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**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

DIRECT LENDING INVESTMENTS
LLC,

Defendant.

Case No. CV 19–2188 DSF (MRWx)

**ORDER GRANTING MOTION OF
RECEIVER FOR ENTRY OF
ORDER:**

- (1) ESTABLISHING BAR DATE FOR U.S. RECEIVERSHIP ENTITIES;**
- (2) APPROVING FORM AND MANNER OF NOTICE;**
- (3) APPROVING PROOF OF CLAIM (INTEREST) FORM AND SUMMARY PROCEDURES; AND**
- (4) APPROVING FORM AND/OR LIMITATION OF NOTICE UNDER LOCAL CIVIL RULE 66-7 [DOCKET# 224]**

Before the Court is the Motion of the Receiver for an Order: (1) Establishing Bar Date for U.S. Receivership Entities; (2) Approving Form and Manner of Notice; (3) Approving Proof of Claim (Interest) Form and Summary Procedures; and (4) Approving Form and/or Limitation of Notice Under Local Civil Rule 66-7

1 (“Motion”) [Dck# 224]. The Court, having reviewed and considered the Motion and
2 all supporting pleadings and papers, and oppositions or responses to the Motion, if
3 any, and good cause appearing,

4 IT IS ORDERED that:

5 1. The Motion, together with the exhibits, instructions, and other
6 attachments is granted and approved.

7 2. Claims Bar Date: The Court establishes July 7, 2020, at 11:59 pm
8 (prevailing Pacific Time) as the deadline (“Bar Date”) for Claimants to submit a
9 completed and signed Proof of Claim (Interest) form under penalty of perjury,
10 together with any supporting documentation, against one or more of the U.S.
11 Receivership Entities. This Bar Date applies to investors and creditors of the U.S.
12 Receivership Entities and administrative claimants of the receivership estate.

13 3. The claims procedure, including the Notice of Bar Date and Procedure
14 for Submitting a Proof of Claim Form (the “Notice of Bar Date”) and Proof of Claim
15 (Interest) Form, attached to the Sharp Declaration as Exhibits 1 and 2, are approved
16 substantially in the form attached to the Motion.

17 4. All Claimants who believe they are owed money by, or are entitled to a
18 distribution from, the receivership estate must submit a completed and signed Proof
19 of Claim (Interest) form by the Bar Date, in accordance with the instructions on the
20 Proof of Claim (Interest) Form.

21 5. The Bar Date and procedures shall not apply to holders of Claims based
22 on professional services provided and fees and costs incurred after April 1, 2019 by
23 the Receiver and his professionals for the benefit of the receivership estate
24 (“Professional Claimants”), and Professional Claimants are not required to submit a
25 Proof of Claim (Interest) form and the Court will continue to address those claims in
26 accordance with prior or future court orders. Claims and interests among and
27 between the Receivership Entities (“Intercompany Receivership Claims”) are
28 preserved without the requirement of the filing of a Proof of Claim (Interest) form at

1 this time. Any such Claims will be subject to a Court-approved distribution plan.

2 5. Notice by Regular Mail or Email: The Receiver must serve all known
3 potential Claimants, to the extent the Claimant has a known email address, or
4 alternatively, by regular mail if the Claimant does not have a known email address
5 and has a known mailing address, with the Bar Date Notice, and Proof of Claim
6 (Interest) Form. The Receiver must provide such notice within 30 days after entry of
7 the Bar Date Order.

8 6. Notice by Publication: The Receiver must publish the Bar Date Notice
9 in the following general circulation newspaper on two days at least one week apart
10 and at least 30 days prior to the Bar Date: the *Los Angeles Times* or a newspaper of
11 similar circulation.

