they are.  If Phoenix then sells the note to somebody else, I	24	A. For example so if the note were paid,
25	mean that's its own business decision.	25	Princeton still has to wind down the receivership,
23	Page 62	23	Page 64
1	Q. So you are saying that even though Princeton	1	it still has to get accounting, it still has to
2	is getting paid the amount it sought when it filed	2	dismiss the litigation, it has to deal with all of
3	suit on the notes, and in fact, it's being fully	3	the appeals. And with Phoenix Lending in that
4	paid in the amount of a judgment; correct?	4	position it can take the necessary actions it needs
5	A. Princeton is selling the note. Princeton is	5	to wind that down and allow Princeton to move on.
6	not collecting on the note; right? Princeton is	6	Q. So that's what Phoenix's intent is is
7	selling its position. And the reason for that is	7	going to be with respect to its acquisition and the
8	that we wanted to give Princeton finality here.	8	judgment then; is that right?
9	The note purchase facilitated Princeton's exit from	9	A. I can't speak to Phoenix's intentions.
10	this dispute, so that it would not have any future	10	Phoenix will make its decision as to what it
11	obligations that would be necessary in resolving	11	intends to do with the note that it purchased.
12	anything related to the note or the judgment.	12	Q. Well, that means your brother, Mr. Paul,
13	Q. What future obligations did Princeton have	13	will make that decision; correct?
14	related to the note or the judgment?	14	A. That's right.
15	A. Any well, let me back up. Whatever those	15	Q. Okay.
16	may be because it's no longer the noteholder	16	A. On behalf of the entity that purchased the
17	Princeton any of Princeton's rights, or	17	note.
18	obligations or otherwise under the note seized.	18	Q. So on behalf of the entity, Mr. Paul will
19	Just like people sell notes all of the time.	19	decide the windup and receivership to get
20	People sell loans all of the time. Banks sell them	20	accounting to challenge the receivership fee and
21	to each other. They sell them to private lenders.	21	will take other actions with respect to the
22	This is a note sale.	22	receivership note; correct?
23	Q. What about the judgment?	23	A. I don't believe that
		0.4	MC LITTLE OF STREET
24	A. Yes. The judgment is sold as well. The	24	MS. LITTLE: Objection. Form.
		24 25	MS. LITTLE: Objection. Form. THE WITNESS: I don't think you Page 65

1			
1	recounted what I said. Correctly what I	1	alleviate that burden from Princeton?
2	said is that the new noteholder will	2	A. That all of this is part and parcel to the
3	make business decisions as to what it	3	Settlement Agreement. This entire arrangement is
4	intends to do with the asset it	4	not severable. In order for the Reorganized
5	purchased. And those are among	5	Debtors to close its case, it had to come to an
6	possibilities, but, you know, that's	6	agreement, and a settlement as to this open
7	irrelevant quite frankly to the	7	adversary proceeding.
8	resolution between Princeton.	8	So all of that together results in the
9	You asked the question why it	9	9019 Motion that we filed and the Settlement
10	facilitated this way. And in an effort	10	Agreement, which resolves litigation to Reorganized
11	to bring finality to the open disputes	11	Debtors.
12	between the Reorganized Debtors and	12	Q. How specifically then does structuring this
13	Princeton, facilitating Princeton out	13	as a note in judgment sale benefit the Reorganized
14	and the purchase of its note brought all	14	Debtors?
15	matters between Princeton and these	15	A. It's all part and parcel of the there's
16	parties to an end.	16	no way for me to answer your question because the
17	BY MS. DIAZ:	17	Settlement Agreement is an entire document and that
18	Q. Once Princeton receives the balance owed on	18	is a portion of it. And, so, over the course of
19	the judgment and/or notes well the notes were	19	several weeks of negotiation, this was the deal the
20	merged into the judgment. But once it received	20	parties were able to reach. So if the Reorganized
21	those funds, what additional obligations would it	21	Debtors want the benefit of this deal, this is the
22	have had to the Reorganized Debtors?	22	structure.
23	A. I think you are asking me a hypothetical	23	MS. DIAZ: Objection.
24	question so I'm not really sure and a legal	24	Nonresponsive.
25	question. I'm not really sure how to answer it.	25	BY MS. DIAZ:
	Page 66		Page 68
1	Q. You brought it up, Ms. Paul. I guess I just	4	
1	Q. Tou brought it up, Ms. Faul. T guess I just	1	Q. One of the issues that I do believe will be
2	don't understand what kind of continuing	2	Q. One of the issues that I do believe will be addressed by the Court is a demonstration that
			addressed by the Court is a demonstration that structuring the Settlement Agreement this way is in
2	don't understand what kind of continuing	2	addressed by the Court is a demonstration that
2 3	don't understand what kind of continuing obligations there would be to the Reorganized	2 3	addressed by the Court is a demonstration that structuring the Settlement Agreement this way is in
2 3 4	don't understand what kind of continuing obligations there would be to the Reorganized Debtors who aren't even parties to the notes, and	2 3 4	addressed by the Court is a demonstration that structuring the Settlement Agreement this way is in the best interest of the Reorganized Debtors. So
2 3 4 5	don't understand what kind of continuing obligations there would be to the Reorganized Debtors who aren't even parties to the notes, and the judgment or even ongoing obligations to World	2 3 4 5	addressed by the Court is a demonstration that structuring the Settlement Agreement this way is in the best interest of the Reorganized Debtors. So are you unable to answer that question?
2 3 4 5 6	don't understand what kind of continuing obligations there would be to the Reorganized Debtors who aren't even parties to the notes, and the judgment or even ongoing obligations to World Class Capital Group or GVS. I'm not seeing why and	2 3 4 5 6	addressed by the Court is a demonstration that structuring the Settlement Agreement this way is in the best interest of the Reorganized Debtors. So are you unable to answer that question?  A. I believe I answered your question directly
2 3 4 5 6 7	don't understand what kind of continuing obligations there would be to the Reorganized Debtors who aren't even parties to the notes, and the judgment or even ongoing obligations to World Class Capital Group or GVS. I'm not seeing why and I'm asking for you to help me understand.	2 3 4 5 6 7	addressed by the Court is a demonstration that structuring the Settlement Agreement this way is in the best interest of the Reorganized Debtors. So are you unable to answer that question?  A. I believe I answered your question directly actually. I said that this was the settlement
2 3 4 5 6 7 8	don't understand what kind of continuing obligations there would be to the Reorganized Debtors who aren't even parties to the notes, and the judgment or even ongoing obligations to World Class Capital Group or GVS. I'm not seeing why and I'm asking for you to help me understand.  A. I think what you are asking me is in the	2 3 4 5 6 7 8	addressed by the Court is a demonstration that structuring the Settlement Agreement this way is in the best interest of the Reorganized Debtors. So are you unable to answer that question?  A. I believe I answered your question directly actually. I said that this was the settlement agreement the parties were able to achieve to
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2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	don't understand what kind of continuing obligations there would be to the Reorganized Debtors who aren't even parties to the notes, and the judgment or even ongoing obligations to World Class Capital Group or GVS. I'm not seeing why and I'm asking for you to help me understand.  A. I think what you are asking me is in the hypothetical world in which Princeton was able to fully collect on its note or judgment, what would its obligations then be. It would need to stop all collection efforts. It would need to wind down any collection efforts that it undertook. It would need to dismiss the underlying litigation. There's a whole host of things that would have to happen to seize any litigations that it commenced in connection with collection of that judgment or note. And that could be a long process.  And, so, Princeton probably had to make a determination about whether it wanted to continue in that process or sell its position, which is what a lot of lenders do when they are in this position.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	addressed by the Court is a demonstration that structuring the Settlement Agreement this way is in the best interest of the Reorganized Debtors. So are you unable to answer that question?  A. I believe I answered your question directly actually. I said that this was the settlement agreement the parties were able to achieve to resolve the litigation for the Reorganized Debtors. And all of the terms of it are part and parcel of that settlement.  Q. So other than the fact that this resolved the litigation with Princeton, there is nothing specific about structuring the transaction as an alleged note judgment sale that specifically benefits the Reorganized Debtors?  A. I didn't say that. I don't think you are asking a question. I do believe I have asked and answered this question a couple of time, which is that all terms of this agreement were considered, and negotiated wholistically. And it is the result of those negotiations and the total memorialization that allows us to come to this 9019 settlement.

1	these terms were negotiated wholistically, and	1	A. Sure. So the reserve funds are currently
2	arm's length and over the course of a long period	2	held the reserve funds from where this will come
3	of time. So I can't parse out any one particular	3	are currently the Reorganized Debtors' funds.
4	provision and its impact. You have to look at the	4	Those funds will otherwise be distributed to
5	thing as a whole. We would not be able to come to	5	equity, pending the resolution of the restrictions
6	another settlement without the terms as we have	6	on those funds pursuant to the court order that is
7	them here.	7	currently in place.
8	Q. Why not?	8	So with this Settlement Agreement, those
9	A. Because that was the parties' agreement.	9	funds will be released to World Class Holdings I,
10	Q. Who wanted to structure this as a note sale?	10	who will then make a loan to Phoenix, who will then
11	Which party?	11	make the payment to Princeton. Now, as a practical
12	A. That parties that was the agreement of	12	matter, this will all happen simultaneously so that
13	the parties.	13	the title company will just direct a payment to
14	Q. Now you had a term sheet that you just told	14	Princeton directly at closing.
15	me is enforceable if the Court doesn't approve	15	Q. Ms. Paul, let me try to parse out what I
16	this. And that agreement, according to the way I	16	think I heard you say, to be sure I leave here
17	read it and the representations made in court by	17	understanding it today. So the monies that are
18	Princeton, is if negotiations fell through on a	18	going to pay Princeton are coming out of what we
19	note purchased, that agreement was going to stand	19	call the Princeton reserve, which is on hold with
20	and Princeton would be paid directly. So	20	the Court; right?
21	A. That's not true. I don't even think you are	21	A. It is on hold at title under court order for
22	asking me a question by the way. So it might be	22	the benefit of Princeton.
23	helpful to ask questions that I could answer. It	23	Q. Right.
24	sounds like you are paraphrasing or kind of	24	A. Yes. So as part of this, the parties are
25	arguing.	25	agreeing to release that reserve for this purpose.
	Page 70		Page 72
1	Q. Yes. Well, I'm happy to be helpful. I	1	Q. Okay. So the money that is being utilized
2	really just need a yes or no answer.	2	to pay Princeton is coming from the Reorganized
3	Are you able to tell me any specific	3	Debtors?
4	business benefit that was rendered to the	4	A. Yes. In the absence of the Princeton
5	Reorganized Debtors by virtue of the fact that this	5	holdback, that would be a distribution to equity.
6	deal of this alleged note sale, apart from the	6	So the first piece of the way this is papered is
7	fulsome and wholesome settlement, is there	7	that if those funds do get distributed to equity,
8	compething appoints about that that you think		that if those funds do get distributed to equity,
	something specific about that that you think	8	World Class Holdings then makes the loan to
9	financially or from a business perspective is	8	
9 10	• •		World Class Holdings then makes the loan to
	financially or from a business perspective is	9	World Class Holdings then makes the loan to Phoenix, which is a special-purpose entity for the
10	financially or from a business perspective is beneficial to the Reorganized Debtors?	9 10	World Class Holdings then makes the loan to Phoenix, which is a special-purpose entity for the purposes of holding the note. And Phoenix then
10 11	financially or from a business perspective is beneficial to the Reorganized Debtors?  A. It is a material term to overall settlement	9 10 11	World Class Holdings then makes the loan to Phoenix, which is a special-purpose entity for the purposes of holding the note. And Phoenix then pays Princeton.
10 11 12	financially or from a business perspective is beneficial to the Reorganized Debtors?  A. It is a material term to overall settlement agreement that cannot be parsed out. I feel like I	9 10 11 12	World Class Holdings then makes the loan to Phoenix, which is a special-purpose entity for the purposes of holding the note. And Phoenix then pays Princeton.  But as a practical matter, because all of
10 11 12 13	financially or from a business perspective is beneficial to the Reorganized Debtors?  A. It is a material term to overall settlement agreement that cannot be parsed out. I feel like I tried to answer that question for you. If there's	9 10 11 12 13	World Class Holdings then makes the loan to Phoenix, which is a special-purpose entity for the purposes of holding the note. And Phoenix then pays Princeton.  But as a practical matter, because all of the parties are signing onto this agreement, those
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1	Q. And then special-purpose entity, meaning	1	its note to Phoenix Lending, just like this
2	Phoenix is created solely for purposes of	2	agreement says.
3	purchasing the notes in the judgment; correct?	3	Q. Is that information going to be documented
4	A. For holding of the for purchasing the	4	in the books and records of World Class Holding I?
5	notes in the judgment and receiving the asset,	5	A. Yes. It will need to be.
6	which is the note and the judgment. The purpose of	6	Q. Is it already there? Or is it something
7	the entity is to operate as a noteholder or a	7	that's going to happen in the future?
8	lender, you could call it.	8	A. Well, the transaction hasn't happened. So
9	Q. And then step three after that loan is made,	9	it can't be documented yet.
10	then the money is what?	10	Q. Okay. Similarly then I assume, if you can
11	A. Paid and purchased from the note in the	11	answer this, that Phoenix doesn't have any kind of
12	judgment.	12	internal accounting records that would show the
13	Q. That's paid from Phoenix to Princeton?	13	terms of the loan back and forth between World
14	A. Yes.	14	Class Holdings I. Am I correct?
15	Q. But I'm confused because the Settlement	15	A. There is no back-and-forth. It's a loan.
16	Agreement says and the escrow instructions say that	16	And, also, this transaction hasn't happened yet.
17	the money is going to be released from Fidelity,	17	So when the transaction when we get approval and
18	the title company, directly to Princeton?	18	the transaction happens, just like any transaction,
19	A. That's right. That's the last piece of what	19	if you buy something, sell something, pay
20	I said. I said as a practical matter, because all	20	something, whatever, it goes in the accounting
21	of this is happening at the same time; it's getting	21	books when it happens.
22	released directly from titles.	22	Q. And has a determination been made, as we sit
23	So what I just told you will be the	23	here today, as to what the terms are going to be
24	internal accounting of it, but the funds will	24	between Phoenix and World Class Holdings I with
25	actually just go directly from the title reserve to	25	regarding to paying back the money on this loan?
	Page 74		Page 76
1	Princeton at closing. The parties are all agreeing	1	A. I don't think that's relevant to the 9019
2	to that.	2	Motion.
3	Q. And you mentioned in your answer something	3	Q. Well, you don't get to decide that,
4	about that's what's getting papered up?	4	Ms. Paul. So unless your attorney instructs you
5	A. I don't think I said that.	5	not to answer, I would like to know the answer to
6	Q. I thought you said that. Maybe I don't	6	that question.
7	know if you meant papered up or internal	7	MS. LITTLE: I'm going to object to
8	accounting, but that's my question. Where is all	8	it as outside the scope of this
9	of this going to be documented, if anywhere, with	9	proceeding.
10	regard to the World Class Holding loan to Phoenix,	10	BY MS. DIAZ:
11	and then the subsequent funding by pass-through, I	11	Q. Who is Phoenix is Phoenix going to be
12	guess you could call it, or allusion to Princeton?	12	obligated to pay anyone back once it borrows this
13	MS. LITTLE: Objection. Form.	13	money from World Class Holdings I to buy the notes
14	THE WITNESS: I don't think I said	14	and the judgment?
15	the word allusion. I don't think that's	15	A. Yes. It's obligated to World Class Holdings
16	appropriate. This is all documented in	16	I.
17	the books and records of those	17	Q. Okay. I'm asking if there are any
18	companies.	18	determined payment terms as to how, when and in
19	BY MS. DIAZ:	19	what quantities, and what if it doesn't happen,
20	Q. Which documents?	20	assuming that has been documented or that's going
21	A. The ones involved in the transaction.	21	to be decided somewhere down the road.
22	Q. Well	22	A. I think Ms. Little just responded that
23	(Simultaneous talking.)	23	that's outside the scope of the 9019 in this
24	A Reorganized Debtors, World Class Holdings		Motion.
25	I, Phoenix Lending. And then Princeton is selling	25	Q. Well
	Page 75		Page 77

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3 agreement where it says, the assignee, which is 3 (Simultaneous talking.)
4 Phoenix, shall pay for costs to be paid to 4 A equity company in this bankruptcy
5 Princeton. What we've just been talking about is 5 proceeding.
6 what that is supposed to describe; am I correct? 6 MS. DIAZ: Let's go off the record
7 MS. LITTLE: Objection. Form. 7 a second.
8 THE WITNESS: The structure I just 8 THE STENOGRAPHER: Okay. Off the
9 described to you is the structure of the 9 record.
transaction. Yes. 10 (At this time, off the record.)
11 BY MS. DIAZ: (At this time, back on the record.)
normally occur in stages, like you have said, this  Q. Okay. Ms. Paul, when one of the provisions  14 is going to be prove contemporary country.
14 is going to happen contemporaneously?  14 in the Assignment Agreement, which we just saw this
15 A. I don't think it would normally happen in 15 week, it's Exhibit E of the Settlement Agreement,
16 stages. I think it happens all of the time that 16 it requires Princeton to turn over any future
17 transactions close simultaneously. 17 payments for installments on the note or judgment
17 transactions close simultaneously. 18 Q. So 19 payments for installments on the note or judgment to Phoenix for such account for entity as Phoenix
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transactions close simultaneously.  Q. So  A. There's no need for them to happen in stages and I don't think it's normal for them to happen in stages. I think here all of these parties are partied to a Settlement Agreement that's the effect of what's going to happen on the same day.  17 payments for installments on the note or judgment to Phoenix for such account for entity as Phoenix may designate. 20 Do you recall that provision? A. Yes. That's just a standard note assignment. Very standard in the industry. It's just basically obligating that since they are no

that we didn't you know, we didn't have control of when this would get heard or otherwise.  Q. Okay. There is also some conditions to closing the C and B (ph) waive. Have any of those already been waived?  A. Not that I'm aware of. Q. What happens if the Court does not approve of the Settlement Agreement on September 14th when we go back in front of Judge Larson? A. Can you clarify what you mean by what happens?  A. You know, the best thing too is you know, the language in the document speaks for itself.				
coming imo Princeton: correct? Once its sold?  A. There shouldn't be. But if Princeton did get payments for some reason, then it would need to direct those over to Phoenix.  Get incert those over to Phoenix.  Responsible of the patients acquires the note, what is the balance going to be reflected as due on that ponce?  A. We take the note documents as they exist.  So it will be the principal balance on the note and then any accrued interest, legal fees, et cetera.  Everything that Princeton holds right now, Phoenix just step into its shoes. Well, we are to get a fenany accrued interest, legal fees, et cetera.  Phoenix gets to direct where any funds that come in go, is that including payments on the note from a go, is that including payments on the note from a go, is that including payments on the note from a go, is that including payments on the note from a to go, is that including payments on the note from a go, is that including p	1	Q. That's my question. There is not really	1	
4 A. There shouldn't be. But if Princeton did for those over to Phoenix.  5 get payments for some reason, then it would need to direct those over to Phoenix.  6 direct those over to Phoenix.  7 Q. And once Phoenix acquires the note, what is the balance going to be reflected as due on that note?  10 A. We take the note documents as they exist.  11 So it will be the principal balance on the note and then any accrued interest, legal fees, et cotera.  12 then any accrued interest, legal fees, et cotera.  13 Everything that Princeton holds right now, Phoenix just legal fees, et cotera.  14 just step into its shoes. Well, we are to get a possible to the series and the dear of closing. I believe it so one of the deliverables.  17 Q. And when the assignment agreement says that Phoenix gets to direct where any funds that come in go, is that including payments on the note from a possible to the parties that the selling lender does not retain any rights or benefits under the note.  18 pass standard note assignment language that you would see in any note sale. Basically, just making clear to the parties that the selling lender does not retain any rights or benefits under the note.  19 Page 82  1 Q. There is a provision in the Settlement Agreement and the Term Sheet is, in fact, enforceable and a hinding agreement between to the parties that the selling lender does not approve to the parties on your side of the table when it comes to terminating receivership, substituting parties in the appeal and in the Harris County State Court option? What is your understanding of what would happen then?  2 M. There is a provision in the Settlement Agreement and the Term Sheet is, in fact, enforceable and a hinding agreement between to the parties, what obligations would Princeton have to the parties. And within the interpretation, there are decisions that the court did not approve the Settlement Agreement and the Term Sheet is, in fact, enforceable and a hinding agreement between the parties, and in the Harris County State Court option?	2		2	
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11 So it will be the principal balance on the note and the many accrued interest, legal fees, et cetera. 12 Everything that Princeton holds right now, Phoenix 13 Everything that Princeton holds right now, Phoenix 14 just step into its shoes. Well, we are to get a 15 final note accounting on the date of closing. I 15 believe it's one of the deliverables. 17 Q. And when the assignment agreement says that 18 Phoenix gets to direct where any funds that come in 19 go, is that including payments on the note from a 19 new purchaser? 19 A. That's right. I mean, again that's just 19 see in any note sale. Basically, just making clear 10 to the parties that the selling lender does not 19 retain any rights or benefits under the note. 19 Page 82 1 Q. There is a provision in the Settlement 2 Agreement that's termed effective date, but there 19 so to close before - you know, as soon as possible, 10 but before September 19, which is the 1031 exchange deadline. 10 Gwhat his would get heard or otherwise. 10 Gwhat happens if the Court does not approve 10 of when this would get heard or otherwise. 10 Q. What happens if the Court does not approve 10 of the Settlement Agreement on the rose of the Settlement Agreement on the Court would set the hearing. I 19 Use of the Settlement Agreement on the Court would set the hearing. I 19 Use of the Settlement Agreement on the rose of the Settlement Agreement on September 14th when 18 we go back in front of Judge Larson? 19 Q. What happens if the Court does not approve 19 Q. Yeak. I - rits really sort of 14 of the Settlement Agreement on the Settlement Agreement on the Settlement Agreement on the Settlement Agreement on September 14th when 19 Q. Yeak. I - rits really sort of 19 G. Yeak. I - rits really sort of 19 G. Yeak. I - rits really sort of 19 G. Yeak. I - rits really sort of 19 G. Yeak. I - rits really sort of 19 G. Yeak. I - rits really sort of 19	9	note?	9	parties. And within the interpretation, there are
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14	12	then any accrued interest, legal fees, et cetera.	12	think those clients would then need to talk with
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22 standard note assignment language that you would 23 see in any note sale. Basically, just making clear 24 to the parties that the selling lender does not 25 retain any rights or benefits under the note.  Page 82  1 Q. There is a provision in the Settlement 2 Agreement that's termed effective date, but there 3 is no specific provision in the Settlement 4 Agreement, that I can find, that requires closing 5 by a date certainty. Does 6 A. Yeah. Well, that's because we didn't know 7 what date the Court would set the hearing. I 8 believe the motion indicates that our intention is 9 to close before you know, as soon as possible, 10 but before September 19, which is the 1031 exchange 11 deadline. 12 But the reason there is no hard date is 13 that we didn't you know, we didn't have control of when this would get heard or otherwise. 15 Q. Okay. There is also some conditions to 16 closing the C and B (ph) waive. Have any of those already been waived? 17 A. Not that I'm aware of. 18 A. Not that I'm aware of. 29 Q. What happens if the Court does not approve 20 of the Settlement Agreement on September 14th when 21 we go back in front of Judge Larson? 22 A. Can you clarify what you mean by what 23 happens? 24 State Court option? What is your understanding of what would happen then? 24 MS. LITTLE: Objection. Form. 25 Asked and answered.  Asked and answered.  BY MS. DIAZ: 2 Q. You can answer, Ms. Paul.  A. There are no obligations with respect of any of those things until a deal is contaminated without a court approval.  Q. There is an indemnification obligation set forth in paragraph 22, excuse me, paragraph 1E of the Settlement Agreement. I'm happy to pull that up if it will be helpful.  A. Yes. I'm familiar with it. But if there's specific language you want me to look at, it may be better to pull it up. But I'm familiar with the provision.  Q. So can you explain to me how you understand it in very simple terms? What obligation is Phoenix undertaking to indemnifiped actually, if you don't mind bringing pulli	20	new purchaser?	20	comes to terminating receivership, substituting
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1	And so, I can kind of paraphrase it for you. But	1	What is the purpose for that behavior?
2	the indemnification obligation is pretty clearly	2	A. Well, quite honestly, the Receiver has been
3	articulated in the agreement.	3	incredibly litigious, and the parties in
4	Q. Well, I'm flipping through to find it in	4	disagreement couldn't imagine why in this
5	here. What consideration does Phoenix get in	5	circumstance, which benefits him as well,
6	exchange for assuming the indemnification	6	financially and otherwise, he would sue Princeton
7	application?	7	who he would who he was a judgment collector
8	A. It owns the note and the judgment. So it	8	for. But, you know, we all had to contemplate that
9	owns an asset.	9	he may do that.
10	Q. Here we go. It's paragraph E at the bottom	10	And so, this was just to catch all
11	of paragraph seven. I'm really interested in	11	clarification. There's an expectation to the
12	what's accepted from the indemnification	12	indemnified obligations that says that if Princeton
13	obligation. I'll let you read it, and I'll scroll	13	commits gross negligence, fraud, or willfulness
14	when you are ready.	14	conduct, the indemnification doesn't apply. And
15	A. Okay. You can scroll down. I think if you	15	this was just clarifying that if this agreement is
16	maximize your screen, I can see the whole provision	16	deemed to be those things that is not an exclusion
17	at once.	17	to the indemnified obligation. So just a
18	Q. Does that help?	18	clarification.
19	A. You had it maximized and then you made it	19	Q. Okay. You mentioned earlier in your
20	small again. If you just click it once.	20	testimony that you believe the Settlement Agreement
21	Q. Okay.	21	created a path for the receiver. Do you recall
22	A. And if you will zoom out a little bit.	22	saying that?
23	Where it says 106 percent, if you'll make it a	23	A. I do.
24	little smaller, like, 80 percent I should be able	24	Q. Can you explain that?
25	to see the whole thing.  Page 86	25	A. Sure. Yes. So, you know, once this Page 88
	<del>`</del>		1 ago oo
1	Q. Yeah. Now I lost the whole document. I	1	settlement is resolved, the new noteholder will
2	have to pull it back up. Hang on.	2	making a determination as to how it wishes to
3	I'm interested in the part that begins	3	proceed with the collection of the note. There is
4	towards the end of the paragraph that continues on	4	an iteration which it determines it no longer needs
5	to the page we are looking at. It says,	5	a receiver to collect on the note, and the only
6	notwithstanding anything to the contrary.	6	thing left then for the receiver to do is to make
7	A. Can you you need to scroll down. There.	7	an application for its fees, which it needs to do
8	That's good.	8	either way to collect on those. And the only
9	Q. Okay. So in this provision, Phoenix is	9	person who can make that determination would be the
10	indemnifying Princeton for any obligations or	10	state court that appointed him.
11	losses it incurs as a result of what? The sale of	11	And, so, the reason this paves a path is
12	the notes?	12	that upon that fee application and determination of
13	A. As a result of the indemnification	13	the amount, if there's a deficiency in the estates
14	obligations are denied in the first part of this	14	left to satisfy that fee award, this settlement
15	paragraph. It defines losses and expense. And	15	actually made available an additional \$3.5 million
16	those are the that is what is being	16	dollars to satisfy any fee-award deficiency.
17			So to the extent that any of the
	indemnified.	17	-
18	Q. There is a footnote three tied to that	18	resolution of this is actually held up by the
19	Q. There is a footnote three tied to that section. Let's scroll down to that. It says, for	18 19	resolution of this is actually held up by the receiver himself, this should give him comfort that
19 20	Q. There is a footnote three tied to that section. Let's scroll down to that. It says, for voidance of doubt should a court of competence	18 19 20	resolution of this is actually held up by the receiver himself, this should give him comfort that in connection with the finalization of the
19 20 21	Q. There is a footnote three tied to that section. Let's scroll down to that. It says, for voidance of doubt should a court of competence jurisdiction find that the entry into this	18 19 20 21	resolution of this is actually held up by the receiver himself, this should give him comfort that in connection with the finalization of the receivership, the fee award and what have you,
19 20 21 22	Q. There is a footnote three tied to that section. Let's scroll down to that. It says, for voidance of doubt should a court of competence jurisdiction find that the entry into this agreement shall be deemed to be gross negligence,	18 19 20 21 22	resolution of this is actually held up by the receiver himself, this should give him comfort that in connection with the finalization of the receivership, the fee award and what have you, there's no need to continue to litigate because the
19 20 21 22 23	Q. There is a footnote three tied to that section. Let's scroll down to that. It says, for voidance of doubt should a court of competence jurisdiction find that the entry into this agreement shall be deemed to be gross negligence, fraud or willfulness conduct against the Receiver,	18 19 20 21 22 23	resolution of this is actually held up by the receiver himself, this should give him comfort that in connection with the finalization of the receivership, the fee award and what have you, there's no need to continue to litigate because the funds are available to make a payment of any fee
19 20 21 22 23 24	Q. There is a footnote three tied to that section. Let's scroll down to that. It says, for voidance of doubt should a court of competence jurisdiction find that the entry into this agreement shall be deemed to be gross negligence, fraud or willfulness conduct against the Receiver, no exclusion for such gross negligence, fraud or	18 19 20 21 22 23 24	resolution of this is actually held up by the receiver himself, this should give him comfort that in connection with the finalization of the receivership, the fee award and what have you, there's no need to continue to litigate because the funds are available to make a payment of any fee award.
19 20 21 22 23	Q. There is a footnote three tied to that section. Let's scroll down to that. It says, for voidance of doubt should a court of competence jurisdiction find that the entry into this agreement shall be deemed to be gross negligence, fraud or willfulness conduct against the Receiver,	18 19 20 21 22 23	resolution of this is actually held up by the receiver himself, this should give him comfort that in connection with the finalization of the receivership, the fee award and what have you, there's no need to continue to litigate because the funds are available to make a payment of any fee

1			
1	clarification on that. Given that there seem to be	1	permitting Phoenix to step into the shoes of
2	provisions in the Settlement Agreement that permit	2	Princeton while the case is pending on appeal?
3	the Phoenix entity, once it acquires the net and	3	A. Phoenix has to step into the shoes of
4	judgment under the Settlement Agreement, to	4	Princeton in any litigation involving the note and
5	substitute in for World Class Capital and Great	5	the judgment because it is the it will be the
6	Value Storage in both the Harris County action, the	6	noteholder.
7	appeal that ensued from it and the underlying	7	Q. And who will represent Phoenix in the appeal
8	receiver action	8	that's currently substituted in?
9	A. No. It wouldn't substitute in for World	9	A. We haven't made that determination yet.
10	Class Capital and GVS. It substitutes	10	Q. As part of the path for the receiver is
11	Q. I'm sorry. It substitutes from Princeton.	11	there a path board for the receiver that does not
12	A. Princeton. Because it's now the new	12	involve multi-various litigation?
13	noteholder. Just like, again, any time a note	13	A. Absolutely. We have actually offered that
14	sells, when Wells Fargo sells a mortgage to a	14	path. There was a call earlier today that we were
15	securitization, the new party has is the	15	trying to advance that path, but there was a
16	relevant party in those litigations. Yeah.	16	conflict with the Receiver's counsel and wasn't
17	So Princeton no longer has standing in any	17	able to join. But there are many, many paths that
18	of that litigation because it's not the noteholder.	18	don't involve multi-various litigation.
19	Q. So I guess it's unclear to me. So is the	19	We believe that at this point in the
20	plan then for Phoenix, once it acquires the note	20	process reasonable people can come to an agreement,
21	and judgment if the court permits it, to substitute	21	but people need to be reasonable.
22	in to proceed to terminate the receivership at that	22	Q. Even though there's not a specific closing
23	time?	23	date in the Settlement Agreement, you said you were
24	A. Phoenix hasn't made a determination yet.	24	interested in having the settlement approved by
25	Q. Is it the plan of Phoenix to challenge the	25	September 14 because you mentioned a September 19th
	Page 90		Page 92
1	receiver's fee in the Harris County action?	1	1031 deadline?
2	A. I mean	2	A. That's correct.
3	MS. LITTLE: Objection. It's	3	Q. Can you explain to me what's at issue with
4	irrelevant.	4	respect to that September 19 deadline?
5	THE WITNESS: Again, Phoenix can't	5	A. Sure. So the one that 1031s work is that
6	answer that question because the	6	you got a certain amount of time, designated time,
7	receiver hasn't made a fee application.	7	to effectuate a 1031 transaction. All funds that
8	So until he does that, we don't know	8	
		0	will be used for a 1031 need to be in exchange and
9	whether it's objectionable or not.	9	will be used for a 1031 need to be in exchange and used by September 19.
10	whether it's objectionable or not. BY MS. DIAZ:		
		9	used by September 19.
10	BY MS. DIAZ:	9 10	used by September 19.  And, so, as part of this, funds will be
10 11	BY MS. DIAZ:  Q. What happens to the appeal? As I understand your settlement  A. The simple answer is that Phoenix will make	9 10 11	used by September 19.  And, so, as part of this, funds will be released into the 1031. The couple million dollars
10 11 12	BY MS. DIAZ: Q. What happens to the appeal? As I understand your settlement	9 10 11 12	used by September 19.  And, so, as part of this, funds will be released into the 1031. The couple million dollars that are going to be the delta between the
10 11 12 13	BY MS. DIAZ:  Q. What happens to the appeal? As I understand your settlement  A. The simple answer is that Phoenix will make the determination to all of the litigation it's a party to at the time that the settlement occurs.	9 10 11 12 13	used by September 19.  And, so, as part of this, funds will be released into the 1031. The couple million dollars that are going to be the delta between the settlement amount, the indemnification reserve and
10 11 12 13 14	BY MS. DIAZ: Q. What happens to the appeal? As I understand your settlement A. The simple answer is that Phoenix will make the determination to all of the litigation it's a	9 10 11 12 13 14	used by September 19.  And, so, as part of this, funds will be released into the 1031. The couple million dollars that are going to be the delta between the settlement amount, the indemnification reserve and the 15 million that is currently on reserve for
10 11 12 13 14 15	BY MS. DIAZ:  Q. What happens to the appeal? As I understand your settlement  A. The simple answer is that Phoenix will make the determination to all of the litigation it's a party to at the time that the settlement occurs.	9 10 11 12 13 14 15	used by September 19.  And, so, as part of this, funds will be released into the 1031. The couple million dollars that are going to be the delta between the settlement amount, the indemnification reserve and the 15 million that is currently on reserve for Princeton. So a couple more million dollars will
10 11 12 13 14 15 16 17	BY MS. DIAZ:  Q. What happens to the appeal? As I understand your settlement  A. The simple answer is that Phoenix will make the determination to all of the litigation it's a party to at the time that the settlement occurs.  I mean, as you know and without divulging	9 10 11 12 13 14 15 16	used by September 19.  And, so, as part of this, funds will be released into the 1031. The couple million dollars that are going to be the delta between the settlement amount, the indemnification reserve and the 15 million that is currently on reserve for Princeton. So a couple more million dollars will come into exchange.
10 11 12 13 14 15 16 17 18	BY MS. DIAZ:  Q. What happens to the appeal? As I understand your settlement  A. The simple answer is that Phoenix will make the determination to all of the litigation it's a party to at the time that the settlement occurs.  I mean, as you know and without divulging settlement communications there's also ongoing	9 10 11 12 13 14 15 16 17	And, so, as part of this, funds will be released into the 1031. The couple million dollars that are going to be the delta between the settlement amount, the indemnification reserve and the 15 million that is currently on reserve for Princeton. So a couple more million dollars will come into exchange.  As we are finalizing the entirety of the
10 11 12 13 14 15 16 17	BY MS. DIAZ:  Q. What happens to the appeal? As I understand your settlement  A. The simple answer is that Phoenix will make the determination to all of the litigation it's a party to at the time that the settlement occurs.  I mean, as you know and without divulging settlement communications there's also ongoing settlement communications going on with the	9 10 11 12 13 14 15 16 17 18	And, so, as part of this, funds will be released into the 1031. The couple million dollars that are going to be the delta between the settlement amount, the indemnification reserve and the 15 million that is currently on reserve for Princeton. So a couple more million dollars will come into exchange.  As we are finalizing the entirety of the exchange, the ability to use those proceeds before
10 11 12 13 14 15 16 17 18 19 20 21	BY MS. DIAZ:  Q. What happens to the appeal? As I understand your settlement  A. The simple answer is that Phoenix will make the determination to all of the litigation it's a party to at the time that the settlement occurs.  I mean, as you know and without divulging settlement communications there's also ongoing settlement communications going on with the Receiver. So we all don't know what's going to	9 10 11 12 13 14 15 16 17 18	And, so, as part of this, funds will be released into the 1031. The couple million dollars that are going to be the delta between the settlement amount, the indemnification reserve and the 15 million that is currently on reserve for Princeton. So a couple more million dollars will come into exchange.  As we are finalizing the entirety of the exchange, the ability to use those proceeds before the exchange deadlines offers an enormous tax
10 11 12 13 14 15 16 17 18 19 20	BY MS. DIAZ:  Q. What happens to the appeal? As I understand your settlement  A. The simple answer is that Phoenix will make the determination to all of the litigation it's a party to at the time that the settlement occurs.  I mean, as you know and without divulging settlement communications there's also ongoing settlement communications going on with the Receiver. So we all don't know what's going to happen until this transaction comes to fruition.	9 10 11 12 13 14 15 16 17 18 19 20	used by September 19.  And, so, as part of this, funds will be released into the 1031. The couple million dollars that are going to be the delta between the settlement amount, the indemnification reserve and the 15 million that is currently on reserve for Princeton. So a couple more million dollars will come into exchange.  As we are finalizing the entirety of the exchange, the ability to use those proceeds before the exchange deadlines offers an enormous tax benefit.
10 11 12 13 14 15 16 17 18 19 20 21	Party to at the time that the settlement occurs.  I mean, as you know and without divulging settlement communications there's also ongoing settlement communications going on with the Receiver. So we all don't know what's going to happen until this transaction comes to fruition.  And it's all of our hope that we can get to a	9 10 11 12 13 14 15 16 17 18 19 20 21	used by September 19.  And, so, as part of this, funds will be released into the 1031. The couple million dollars that are going to be the delta between the settlement amount, the indemnification reserve and the 15 million that is currently on reserve for Princeton. So a couple more million dollars will come into exchange.  As we are finalizing the entirety of the exchange, the ability to use those proceeds before the exchange deadlines offers an enormous tax benefit.  Q. Well, this sounds like well, September
10 11 12 13 14 15 16 17 18 19 20 21 22	BY MS. DIAZ:  Q. What happens to the appeal? As I understand your settlement  A. The simple answer is that Phoenix will make the determination to all of the litigation it's a party to at the time that the settlement occurs.  I mean, as you know and without divulging settlement communications there's also ongoing settlement communications going on with the Receiver. So we all don't know what's going to happen until this transaction comes to fruition.  And it's all of our hope that we can get to a global resolution and not have to worry about any	9 10 11 12 13 14 15 16 17 18 19 20 21 22	And, so, as part of this, funds will be released into the 1031. The couple million dollars that are going to be the delta between the settlement amount, the indemnification reserve and the 15 million that is currently on reserve for Princeton. So a couple more million dollars will come into exchange.  As we are finalizing the entirety of the exchange, the ability to use those proceeds before the exchange deadlines offers an enormous tax benefit.  Q. Well, this sounds like well, September 19th is, what, the deadline to fund the exchange?
10 11 12 13 14 15 16 17 18 19 20 21 22 23	Py MS. DIAZ:  Q. What happens to the appeal? As I understand your settlement  A. The simple answer is that Phoenix will make the determination to all of the litigation it's a party to at the time that the settlement occurs.  I mean, as you know and without divulging settlement communications there's also ongoing settlement communications going on with the Receiver. So we all don't know what's going to happen until this transaction comes to fruition. And it's all of our hope that we can get to a global resolution and not have to worry about any of that.  Q. What is the business reason and the settlement for leaving the appeal pending and	9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	used by September 19.  And, so, as part of this, funds will be released into the 1031. The couple million dollars that are going to be the delta between the settlement amount, the indemnification reserve and the 15 million that is currently on reserve for Princeton. So a couple more million dollars will come into exchange.  As we are finalizing the entirety of the exchange, the ability to use those proceeds before the exchange deadlines offers an enormous tax benefit.  Q. Well, this sounds like well, September 19th is, what, the deadline to fund the exchange?  A. To close the exchange. Yes. So any transactions made from exchange of funds has to be completed by the 19th and that's why the 14th is
10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	BY MS. DIAZ:  Q. What happens to the appeal? As I understand your settlement  A. The simple answer is that Phoenix will make the determination to all of the litigation it's a party to at the time that the settlement occurs.  I mean, as you know and without divulging settlement communications there's also ongoing settlement communications going on with the Receiver. So we all don't know what's going to happen until this transaction comes to fruition.  And it's all of our hope that we can get to a global resolution and not have to worry about any of that.  Q. What is the business reason and the	9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	And, so, as part of this, funds will be released into the 1031. The couple million dollars that are going to be the delta between the settlement amount, the indemnification reserve and the 15 million that is currently on reserve for Princeton. So a couple more million dollars will come into exchange.  As we are finalizing the entirety of the exchange, the ability to use those proceeds before the exchange deadlines offers an enormous tax benefit.  Q. Well, this sounds like well, September 19th is, what, the deadline to fund the exchange?  A. To close the exchange. Yes. So any transactions made from exchange of funds has to be

1	important. You know, assuming we get approval on	1	BY MS. DIAZ:
2	the 14th, I believe the parties' intention is to	2	Q. Okay. If for some reason the funds weren't
3	try to close on the 15th, distribute their funds to	3	available on the 19th, is there like a next
4	the exchange and then exchange will close out its	4	deadline where they can be utilized for purposes of
5	exchange for the 19th.	5	another one of the exchanges?
6	Q. And is assuming that the court would	6	A. No. That's a hard deadline. It cannot be
7	approve this, is the 1031 on track to be able to	7	moved. It's statutory.
8	close only the 19th?	8	Q. Is all that's required at this point to
9	A. Yes.	9	complete that particular exchange, the release of
10	Q. Is there a contract in place with the 1031	10	funds the use of funds from whatever source?
11	agent?	11	A. I don't think that
12	A. That's not how to works. I think you might	12	MS. LITTLE: Objection.
13	be confused between finalizing acquisitions or	13	Irrelevant.
14	finalizing the exchange. The exchange documents	14	THE WITNESS: I don't think these
15	are entered into day one, the date that the	15	questions are relevant. And, quite
16	exchange is established.	16	honestly, we are probably getting into
17	And then you have to do certain things	17	business strategy and things like that
18	during the exchange period and complete those	18	for the 1031 exchange.
19	things by the 19th. And all of those exchanged	19	But the relevance here is that
20	documents were filed with the sale order, I	20	for the exchange, getting those funds
21	believe.	21	into the exchange I don't mean to be
22	Q. With the sale order in the bankruptcy court?	22	disrespectful. I think you might just
23	A. Yes. At the time that we had my	23	have a misunderstanding about what it
24	recollection is that in any case, all of this is	24	means to close out the exchange.
25	irrelevant to the 9019 to the extent that the	25	To close out the exchange
	Page 94		Page 96
1	point is that the way 1031 works is that you have	1	means we have to use all of the funds
2	to complete all of the 1031 transactions by I	2	that were in the exchange by that date.
3	think it's 180 days from the date the exchange is	3	So if the monies are not in the
4	opened. So that's the governing time frame.	4	exchange, they can't be used. And so,
5	Q. I am not by any means an expert on 1031	5	we need to keep all monies in the
6	exchanges, but I'm trying to understand if there	6	exchange so that as we close out the
7	had been target properties, replacement properties,	7	exchange, they were all used for that
8	and all of those things identified and that are	8	purpose.
9	ready to go, and it's just a funding issue for the	9	BY MS. DIAZ:
10	19th. Is that where you are?	10	Q. Yes. I'm just trying to understand. That's
11	MS. LITTLE: Objection. Relevancy.	11	been part of the reason for exigency being argued
12	THE WITNESS: Yes. I don't think	12	in connection with the approval for settlement.
13	it's relevant. But for purposes of	13	And that was the basis for my questions.
14	completeness so there aren't any issues	14	A. Yes. I think I have answered those
15	here, the 1031 is not a single it's	15	questions, which is that the funds that will be put
16	not one transaction. There are rolling	16	in the exchange will be used by the exchange
17	transactions that you use the funds over	17	deadline. That's the purpose of the exigency.
18	the course of that 180 day period.	18	Q. Let me ask you a couple quick questions
19	So, for example, we are now in	19	about the releases that the parties are planning to
20	the process of all transactions by the	20	give each other under this agreement if it's
21	19th. The ability to have those	21	approved.
22	additional funds in the exchange for the	22	On page 10, there's the release by the Great
23	19th makes funds available for the tax	23	Value parties. I'll put that up on your screen.
24	benefits of the 1031. And the 180 days	24	There is a provision at the bottom. There's an
25	is an IRS deadline.	25	exclusion from the release for any claim or cause
	Page 95		Page 97

1 of action against any third party, including the 2 Receiver seeking damages or the return or recovery 3 of monies, properties or assets otherwise take and 4 seize, transferred or conveyed, blah blah blah, and 5 as a result of the dismissal of the pending appeal. 6 What was the business purpose for excluding 7 those two items from the release given by Great 8 Value in this case? 9 A. Can you scroll down? 10 Q. Sure. 11 A. Yes. So, as you are probably aware, there's 12 a ton of litigation that responded of the 13 Receiver's. The impropriety of the Receiver's 14 actions. And the parties here just want to be sure 15 that these releases could not be inadvertently read 16 to waive the right of any parties that were 17 affect dby any third parties that were affected by the Receiver's actions that are currently 19 subject of other litigation. 20 Q. It talks in here about monies or properties, 21 take and seize, transfers conveyed or otherwise 22 removed from the parties' concession or control 23 presumably on behalf of the Receiver. 24 Are there specific complaints? 25 A. Well, we have asked and Princeton has asked Page 98  1 the Receiver for accounting of those thing, which 2 we have not been able to obtain. So in the absence  1 the Receiver secking damages or the return or recovery conveyed or otherwise at all state court matters. Q. With respect to the appeal in the first district court in Harris County, because it will remain pending if the settlement is approved, dy you have an understanding, based upon your familiarity with the Settlement Agreement, who will happen if World Class Capital Group and/o win the appeal?  A. Do  MS. LITTLE: Objection.  Irrelevant.  THE WITNESS: Do you want me to to answer that? It's getting way outside the bounds of what I think we are here to discuss today in the 9019.  But if you guys think it's relevant, then I'm happy to I don't  MS. DIAZ: I would  THE WITNESS: Sorry. One mome litigation strategy related to state court parties that the Reorganized Debtors are not a	o at or GVS try
of monies, properties or assets otherwise take and seize, transferred or conveyed, blah blah blah, and as a result of the dismissal of the pending appeal.  What was the business purpose for excluding those two items from the release given by Great Value in this case?  A. Can you scroll down?  Q. Sure.  A. Yes. So, as you are probably aware, there's a ton of litigation that responded of the Receiver's. The impropriety of the Receiver's actions. And the parties here just want to be sure that these releases could not be inadvertently read to waive the right of any parties that were affected by any third parties that were affected by the Receiver's actions that are currently subject of other litigation.  Q. With respect to the appeal in the first district court in Harris County, because it will remain pending if the settlement is approved, district court in Harris County, because it will remain pending if the settlement sapproved, district court in Harris County, because it will remain pending if the settlement is approved, district court in Harris County, because it will remain pending if the settlement is approved, district court in Harris County, because it will remain pending if the settlement is approved, district court in Harris County, because it will remain pending if the settlement is approved, district court in Harris County, because it will remain pending if the settlement is approved, district court in Harris County, because it will remain pending if the settlement is approved, district court in Harris County, because it will remain pending if the settlement is approved, district court in Harris County, because it will remain pending if the settlement is approved, district court in Harris County, because it will remain pending if the settlement is approved, district court in Harris County, because it will remain pending if the settlement is approved, district court in Harris County, because it will remain pending if the settlement is approved, district court in Harris County, because it will is distr	or GVS
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as a result of the dismissal of the pending appeal. What was the business purpose for excluding those two items from the release given by Great Value in this case? A. Can you scroll down? C. Sure.  A. Yes. So, as you are probably aware, there's a ton of litigation that responded of the actions. And the parties here just want to be sure that these releases could not be inadvertently read to waive the right of any parties that were affected by any third parties that were affected by the Receiver's actions that are currently subject of other litigation.  Q. It talks in here about monies or properties, are take and seize, transfers conveyed or otherwise removed from the parties' concession or control presumably on behalf of the Receiver.  A. Well, we have asked and Princeton has asked Page 98  a cistrict court in Harris County, because it will remain pending if the settlement is approved, of you have an understanding, based upon your familiarity with the Settlement is approved, of you have an understanding, based upon your familiarity with the Settlement is approved, of you have an understanding, based upon your familiarity with the Settlement is approved, of you have an understanding, based upon your familiarity with the Settlement is approved, of you have an understanding, based upon your familiarity with the Settlement is approved, of you have an understanding, based upon your familiarity with the Settlement Agreement, who will happen if World Class Capital Group and/win the appeal?  A. Do  12 MS. LITTLE: Objection.  Irrelevant.  13 THE WITNESS: Do you want me to to answer that? It's getting way outside the bounds of what I think we affected by the neceiver's actions that are currently are here to discuss today in the 9019.  But if you guys think it's relevant, then I'm happy to I don't  MS. DIAZ: I would  THE WITNESS: Sorry. One mome 22 Janine, she is asking me for 23 litigation strategy related to state 24 court parties that the Reorganized 25 Debtors are not a party to. So I'm 24 concerned abou	or GVS
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1 the Receiver for accounting of those thing, which 2 we have not been able to obtain. So in the absence 2 area.	
2 we have not been able to obtain. So in the absence 2 area.	Page 100
	2
3 of that, we took a broad sweep and described 3 MS. LITTLE: I'm going to put	on
4 everything that could possibly be implicated.  4 the record that we think it's complete	ely
5 Q. Okay. I note that at the very bottom of 5 irrelevant to the 9019 Motion, but y	ou
6 that paragraph it says, nothing prohibits the World 6 can answer, Ms. Paul.	
7 Class release parties from seeking recovery, 7 THE WITNESS: Well, actually	· I
8 monetary or otherwise from Princeton in connection 8 believe Judge Larson also cautioned	l, you
9 with an appeal action. Is that referring to the 9 know, not to get into other litigation	1.
10 Harris County appeal? 10 So the short answer, Ms. Dia	<u>r</u> ,
11 A. I think appeal action is a defined term 11 is that I don't know. I think that	
there in the preceding sentence. So it's the late of the preceding sentence. So it's the late of the preceding sentence.	
pending action or appeal action which Princeton is 13 determination for the court of appear	ls.
14 a named party related to the judgment. I don't 14 So I don't know.	
15 know off the top of my head, but I'm happy to 15 But I do think that we should	
16 consult with counsel and get back to you. 16 all be considerate of the fact that	
But, again, the point in here was to 17 there's multiple litigation and multip	ole
18 ensure that none of the parties rights or what 18 jurisdictions for multiple parties, an	
19 litigation would continue after the settlement 19 try to keep this related to the 9019	
20 would be affected. 20 Motion of the Reorganized Debtors	if we
21 Q. What litigation do you envision continuing 21 can.	
22 on after the settlement? 22 The appeal I will just	
23 A. Well, there's a lot of litigation that's 23 clarify too for purposes of the recor	d
, , , , , , , , , , , , , , , , , , , ,	
24 all litigation that's currently in place will 24 and for the Court, should they look	at
24 all litigation that's currently in place will 25 continue in the absence of resolution of those, but 26 and for the Court, should they look 27 this, is that the appeal and the appeal	

1	action have no bearing on the	1	are owned or controlled, in whole or in part, by
2	Reorganized Debtors.	2	Natin Paul, doesn't that necessarily include the
3	BY MS. DIAZ:	3	Austin debtors?
4	Q. Thank you. That does clarify.	4	A. It includes everybody, but the reason for
5	Let me move on to the release that's being	5	that is because Princeton is no longer the
6	given by Princeton here. The first part of this	6	noteholder. So the fact that Princeton is choosing
7	release Princeton releases your brother, Natin	7	to release everyone related to its former borrowers
8	Paul, on behalf of himself as well as any persons	8	makes perfect sense; right? It's no longer a
9	he controls and any entities that he either owns or	9	lender.
10	controls in whole or in part.	10	And just to be very clear on the record,
11	This is something I was asking about earlier	11	Princeton has not brought any claims in the western
12	in the deposition. How do we know who was getting	12	district against any of the debtors. So I think
13	released by Princeton in this particular portion of	13	it's irrelevant to frame the question that way and
14	paragraph seven?	14	ask the question that way. But if there is a
15	A. I think the language is clear. But to the	15	relevance or concern you have, we are happy to
16	extent there are parties that you are concerned	16	address that with you.
17	about or irrelevant to you we are happy to help	17	Q. Then in paragraph eight of exceptions to the
18	clarify that, whether I think this conversation	18	release of Great Value parties in subpart C
19	has been going on for a couple of days now. But if	19	reserved any present or future claim appeal
20	there is a particular party, or entity or whatever	20	litigation by the Great Value parties against the
21	that you are concerned about, these releases run	21	receiver, or its agents attorneys or
22	from Princeton to the parties. So I have no idea	22	representatives. Why was that accepted from the
23	how they would implicate your client in any event.	23	release?
24	Q. I'm just curious that	24	A. It's part of the terms.
25	A. I think this is pretty standard language in	25	Q. What was the business purpose?
	Page 102		Page 104
1	releases that are trying to be broad as far as	1	A. To preserve the rights to those parties
2	walking away from each other.	2	against the parties enumerated therein.
3	Q. Okay. Well I am just for example, would	3	Q. Does this exception to the release offer any
4	it be your position, looking at the language of	4	benefit to the Reorganized Debtors?
5	paragraph seven, that this release would release	5	A. Yes. It's part and parcel of the overall
6	any claims that Princeton has against any of the	6	9019 agreement that provides a huge benefit to the
7	debtors in the Austin bankruptcy cases?	7	Reorganized Debtors in the resolution of its
8	A. Princeton doesn't currently have any claims	8	Chapter 11 cases and adversary proceeding with
9	against those parties. They don't have any claims	9	finality.
10	against those parties that I'm aware of.	10	Q. The provisions obviously are not in the best
11	Q. Well, they may not be pending. But to the	11	interest of the Receiver though, is it?
12	extent they have any, do you believe this release	12	A. I actually
13	is something that released the claims against those	13	MS. LITTLE: Objection.
14	Austin debtors?	14	THE WITNESS: I disagree and I
15	MS. LITTLE: Objection. Form.	15	would like to take a moment to clarify
16	THE WITNESS: You are asking me a	16	that. The Receiver whatever
17	hypothetical question. If Princeton	17	potential liability the Receiver has,
18	hypothetically had a claim against the	18	those exist regardless of this
19	western district debtors which it does	19	agreement. So this agreement does not
20	and has not filed, would it release	20	create more liabilities or exposures to
21	them? Is that what you are asking me?	21	the Receiver or otherwise. Those exist
	BY MS. DIAZ:	22	outside.
22		100	Ca harra intimated a lat of
23	Q. I'm asking you if this release is the	23	So you have intimated a lot of
23 24	language that says that Princeton is releasing	24	times that, you know, this is going to
23	- ·		

1	Receiver. So the extent that that is	1	benefits under the note at that time.
2	the case, I don't believe that this	2	And I think a lot of things can change
3	agreement, you know, exacerbates that or	3	between now and then. So I don't really
4	minimizes that. Those facts exist on	4	know how to answer your question.
5	their own, separate and apart from this.	5	MS. DIAZ: Okay. If you guys would
6	MS. DIAZ: Object to the answer as	6	indulge me, I think if we take about a
7	nonresponsive.	7	five-minute break I can maybe shorten up
8	BY MS. DIAZ:	8	how much more I have.
9	Q. Isn't the primary purpose of a settlement	9	THE WITNESS: Sure.
10	agreement, Ms. Paul, to bring the receivership to	10	MS. LITTLE: Sounds good.
11	an end to stop ongoing lawsuits, stop further	11	THE STENOGRAPHER: All right. Off
12	discovery by the Receiver abate proceedings	12	the record.
13	involving the Receiver. Isn't the Receiver a big	13	(At this time, off the record.)
14	part of an agreement that he's not a party to?	14	(At this time, back on the record.)
15	A. No.	15	BY MS. DIAZ:
16	MS. LITTLE: Objection. Form.	16	Q. Ms. Paul, are you pretty familiar with the
17	BY MS. DIAZ:	17	work that the Receiver has done on Princeton's
18	Q. Okay. If the Settlement Agreement were	18	behalf as being appointed as Receiver?
19	modified by the Court after the hearing on	19	A. Yes or no. As I mentioned, we haven't
20	September 14th to say that she would approve it if	20	received any receivership report in accounting. So
21	all of those preservations of rights against the	21	I'm not very familiar because we can't get that
22	Receiver and potential impact on litigation,	22	information.
23	whether forms could be eliminated from it, is that	23	Q. Do you have any opinion, based on what you
24	something that, based on your understanding and	24	do know, as to whether or not Mr. Kretzer has been
25	having participated in the negotiations, something	25	an effective receiver for Princeton?
	Page 106		Page 108
1	that the Reorganized Debtors would be willing to	1	A. I don't have an opinion.
2	entertain?	2	Q. Do you have an opinion as to whether any of
3	A. I don't think we have discussed the	3	the actions undertaken by him in his capacity as
4	hypothetical situation you are describing so I	4	receiver benefited Princeton in the settlement
5	can't answer your question. It's a vague	5	negotiations that led to the agreement that we are
6	hypothetical situation in any event. But if the	6	here to discuss?
7	Court makes certain determinations, I think the	7	A. I don't believe that they did.
8	Reorganized Debtors will consult their counsel at	8	Q. Are there any actions that you are aware of
9	that time and determine how best to proceed.	9	that have been taken by the receiver that you find
10	Q. Do you agree that the Settlement Agreement	10	objectionable?
11	as drafted clearly contemplates additional	11	A. General speaking?
12	litigation against the Receiver?	12	Q. Yes.
13	A. No.	13	A. Yes.
14	Q. As you sit here today, do you have any basis	14	Q. Can you tell me about those please?
15	for telling me what happens to the other pending	15	A. Those are set forth in the various
16	litigation against the Receiver once Phoenix takes	16	litigations that was found over his actions. I
17	over and steps into Princeton's shoes?	17	think those pleadings speak for themselves.
18	MS. LITTLE: Objection. Relevance.	18	Q. If the settlement is approved, and Phoenix
19	Form.	19	becomes the holder of the notes and/or judgment and
20	THE WITNESS: I think there is	20	the receivership order is still in place, do you
21	so much litigation I don't think it's	21	have an opinion as to whether or not Mr. Paul would
22	possible to answer your question. But I	22	be interested in having the receiver continue on on
23	will broadly answer it by saying that	23	behalf of Phoenix?
24	Phoenix will make the determinations as	24	MS. LITTLE: Objection.
25	to its rights and obligations and Page 107	25	Irrelevant. Page 109
	1 age 107		1 age 107

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1	THE WITNESS. V I double to 1		
1	THE WITNESS: Yes. I don't think	1	
2	it's relevant and I don't have an	2	Please indicate changes on this sheet of
3	opinion at this time. BY MS. DIAZ:	3	paper, giving the change, page number, line
5	Q. If the Houston Court of Appeals issued a	4	number and reason for the change. Please sign
6	ruling today on the pending appeal and ruled in	5	each page of changes.  PAGE/LINE CORRECTION REASON FOR CHANGE
7	favor of Great Value Storage and World Class	7	PAGE/LINE CORRECTION REASON FOR CHANGE
8	Capital Group, would it be the position of the	8	
9	parties that you are here testifying on behalf of	9	
10	that there would be any obligations currently	10	
11	existing to Princeton?	11	
12	MS. LITTLE: Objection. Irrelevant	12	
13	and calls for speculation.	13	
14	THE WITNESS: And, Janine, I don't	14	
15	think I can answer that question. She	15	
16	is asking about I think she is asking	16	
17	about litigation strategy in the pending	17	
18	appeal, which is irrelevant to the 9019.	18	
19	In any event, that would be	19	
20	information that those parties discuss	20	
21	with their outside counsel and we	21	
22	haven't discussed that hypothetical	22	
23	anyway. So I don't know how to answer	23	
24	your question.	24	
25	MS. DIAZ: Okay. Well, with that	25	
	Page 110		Page 112
1	I'm going to make good on my promise	1	
2	this afternoon and pass the witness, if	2	
3	anyone else is going to be asking	3	
4	questions.	4	SHEENA PAUL
5	MS. LITTLE: No further questions	5	
6	from us.	6	I, SHEENA PAUL, have read the foregoing
7	MS. DIAZ: Okay.	7	transcript and hereby affix my signature that
8	THE STENOGRAPHER: And expedite for	8	same is true and correct, except as noted on
9	y'all?	9	the previous page(s), and that I am signing
10	MS. LITTLE: Yes. As soon as	10	this before a Notary Public.
11	possible please. Thank you.	11	
12	THE STENOGRAPHER: Thank you. And	12	SHEENA PAUL
13	Ms. Diaz?	13	State of Texas)
14	MS. DIAZ: Yes. We will need it	14	County of)
15	expedited quickly as well.	15	
16	THE STENOGRAPHER: Sure. Thanks.	16	Before me,, on this day
17	Ms. Diaz, can you please e-mail me the	17	personally appeared SHEENA PAUL, known to me
18	four exhibits? I'll get those to our	18	or proved to me under oath or through
19	production team today.	19 20	(1
	MC DIAZ: Vos		(description of identification card or other
20	MS. DIAZ: Yes.		-
21		21	document), to be the person whose name is
21 22	(Whereupon, Zoom deposition of	21 22	document), to be the person whose name is subscribed to the foregoing instrument and
21 22 23	(Whereupon, Zoom deposition of SHEENA PAUL concluded at approximately	21 22 23	document), to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that they executed the same
21 22	(Whereupon, Zoom deposition of	21 22	document), to be the person whose name is subscribed to the foregoing instrument and

# Case 21-31121-mvl11 Doc 1403-1 Filed 09/12/22 Entered 09/12/22 16:41:19 Desc Exhibits A-J Page 41 of 251

			_	
1	Given under my hand and seal of or	ffice on	1	September 12, 2022
2	this, the day of	, 2022.	2	Ms. Sheena Paul,
3	<u> </u>		3	RE: In Re: GVS Texas Holdings I. LLC, Et Al.
4	Notary Public for and in			DEPOSITION OF: Sheena Paul (# 5434030)
5	The State of Texas		5	The above-referenced witness transcript is
6	Commission Expires		1	available for read and sign.
	Commission Expires	<del></del>		
7			7	Within the applicable timeframe, the witness
8				should read the testimony to verify its accuracy. If
9				there are any changes, the witness should note those
10			10	on the attached Errata Sheet.
11			11	The witness should sign and notarize the
12			12	attached Errata pages and return to Veritext at
13				errata-tx@veritext.com.
14			14	According to applicable rules or agreements, if
15				the witness fails to do so within the time allotted,
				•
16				a certified copy of the transcript may be used as if
17				signed.
18			18	Yours,
19			19	Veritext Legal Solutions
20			20	
21			21	
22			22	
23			23	
24			24	
25		D 114	25	P 116
		Page 114		Page 116
1	STENOGRAPHER'S CERTIFICATION			
2	TO THE ZOOM DEPOSITION OF SHEENA PAUL			
-	TAKEN ON SEPTEMBER 9, 2022			
3				
4	I, Noelle R. Nevius, a Professional			
5	Stenographer, hereby certify that this			
6	deposition transcript is a true record of the testimony given by the witness named herein.			
	I further certify that I am neither			
7	attorney nor counsel for, related to, nor			
8	employed by any of the parties to the action in which this testimony was taken. Further, I			
	am not a relative or employee of any attorney			
9	of record in this cause, nor do I have a financial interest in the action.			
10	The original deposition transcript was			
	delivered to the attorney party who asked the			
11	first question appearing in the transcript on September 9, 2022. Ms. Cheryl Diaz, Esquire			
12	was the attorney present via Zoom at the time			
1.2	of taking this deposition.			
13	September 12, 2022			
14	550000012, 2022			
15				
16	your your			
17	Noche is, iveyius, i foressional Stenographer			
18				
19 20				
21				
22 23				
23				
25		_		
		Page 115		

# Federal Rules of Civil Procedure Rule 30

- (e) Review By the Witness; Changes.
- (1) Review; Statement of Changes. On request by the deponent or a party before the deposition is completed, the deponent must be allowed 30 days after being notified by the officer that the transcript or recording is available in which:
- (A) to review the transcript or recording; and
- (B) if there are changes in form or substance, to sign a statement listing the changes and the reasons for making them.
- (2) Changes Indicated in the Officer's Certificate. The officer must note in the certificate prescribed by Rule 30(f)(1) whether a review was requested and, if so, must attach any changes the deponent makes during the 30-day period.

DISCLAIMER: THE FOREGOING FEDERAL PROCEDURE RULES

ARE PROVIDED FOR INFORMATIONAL PURPOSES ONLY.

THE ABOVE RULES ARE CURRENT AS OF APRIL 1,

2019. PLEASE REFER TO THE APPLICABLE FEDERAL RULES

OF CIVIL PROCEDURE FOR UP-TO-DATE INFORMATION.

VERITEXT LEGAL SOLUTIONS
COMPANY CERTIFICATE AND DISCLOSURE STATEMENT

Veritext Legal Solutions represents that the foregoing transcript is a true, correct and complete transcript of the colloquies, questions and answers as submitted by the court reporter. Veritext Legal Solutions further represents that the attached exhibits, if any, are true, correct and complete documents as submitted by the court reporter and/or attorneys in relation to this deposition and that the documents were processed in accordance with our litigation support and production standards.

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# UNITED STATES BANKRUPTCY COURT WESTERN DISTRICT OF TEXAS AUSTIN DIVISION

## **EXHIBIT 5**

IN RE:	) CASE NO: 21-10942-TMD ) CHAPTER 7
6TH AND SAN JACINTO, LLC,	) Austin, Texas
	Monday, August 22, 2022
Debtor.	)
	) 2:49 p.m. to 3:28 p.m.
IN RE:	)
	)
WC SOUTH CONGRESS SQUARE, LLC,	) CASE NO: 20-11107-TMD
WC 3RD AND TRINITY, LP,	) CASE NO: 21-10252-TMD
WC CULEBRA CROSSING SA, LP,	) CASE NO: 21-10360-TMD
ARBORETUM CROSSING, LLC,	) CASE NO: 21-10546-TMD
WC 717 N HARWOOD PROPERTY, LLC,	) CASE NO: 21-10630-TMD
WC MET CENTER, LLC,	) CASE NO: 21-10698-TMD
	) CASE NO: 21-10943-TMD
WC ALAMO INDUSTRIAL CENTER, LP,	) CASE NO: 22-10226-TMD
WC BRAKER PORTFOLIO, LLC,	) CASE NO: 22-10293-TMD
,	)
Debtor.	)

#### MOTIONS HEARING

### BEFORE THE HONORABLE TONY M. DAVIS, UNITED STATES BANKRUPTCY JUDGE

CALENDARED MOTIONS: See pages 2, 3

APPEARANCES: See page 4

Courtroom Deputy: Jennifer Lopez

Court Reporter [ECRO]: Ren Schoener

Transcribed by: Exceptional Reporting Services, Inc.

P.O. Box 8365

Corpus Christi, TX 78468

361 949-2988

Proceedings recorded by electronic sound recording; transcript produced by transcription service.

#### CALENDARED MOTIONS:

6TH AND SAN JACINTO, LLC CASE NO: 21-10942-TMD
STATUS HEARING: OBJECTION TO CLAIMS 5-6/SETH KRETZER
WITH NOTICE THEREOF, FOR DEBTOR 6TH AND SAN JACINTO, LLC
[DKT.NO.139]

MOTION FOR PROTECTION FOR INTERESTED PARTIES WORLD CLASS HOLDINGS, LLC, NATIN PAUL [DKT.NO.175]

DEBTOR'S OBJECTION TO CLAIM #8 BY NIA, ATX, LLC [DKT.NO.165]

WC BRAKER PORTFOLIO, LLC CASE NO: 22-10293-TMD
STATUS HEARING: OBJECTION TO CLAIM 3/SETH KRETZER WITH NOTICE
THEREOF, FOR DEBTOR WC BRAKER PORTFOLIO, LLC [DKT.NO.105]

WC SOUTH CONGRESS SQUARE, LLC CASE NO: 20-11107-TMD
STATUS HEARING: OBJECTION TO CLAIM 6/SETH KRETZER WITH NOTICE
THEREOF, FOR DEBTOR WC SOUTH CONGRESS SQUARE, LLC [DKT.NO.260]

MOTION FOR PROTECTION FOR INTERESTED PARTIES NATIN PAUL, WORLD CLASS HOLDINGS VI, LLC, WORLD CLASS HOLDINGS, LLC [DKT.NO.320]

WC 3RD AND TRINITY, LP CASE NO: 21-10252-TMD
STATUS HEARING: OBJECTION TO CLAIM 6/SETH KRETZER WITH NOTICE
THEREOF, FOR DEBTOR WC 3RD AND TRINITY, LP [DKT.NO.178]

MOTION FOR PROTECTION FOR INTERESTED PARTIES WORLD CLASS HOLDING COMPANY, LLC, WORLD CLASS HOLDINGS, LLC, WCRE MANAGEMENT, LLC, NATE PAUL MANAGEMENT TRUST, WC 3RD AND TRINITY GP, LP, NATIN PAUL [DKT.NO.234]

WC CULEBRA CROSSING SA, LP CASE NO: 21-10360-TMD STATUS HEARING: OBJECTION TO CLAIM 11/SETH KRETZER WITH NOTICE THEREOF, FOR DEBTOR WC CULEBRA CROSSING SA, LP [DKT.NO.345]

MOTION FOR PROTECTION FOR INTERESTED PARTIES NATIN PAUL, WC CULEBRA CROSSING SA GP, LP, WORLD CLASS INTERESTS, LLC, WCRE MANAGEMENT, LLC, WORLD CLASS HOLDINGS, LLC [DKT.NO.357]

### CALENDARED MOTIONS: (CONTINUED)

ARBORETUM CROSSING, LLC CASE NO: 21-10546-TMD
STATUS HEARING: OBJECTION TO CLAIM 7/SETH KRETZER WITH NOTICE
THEREOF, FOR DEBTOR ARBORETUM CROSSING, LLC [DKT.NO.144]

MOTION FOR PROTECTION FOR INTERESTED PARTIES NATIN PAUL, ARBORETUM CROSSING EQUITY, LLC, WCRE MANAGEMENT, LLC, WORLD CLASS HOLDINGS, LLC [DKT.NO.158]

WC 717 N. HARWOOD PROPERTY, LLC CASE NO: 21-10630-TMD STATUS HEARING: OBJECTION TO CLAIMS 14-15/SETH KRETZER WITH NOTICE THEREOF, FOR DEBTOR WC 717 N HARWOOD PROPERTY, LLC [DKT.NO.187]

MOTION FOR PROTECTION FOR INTERESTED PARTY WCRE MANAGEMENT, LLC [DKT.NO.233]

WC MET CENTER, LLC

STATUS HEARING: OBJECTION TO CLAIMS 10-11/SETH KRETZER

WITH NOTICE THEREOF, FOR DEBTOR WC MET CENTER, LLC [DKT.NO.164]

MOTION FOR PROTECTION FOR INTERESTED PARTIES NATIN PAUL, WORLD CLASS PROPERTY COMPANY, LLC, WC MET CENTER EQUITY, LLC, WCRE MANAGEMENT, LLC [DKT.NO.199]

WC 511 BARTON BLVD, LLC CASE NO: 21-10943-TMD
STATUS HEARING: MOTION TO WITHDRAW OR STRIKE DOCUMENT
[DKT.NO.144]

WC ALAMO INDUSTRIAL CENTER, LP CASE NO: 22-10226-TMD
STATUS HEARING: OBJECTION TO CLAIM 5/SETH KRETZER WITH NOTICE
THEREOF, FOR DEBTOR WC ALAMO INDUSTRIAL CENTER, LP [DKT.NO.79]

MOTION FOR PROTECTION FOR INTERESTED PARTIES WORLD CLASS PARTNER HOLDINGS X, LLC, WCRE MANAGEMENT, LLC, NATIN PAUL [DKT.NO.99]

#### APPEARANCES FOR:

6th and San Jacinto: TODD B. HEADDEN, ESQ.

Hayward PLLC

901 Mopac Expressway South

Building 1, Suite 300

Austin, TX 78746

NIA ATX: MORRIS E. "TREY" WHITE, III, ESQ.

Villa & White 1100 NW Loop 410

Suite 802

San Antonio, TX 78213

Also present: STEPHEN A. ROBERTS, ESQ.

1400 Marshall Ln. Austin, TX 78703

RICHARD WRIGHT, ESQ.

MATT BOUSLOG, ESQ.

STEVE LEMMON, ESQ.

PHIL KHEZRI, ESQ.

MARK RALSTON, ESQ.

MS. ROSS [FNU], ESQ.

Receiver: LYNNETTE R. WARMAN, ESQ.

Culhane Meadows 13101 Preston Rd. Suite 110-1593 Dallas, TX 75240

Trustees: JAY ONG, ESQ.

Munsch Hardt Kopf & Harr

1717 West 6th Street

Suite 250

Austin, TX 78703

BRIAN CUMINGS, ESQ.

KEVIN MCCULLOUGH, ESQ.

NANCY RIBAUDO, ESQ.

## 1 Austin, Texas; Monday, August 22, 2022; 2:49 p.m. 2 (Call to Order) Okay, 6th and San Jacinto, LLC, 21-10942, 3 THE COURT: Debtor's objection to the claim number eight by NIA ATX. And 4 5 who do we have for the Debtor? 6 MR. HEADDEN: Good afternoon, Your Honor, Todd 7 Headden on behalf of the Debtor, 6th and San Jacinto, LLC. 8 THE COURT: Okay. And who do we have on behalf of 9 NIA ATX? 10 MR. WHITE: Good afternoon, Your Honor, Trey White 11 for NIA ATX, LLC. 12 THE COURT: Okay. Well, in the words of that 13 renowned and learned philosopher Yogi Berra, why isn't this 14 déjà vu all over again? MR. WHITE: Well, Your Honor, I'll be happy to 15 16 respond to that. But just a few minutes ago we did reach an 17 agreement. 18 THE COURT: Oh, okay. Go ahead then, announce the 19 agreement. 20 MR. WHITE: Be happy to, Judge. We have agreed to 21 drop the attorney's fees, and the Debtor has agreed to pay the 22 default interest from July 8, 2021. 2.3 THE COURT: Okay. Mr. Headden, is that correct? 24 MR. HEADDEN: That is correct, Your Honor. 25 Okay. And then how will you memorialize

1 this? MR. WHITE: We can do an agreed order. 3 MR. HEADDEN: Precisely. THE COURT: I think that's fine. Okay. Well I'll 4 5 look forward to seeing your agreed order. Thank you both. 6 Thank you, Judge. May I be excused? MR. WHITE: 7 Yes. Okay. Now we have a motion for THE COURT: protection in a bunch of cases and we have an objection to 8 claim by Kretzer in a bunch of cases. 10 And I'm going to hope that Mr. Headden accurately 11 captured those cases in the pleading he filed earlier today 12 that was called Debtor's status report. I'm just going to read 13 those cases because this will be all -- those two sets of 14 matters in all these cases more or less: WC South Congress 15 Square, 20-11107; WC Third and Trinity, 21-10252; WC Culebra 16 Crossing, 21-10360; Arboretum Crossing, 21-10546; WC 717 North 17 Harwood, 21-10630; WC Met Center, 21-10698; 6th and San 18 Jacinto, 21-10942; WC 511 Barton Boulevard, 21-10943; WC Alamo 19 Industrial Center LP, 22-10226; WC Braker Portfolio, 22-10293. 20 Is the Receiver's attorney on the phone? 21 MR. SPEAKER: I'm listening (indisc.). 22 MS. WARMAN: Yes, Your Honor, Lynnette Warman on 2.3 behalf of the Receiver.

status report and the discussion of this term sheet?

THE COURT: Okay. Ms. Warman, have you read the

24

25

MS. WARMAN: Yes, Your Honor, I have.

THE COURT: And?

2.3

MS. WARMAN: Well, Your Honor, I think their big announcement may be great for Princeton and the Debtors. But in my view it's not a get out of jail free card with respect to the Receiver's claims in these cases. And the reason I say that is these claims were filed in these cases by the Receiver seeking to collect both the judgment and the Receiver fees.

Princeton never appeared in these cases, didn't file proofs of claim, and so any settlement they may have reached in other cases regarding this Debtor may ultimately have some impact in the amount of the Receiver's claim, but they certainly can't settle it out from under the Receiver.

The receivership order that's been presented to this Court on numerous times specifically provides that the Receiver's fees are taxed as costs against the Debtor, which means that the Receiver's authorized to seek and recover 125 percent of the judgment, plus expenses.

In addition to that, as I understand it, they have a term sheet which is at best preliminary. It has to be documented, it has to be approved by the Bankruptcy Court in Dallas, and it has to be ultimately paid and closed. So there are a number of steps to go through before that proposal or that term sheet actually resolves Princeton's claim.

In the meantime, the receivership goes on. Texas law

is clear that once a court appoints a receiver, it is no longer the prerogative of the plaintiff to decide whether that receivership should continue.

2.3

And if it does come to pass that Princeton really is paid pursuant to the terms of the Receiver, it will have -- or, excuse me, pursuant to the terms of its agreement, it will have to go back to the receivership court, make that known, and the receivership court will decide what to do and how best to make sure that the receivership fee is paid if we haven't collected it before that time.

So in my view abatement is not appropriate. We've been waiting for these documents now for a long time. And it's not just the Receiver that's waiting. The Trustees have been waiting as well.

There were statements in the Debtor's status report that they provided the documents to their lawyers, so it shouldn't be any sort of a burden for the lawyers to give them to us and to the Trustee so that we can complete our analysis.

Just this morning we received a copy of a bank statement in the Barton case, for example, that Debtor's counsel had said didn't exist. So we are still gathering our evidence.

And we are closer to a position where we could amend our claim if we need to do that. But we certainly would like the information we need to finish filling in the blanks before

we do that.

2.3

So as far as we're concerned, Your Honor, while the announcement is big news, it does not really have much impact in this case. And we would urge this case -- this Court rather to deny their request for an abatement, order them to produce this document, and allow these matters to go forward until and unless they get an order from the receivership court saying that the Receiver should -- the Receiver no longer has authority to act. And right now --

10 THE COURT: So --

MS. WARMAN: -- we are a long way from that.

THE COURT: Yeah, so ordered. I mean, Ms. Ross certainly has credibility in this court but she has no control over or influence with the individual who ultimately must make the decisions about whether or not to assign the term sheet, sign a settlement agreement pursuant to the term sheet, follow through in that term sheet, fund the settlement, and so on and so on and so on.

These documents are long overdue. A term sheet's not going to move me in any way whatsoever. My patience has run out. And an order --

22 MR. ROBERTS: (Indisc.)

THE COURT: -- to show cause is going to issue.

MR. ROBERTS: Your Honor, Steve Roberts. May I

25 | address your points --

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1
              THE COURT: No, not yet. I'll give you your chance,
 2
    Mr. Roberts, but --
 3
              MR. ROBERTS: Thank you.
              THE COURT: -- I need to run through this first.
 4
 5
              MR. SPEAKER: Oh, (indisc.) wins, it's great.
              THE COURT: If you're not speaking, your phone should
 6
 7
    be on mute or you'll be disconnected.
              Okay. We've been talking about eight sets of
 8
 9
    documents that I felt should have been produced pretty much
    immediately. Have they been produced?
10
11
              MR. HEADDEN: Your Honor, Todd Headden --
12
              MS. WARMAN: No, Your Honor, they have not been
13
    produced.
14
              THE COURT: Mr. Headden.
15
              MR. HEADDEN: That is correct that the documents have
16
    not been produced (indisc.) --
17
              THE COURT: Okay. All right. Thank you. Okay. The
18
    relevant period, for purposes of responding to the discovery,
    shall be seven years, except with respect to formation
19
20
    documents and corporate records, which obviously there's no
21
    relevant period there. It just goes back to whenever the
22
    Debtor was formed.
2.3
              The protective order will be granted. It's pretty
24
    much denied across the board.
25
              I am going to grant it, though, as to numbers 24, 25,
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26, and 28. And I guess just in case our numbers don't line up, let me flip to those. Yeah, 24 was all documents reflected in a contract or agreement with the staffing agency; 25, all documents reflected in any PPP loan application; 26 is all documents reflected in any agreements evidencing the employment of any person by you, on your behalf, or by company (indisc.) or other organization in which you own an interest or in which an interest is held on your behalf; and 28 was all documents evidencing the names of your employees and their compensation

during the relevant period.

Those -- I'm not saying you can never have those.

Right now I'm saying, no, I'm going to grant the protective order as to those requests.

And then tell me -- and I'm -- we're going to come back to this, all documents reflecting any contract or agreement with Yardi, and I think I know what that is, has to do with that accounting system; all documents reflecting any contract or agreement with SiteLink. And I don't know what that is. Why do you want those documents anyway?

MS. WARMAN: Your Honor, it's our understanding that those are both accounting systems that are used by some or all of the Debtors, and that's where the relevant information is stored, balance sheets, income statements, how things are allocated among the companies. At least that's our understanding and that's the basis for the request.

THE COURT: Okay. Well I'm not --

2.3

MS. WARMAN: But at this point I think we were just asking for the contracts to see which Debtors had contracts with Yardi and SiteLink.

THE COURT: Okay. Then the motion's denied as to both those requests. I've got a bigger issue with all those. But let me get back to my notes here.

Yeah. I mean, I'm going to get you the order to show cause.

I'm going to make available the entire range of sanctions that are available, including the death penalty sanction, which is to say Mr. Paul's not going to get a penny out of any of these estates, including the ones in which he's actually funded the recovery by bidding at these auctions and the ones I know he didn't close on one a couple days ago but he's -- I guess he's closed on several of them, using money from that case in Dallas. But he's not going to get a penny until this production's completed in some form or fashion.

And I -- you know, I don't -- obviously the bank statements you're getting independently. You ought to have gotten them from the Debtors. That's a big problem with me.

But the Yardi system, the accounting systems, why haven't the Trustees and the Receiver collaborated, come up with an expert? I mean, and I want this to happen because all these answers are there. Now, if there's some cost issue

that's associated with this and the Trustees just don't think they need it, explain that to me.

But it seems to me that as I've said many times, this cash sloshed around amongst all these companies where it was needed without regard to the creditors for whom that -- you know, to whom that money arguably belonged.

And you're never going to sort out where all that comes out unless you get control of and understand this accounting system. And there are answers there. The attorneys representing the lender in Culebra Crossing came up with a lot of information that they pulled off that system that they compared to the bank statements. And so there's a lot to be had there.

And so what I don't -- you know, you tell me why you can't do this and then I'll open up a discussion right now. I mean, there ought to be a collaborative approach pooling, you know, the various estates and then the Receiver in some sense. I don't know how you -- if you do this on a per capita basis, on a size of the estate basis.

But some way or another there has to be an agreement to come with an expert that's going to crack open Yardi. And he will be given access. That expert will have full access to Yardi with all passwords and everything else. And if that's a problem, we'll get an even bigger forensic expert and he'll just crack it open.

MS. WARMAN: Your Honor, from the Receiver's 1 2 perspective, we have had some conversations with the Trustee. I think everyone was sort of waiting to see if we were going to 3 get some documents before (indisc.) --4 5 THE COURT: You're not going to get anything. might as well assume you're not going to get anything. 6 7 MS. WARMAN: But I -- so I'll just say this. The Receiver would be willing to move forward with working with the 8 9 Trustees on that. 10 THE COURT: Mr. Ong. 11 MR. SPEAKER: Your Honor, may I be heard for one 12 moment (indisc.) --13 THE COURT: Yeah, you guys will get your turn, you 14 and (indisc.) --15 MR. ONG: Your Honor, --16 THE COURT: Go ahead, Mr. Ong. 17 MR. ONG: Jay Ong for Randy Osherow, Trustee of a 18 number of these bankruptcy estates. Your Honor, we have had 19 conversations with Mr. Kretzer's counsel regarding these 20 potential initiatives. 21 I will profess that we have not taken a lead role in 22 these matters, including because we have managed to 23 successfully sell the asset in three of our cases. And as a 24 result of that, that renders the cases reliably, or at least 25

reasonably reliably to be surplus cases, which diminishes the

1 Trustee's interest in --2 THE COURT: (indisc.) MR. ONG: -- potential fraudulent transfers. 3 But I understand the Court's admonition. And we do 5 have at least some continuing such matters. And we'll 6 coordinate with the Receiver's counsel, as well as with 7 Debtor's counsel and counsel for the other Trustees. THE COURT: Mr. Cumings. 9 MR. CUMINGS: Brian Cumings, Your Honor, for Trustee Osherow in one of the cases, and Trustee Lowe in the others. 10 11 There is at least one of the Mr. Lowe cases which is 12 not at all clear will be a surplus case so we definitely do 13 have an interest in getting into the Yardi system. And like 14 Mr. Ong said for Mr. Osherow, we'll cooperate absolutely with 15 the Receiver's counsel, the Trustee's counsel, to sort out how 16 to allocate the expense of doing that. 17 THE COURT: The other Trustee counsel. 18 MR. MCCULLOUGH: Your Honor, Kevin McCullough on 19 behalf of Laurie Rea, Trustee in the Arboretum case and the WC 20 717. I've interviewed some of Yardi experts and we've been 21 working on an application to employee one as we speak. 22 THE COURT: Okay. Very good. Anybody else? 2.3 MS. RIBAUDO: Yes, Your Honor. This is Nancy Ribaudo 24 with Kelly Hart. I'm counsel for Dawn Ragan who's the Chapter

11 Trustee in the WC Braker Portfolio case.

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1 I just wanted the Court to be aware, this case is late to join the party, so to speak. The case was only filed in May of this year, Trustee appointed the end of May. I'm 3 still getting up to speed at this point. 4 5 Unlike the other Debtors, no discovery's been served on this particular Debtor. We've reached out and had 6 7 conversations with counsel for the Trustee, talking about the role of the Chapter 11 Trustee acting as -- on behalf of the Debtor in these cases. And I believe we're on the same page. 10 But with that said, we certainly have already opened 11 the dialogue with respect to having access to whatever 12 information is obtained by the Receiver and will continue to do so as we move forward in the case. 13 14 But unlike many other debtors, and this was pointed 15 out in the Receiver's status report that was filed in July, you 16 know, there hasn't been any discovery served in -- against the 17 Debtor in this particular case. I just want to point that out. 18 THE COURT: Okay. Thank you. Anybody else? 19 MR. LEMMON: Your Honor, Steve Lemmon. I represent 20 Alliance Transportation Group which is an unsecured creditor in 21 the Braker case. 22 I want to make two observations, if the Court will 2.3 allow me. First is --

-- as somebody who in one of the other

THE COURT: Please.

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cases has had access to Yardi, I can tell everyone that it is not that complicated. Once you have access to it, it doesn't take that long to learn how to walk through it. So there's -- there shouldn't be this mystique about the system once you're able to access it.

Secondly, as the Court observed, money has flown, flowed, flown all around these Debtors. And unless somebody has full access, as the Court observed, you really can't figure where it came from or why. And somebody needs to do that.

I can tell you speaking as a representative of an unsecured creditor in Braker, I am very concerned by the fact that we still do not have all of the bank statements, Your Honor. And really until somebody can see all of those bank statements, it's a problem.

And, Judge, I've been watching all of these cases carefully for two and a half years. And my observation, if the Court will permit me to allow -- to offer it is this World Class seeks the protection of the Bankruptcy Court when it is in its interest, and World Class ignores every order issued by any court when it is not in its interest.

And while the Court's admonition and statement that it's not going to allow World Class to be paid its equity until it complies is very powerful. I personally believe that we will not see real compliance in any of these cases unless the Court fully enforces its show cause authority (indisc.) against

- 1 | the entity but against the individuals.
- THE COURT: Okay. Thank you. Anybody else on the
- 3 Trustee or creditor side?
- 4 MR. KHEZRI: Your Honor, Phil Khezri, Lowenstein
- 5 | Sandler on behalf of Sangrill (phonetic) Investments, an equity
- 6 holder in Third and Trinity. I've spoken before.
- 7 There are equity holders here with clean hands.
- 8 | We -- my client has become increasingly frustrated here. Legal
- 9 fees are accruing, Trustee fees are accruing here, for
- 10 | something that should have been turned over by right under the
- 11 Bankruptcy Code.
- 12 Nate Paul has not provided documents in this case,
- 13 has taken money out of these cases. And it doesn't look like
- 14 anybody has been able to properly investigate.
- 15 And I don't know if the Court would be open to
- 16 | considering appointing an examiner over all the World Class
- 17 | entities to actually review what happened here. But in the
- 18 | meantime, I don't believe any funds should be transferred in
- 19 any of these cases to World Class or Nate Paul.
- 20 And to the extent Nate Paul is looking to purchase
- 21 | any properties, I don't believe free and clear language is
- 22 appropriate in any of those sale orders.
- 23 **THE COURT:** Okay. Thank you. Any other creditors or
- 24 Trustees?
- 25 MR. WRIGHT: Judge, My name is Richard Wright

- 1 (phonetic), and I'm an unsecured creditor. I'm an equity
- 2 | investor in WC Alamo. And I echo what the gentleman just said.
- 3 | I've --
- 4 THE COURT: Okay.
- 5 MR. WRIGHT: -- been an investor from the beginning.
- 6 I haven't received any reports, balance sheets, financial
- 7 | statements since 2018. Thank you for the time.
- THE COURT: Thank you. Anybody else?
- 9 MR. BOUSLOG: Matt Bouslog from -- on behalf of ATX
- 10 Braker in the WC Braker case. We -- at risk of repeating to
- 11 | some extent some comments from some other creditors, we are a
- 12 | creditor and we represent a creditor of the WC Braker estate.
- 13 | We also represent a separate entity which is a mezzanine lender
- 14 of effectively the equity holder of the Debtor.
- And while we certainly understand and agree with the
- 16 | Court's and the other parties' sentiments here, we would simply
- 17 ask that with respect to any OSC or any remedy or enforcement,
- 18 | that to the extent possible it be narrowly tailored as to World
- 19 Class, the individuals, and not, as other equity holders have
- 20 | said, those that might otherwise benefit from any distributions
- 21 | that might be made in those cases.
- 22 | THE COURT: I appreciate your point. I know it's
- 23 been pointed out before, and it's been on my mind ever since I
- 24 started considering this notion of sanctions.
- 25 MR. BOUSLOG: Thank you, Your Honor.

1 THE COURT: Anybody else on the creditor or Trustee 2 side? 3 (No audible response) Okay. Mr. Roberts, I think it's your turn. 4 5 MS. ROSS: Your Honor. THE COURT: Oh, sorry. Go ahead, yes. 6 7 MS. ROSS: Go ahead. I didn't mean to interrupt 8 whoever it was that was on the line. Go ahead. 9 THE COURT: Go ahead, Ms. Ross. 10 MS. ROSS: Okay, Your Honor. Thank you, Judge. I do 11 consider myself a creditor, even though I'm not a creditor. client has been of course the -- we are the person that put the 12 13 -- we are the entity that put the receivership in. 14 I do want to tell the Court a couple of things. 15 We -- it is my -- first of all, I do support the abatement that 16 has been requested and that the Court has now denied. But I 17 wanted to let you know I support it. 18 And part of the reason, Judge, that I support it is 19 because I do intend to immediately turn my head towards trying 20 to negotiate a resolution of the dispute between the Receiver 21 and the entities that have -- that he has taken action against 22 in the bankruptcy proceedings before your Court. 2.3 The bottom line on this, Judge, is that I don't think 24 anybody benefits from the continuation of this. At this point, 25 the -- Nate Paul has agreed to pay my client in full.

I want to turn my head towards getting the Receiver into a position where the Receiver can be dismissed and paid.

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So just letting the Court know that I do still support the abatement. But if the Court is not inclined to grant an abatement of ten days or so, then so be it. Thank you.

THE COURT: Thank you. Mr. Roberts.

MR. ROBERTS: Yes, Your Honor. If I can back up a minute, Your Honor, and advise the Court what's happened. And as is often the case, the timing is unfortunate. But timing is often not in control of the Debtor.

What has been filed is a motion to abate based on a binding term sheet to reduce to a settlement agreement only consistent and containing the terms of the term sheet so that, for example, (indisc.) language is fleshed out.

The funds for paying that are already in reserve in the GVSH (phonetic) bankruptcy case for Princeton's claim. The motion requires the Bankruptcy Court in the Northern District of Texas to approve the settlement. It does not rely on Mr. Paul coming up with funds to fund the settlement. It doesn't really rely on the settlement agreement because what we have is binding. The parties have agreed to go for an expedited hearing to get that approval.

As it relates to Mr. Kretzer's claim, Mr. Kretzer has two avenues. One is he's pursuing fraudulent transfers

- purportedly on behalf of Princeton, which Princeton does not want to pursue and does not need to pursue.
- As his counsel pointed out, he's also pursuing

  fraudulent transfer claims on the theory he's entitled to fees.

  And I would like to address that for just one minute.
- 6 Under the order, counsel --
- 7 THE COURT: Mr. Roberts.
- MR. ROBERTS: Yes.
- 9 THE COURT: I mean, I think I know where you're
  10 going. What you need to understand is that stuff is not being
  11 produced. It's long overdue.
- MR. ROBERTS: May I finish, Your Honor? I understand
  what you're saying but I'd like to make a record here.
- 14 **THE COURT:** Go ahead.
- MR. ROBERTS: So as to Kretzer's claim, he's not

  entitled to any fees. He's entitled up to 25 percent of what

  Princeton gets paid, possibly, depending on what the court in

  Houston says.
- Mr. Kretzer's already collected \$3 million.
- Mr. Kretzer can't explain to this Court why he needs to pursue fraudulent transfer claims. And that is the only basis upon
- 22 which Mr. Kretzer needs these documents.
- I'll turn to the Trustees in a minute. But I would

  ask the -- re-urge the Court to just reset this for a week and

  let the sky clear and let the judge see that you have a

- settlement, we have a motion, and let Kretzer explain what's left.
- As to the Trustees, but for one case the elimination
  of the Kretzer's claim creates solvent estates with surpluses.

  And I'll get to the exception in a moment. So they -instructing the Trustees to move forward for a investigation
  going back seven years in a solvent case does not result in any
  possible causes of action, and the investigations have no

purpose.

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I certainly understand your frustration with the lack of document production. And I would hope you understand that our concerns about providing this information to Mr. Kretzer.

Mr. Kretzer's conduct is a matter for the State courts. But as you've seen in your own court, Mr. Kretzer has stepped in at WC Culebra, stopped a sale, cooperated with another lender to give him the property, with no accounting and no money going to Princeton.

That's one of many examples. So lots of issues with Mr. Kretzer's use of information that has been produced in other cases. Whether the Court agrees with that concern, it conflicts with their discovery rights, and it's a difficult issue. But as to the Trustees --

THE COURT: What motion have you filed with respect to that?

MR. ROBERTS: Filed a motion with respect to what,

Your Honor?

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THE COURT: Mr. Kretzer's alleged misbehavior.

MR. ROBERTS: There -- the receivership order was

4 appealed to the First Court of Appeals in Houston. It's been

5 argued and we're waiting for a decision.

THE COURT: Right.

MR. ROBERTS: If the First Court of Appeals strikes that, that has a dramatic effect on Mr. Kretzer's rights.

THE COURT: And that hasn't happened yet.

MR. ROBERTS: (Indisc.) happening in State court, the State court is waiting to see.

THE COURT: So we're just stonewalling in documents until all the other legal avenues are possibly pursued.

MR. ROBERTS: No. The WC entities have done one more very significant thing. If Mr. Kretzer doesn't have a claim against these estates, if Princeton files under the motion -- under the agreement, Princeton's going to file a motion to wind up and terminate the receivership. Mr. Kretzer has to provide an accounting.

If Mr. Kretzer has in fact recovered \$3 million, there's no basis for a fraudulent transfer claim even on his behalf. He has no standing and no need for these documents. That's what Mr. Kretzer's counsel has not informed you of.

As to the Trustees, I think you've had Trustees already say if I have a surplus case, I don't need to go back

1 through all those years of information, I have a surplus case. So one case there's not a surplus case yet --THE COURT: Mr. Roberts. 3 MR. ROBERTS: I'm sorry. 5 THE COURT: This is really simple. If somebody is in good faith responding to a document request, they'll produce 6 7 some documents. They'll do something. They won't completely thumb their nose at the bankruptcy process by not turning over a single document. Do you see the problem here? 10 MR. ROBERTS: I do see the problem, Your Honor. And 11 I think that has something to do with why the case has been settled. And this case has been settled. I'd ask the Court to 12 13 consider that and put that in perspective. 14 MS. ROSS: Your Honor, may I add one thing? This is 15 Ms. Ross. And I don't want to --16 THE COURT: Go ahead. 17 MS. ROSS: If the Court doesn't want to hear from me, 18 Your Honor, I have (indisc.) for ten days that's fine. straight to get my client in a position to get its full claim 19 20 paid. And that is what I have successfully negotiated. 21 And I am now going to turn my head to, in the next 22 ten days, trying to resolve the issues with the Receiver as 23 well, while at the same time asking the Bankruptcy Court in the

there on behalf of my client.

Northern District of Texas to release the money that was put

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So the only thing that I would say, Judge, is that I personally will commit to you that if you abate for ten days only, that I will do everything in my power to negotiate and try to get the matters with the Receiver resolved. That's all I can promise. And --

THE COURT: Go ahead, Mr. Roberts.

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7 MS. ROSS: -- that's all I have to say, Judge. Thank 8 you.

THE COURT: What else, Mr. Roberts?

MR. ROBERTS: Your Honor, I think if you put these two things together, I'm not going to stand before you and argue that the WCC entities have operated, have produced documents as they have -- should have.

But you might consider the possibility that's a direct -- rather than produce the documents, rather than expose their businesses to further seizures of bank accounts, seizures of property without proof, rather than expose themselves to further damage, my client's chosen to settle. So there is no reason for Mr. Kretzer to produce the documents.

If we have a Trustee that has an insolvent estate that -- and if that particular estate says, I still need that information, we can address that and we can address it in good faith because counsel for the Debtors have the documents.

And otherwise, just looking at the number of lawyers on this phone, we (indisc.) --

## 1 THE COURT: All precipitated by your failure to 2 produce the documents. I understand. But what we haven't --3 MR. ROBERTS: THE COURT: Mr. Ralston, what have you got? 4 5 MR. ROBERTS: -- failed to do is settle. Thank you. MR. RALSTON: Your Honor, just a point. And I don't 6 7 mean to speak for either Mr. Ong or Mr. Cumings. But we did have last week a 341 meeting held by Mr. Osherow in all of the WC cases that he's handling. And as I think has been stated, Mr. Osherow indicated 10 11 in that 341 meeting that -- combined 341 meeting as it were, because he's handling numerous cases -- that apart from 12 13 Mr. Kretzer's claims, he views the estates that he's involved 14 with as being solvent and that he is trying to limit the 15 administrative expenses as a result of that. 16 And I think what the -- as I understand this 17 agreement between I believe the GVS entities and Princeton 18 Capital, although it is a binding settlement agreement, it's 19 not just a -- it's not an agreement to agree, as I understand 20 it, but it is a settlement agreement laying out binding 21 terms --22 THE COURT: I've been -- I was informed of it, what, 2.3 at noon today? 24 Your Honor, I think there was -- I MR. RALSTON: 25 think the parties, Mr. Ross and I believe the Mr. Morrison, who

1 represents GVS, I think he is on the call, I think they were still working out terms today. I don't think it was -- and it 2 certainly was not anything intentional on the part of those 3 parties. But I think they were working feverishly to get 4 5 something done. 6 And they could speak to that, Your Honor. I'm 7 Debtor's counsel. I'm not counsel for GVS. That would be the World Class entity that would -- as I understand it would be funding the settlement. 10 So, Your Honor, I think we're in a position with a 11 short abatement, which should not prejudice Mr. Kretzer, 12 especially if Ms. Ross is able to achieve a resolution,

13 would -- of ten days is not going to prejudice anyone. 14 And it may just create an opportunity where 15 Mr. Kretzer and Princeton are paid off, that -- with the 16 exception, as I understand it, of one estate -- the remaining 17 estates are solvent and these cases can be wrapped up

18 expeditiously.

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THE COURT: Well, I'm all in favor of Princeton being paid, let me say that.

21 MR. KHEZRI: Your Honor, --

THE COURT: (Indisc.) wholeheartedly -- I wholeheartedly encourage that that settlement get funded and approved. And I can't say enough -- and I will consider that when I conduct a hearing on the show cause order.

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              MR. KHEZRI: Your Honor, Phil Khezri for --
              THE COURT: And the comments -- excuse me.
 3
              MR. KHEZRI:
                           Sorry.
              THE COURT:
                          The comments made about how many of these
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    estates are solvent and maybe only one is insolvent, that's
    helpful. It's kind of just information that's floating out
 6
 7
    there. If somebody were to put together a chart, a pretty
    simple chart, and demonstrate that, that would be helpful, too.
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    But otherwise it's --
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              MS. SPEAKER: Your Honor, --
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              THE COURT: -- full speed ahead.
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              MS. SPEAKER: Your Honor, --
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              THE COURT: -- Khezri I think wanted to talk.
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              MR. KHEZRI: Yes, Your Honor. Thank you so much.
15
    Phil Khezri, Lowenstein Sandler again, representing Sangrill
16
    Investments, an equity holder in Third and Trinity.
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              Even if Third and Trinity is solvent, those books and
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    records must have been turned over to the Trustee.
19
    required under the Bankruptcy Code. The Trustee should have
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    possession of all the books and records. There's no exception
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    for the estate being solvent here. There are equity holders
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    who likely have been defrauded here.
2.3
              So even if the Receiver is paid off, those books and
24
    records should be turned over to the Trustee. And equity
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    holders and creditors have a right to review what happened
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prebankruptcy. There are causes of action here, possibly even subordination of Nate Paul's equity interest or other World Class equity interests in the estate.

So I don't think that argument that these estates are solvent is grounds for not turning over books and records that are required under the Bankruptcy Code. These entities availed themselves of bankruptcy protections. They have obligations that go with that. And they are picking and choosing which rules apply to them going forward in this bankruptcy case.

THE COURT: Okay.

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MR. HEADDEN: Your Honor, Todd Headden, if I may just briefly (indisc.) finish up some of this. I do want to go back and address some of the points that have been made in regards to a chart for solvency or surplus cases. That is something that the Debtor certainly can put together and would be happy to do so.

There is a pretty big difference between providing documents to the Trustees, all of whom are court-appointed fiduciaries, and turning over documents to Kretzer, given the history that I think has been laid out and the Court is well aware of. I'm not going to belabor that point. But that is obviously the sticking point for the Debtors. We don't frankly trust the Receiver and what they would do with the additional information.

So the Debtors are trying to wrap these cases up in

1 good faith. As has been indicated here, a number of these cases are (indisc.) surplus cases. And we're moving as quickly as we can into the settlement and trying to get that motion 3 filed on an expedited basis, both of the -- of I-35 and after 4 5 that settlement is entered by Judge Larson, then they can take it down to State Court in Houston. Thank you. 6 7 THE COURT: Okay. The motion to abate's denied. The motion for protective order is denied except as to document categories 24, 25, 26, and 28. 10 We're going to reset all this stuff to Monday, September 26th. There will be a show cause hearing on that 11 12 day. 13 I will consider whether or not (indisc.) gets paid 14 off, what effect that might have on Kretzer. I do want to take 15 into account the interest of equity holders who are not part of 16 the Nate Paul group of entities or companies. 17 Some actual production of documents would be helpful, 18 would be very helpful --19 MR. LEMMON: Your Honor, --20 THE COURT: -- because even if Kretzer magically 21 disappears, even if, the failure to produce is going to be 22 considered. 2.3 MR. HEADDEN: Your Honor, is there a time on the 24 26th? 25

Two forty-five.

THE COURT:

## CERTIFICATION

I certify that the foregoing is a correct transcript from the electronic sound recording of the proceedings in the above-entitled matter.

sin / Julian

August 27, 2022

Signed

Dated

TONI HUDSON, TRANSCRIBER

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Responses to Court's March 30, 2023 Order

Status as of 4/11/2023 7:47 AM CST

Associated Case Party: Great Value Storage, LLC

Name	BarNumber	Email	TimestampSubmitted	Status
Seth Kretzer	24043764	seth@kretzerfirm.com	4/10/2023 7:08:58 PM	SENT
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Jesseca Wilson		jesseca@kretzerfirm.com	4/10/2023 7:08:58 PM	SENT
Shawn Johnson		shawn@sajlawpllc.com	4/10/2023 7:08:58 PM	SENT
Daniel Wilson		dwilson@susmangodfrey.com	4/10/2023 7:08:58 PM	SENT
Dana Lipp		lipp@lipplegalfirm.com	4/10/2023 7:08:58 PM	SENT

Associated Case Party: Princeton Capital Corporation

Name	BarNumber	Email	TimestampSubmitted	Status
Mark L. D. Wawro	20988275	mwawro@susmangodfrey.com	4/10/2023 7:08:58 PM	SENT
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Associated Case Party: World Class Capital Group, LLC

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Filing Code Description: Response

Filing Description: Receiver's Reply To Appellants and Appellee's

Responses to Court's March 30, 2023 Order

Status as of 4/11/2023 7:47 AM CST

Associated Case Party: World Class Capital Group, LLC

Shawn Johnson	24097056	shawn@sajlawpllc.com	4/10/2023 7:08:58 PM	SENT
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