12 7. Procedures for Submitting and Determining Proofs of Claim (Known
13 Investor Claimants): All known investors in the U.S. Receivership Entities must be
14 provided with an Exhibit A attached to their Proof of Claim (Interest) Form which
15 contains a record of investment activity with the U.S. Receivership Entities. If on
16 review, the information on the Exhibit A provided is accurate, the investor Claimant
17 must sign the Attestation in the Proof of Claim (Interest) Form, confirming the
18 amounts, and return the signed form to the Receiver's claims agent, but no
19 documents will be required to be submitted by the investor Claimant. If the investor
20 Claimant believes any of the information contained in Exhibit A is inaccurate, the
21 Claimant must return the signed Proof of Claim (Interest) Form and provide with the
22 form the correct information and supporting documentation.

23 8. Procedures for Submitting and Determining Proofs of Claim (Investor
24 Claimants Not Known to the Receiver): For investor Claimants' whose information
25 is not known to the Receiver, and who do not receive an Exhibit A, the investor
26 Claimant must submit to the Receiver's claims agent a completed, signed Proof of
27 Claim (Interest) Form by the Bar Date, together with, at a minimum, the following
28 information from the investor Claimant to validate the claim:

- 1 a. Name of the fund in which the Claimant invested;
- 2 b. A complete identification of the Claimant's subscription contributions,
- 3 including funding date, effective date, and amount for each contribution;
- 4 c. A complete identification of the redemptions/distributions requested by the
- 5 investor Claimant, including request date, effective date, and amount for each
- 6 redemption/distribution;
- 7 d. A complete identification of all redemptions/distributions paid, including
- 8 funding date, effective date, and amount for each redemption/distribution; and
- 9 e. A true and correct copy of all documents supporting or evidencing the
- 10 investments and the other required information listed above.

11 9. Approved Methods for Submission of Proofs of Claim (Interest): Except as
12 otherwise provided by order of this Court, or provided herein, each Claimant must
13 properly complete and sign a Proof of Claim (Interest) Form, under penalty of
14 perjury, must be timely submitted to one of the following (i) via E-Claim Filing: link
15 to webpage; (ii) via Email: TeamDLI@Stretto.com; or (iii) DLI Claims Processing
16 Center, c/o Stretto, 410 Exchange, Suite 100, Irvine, CA 92602.

17 10. Effect of Failure to Submit Proof of Claim (Interest) Form Before Bar
18 Date: If any Claimant required to submit a Proof of Claim (Interest) Form fails to
19 return the form as required by this Order in a timely manner, the effect of such failure
20 will be that the Claimant waives and any Claim against or Interest in the U.S.
21 Receivership Entities and the receivership estate. Any Proof of Claim (Interest)
22 Form received after the Bar Date will be forever barred, estopped, and disallowed
23 and a Claimant asserting such claims or interests shall not have standing to object to
24 any distribution plan proposed by the Receiver and shall not receive any distribution
25 from the receivership estate. Further, the Receiver shall have no further obligation to
26 provide notices on account of the Claim and the receivership estate is forever
27 discharged from any and all indebtedness or liability with respect to such Claim.

28 11. Additional Information: If at any time after receiving the Proof of Claim

1 (Interest) Form the Receiver determines that additional information is needed to
2 assess and process a Claim, the Receiver is authorized to contact the Claimant (or
3 counsel if one is designated) by telephone, email, or mail to request such additional
4 information.

5 12. Notice of Deficiency: Prior to filing an objection with the Court seeking to
6 disallow a Claim, the Receiver may, in his sole and absolute discretion, send to a
7 Claimant (and to counsel if one is designated) to such address or email address as
8 provided in the Proof of Claim (Interest) Form, a written notice of deficiency that
9 specifically identifies the information required to assess and process the Claim. The
10 notice of deficiency shall provide that the Claim will be disallowed, if the additional
11 information is not provided to the Receiver within 30 calendar days of the date of the
12 notice of deficiency.

13 13. Receiver's Claim Objections: The Receiver and Claimants are directed to
14 work in good faith to resolve any disputes about the Claim before submitting them to
15 the Court for determination. For any Claims that the Receiver believes are
16 objectionable, the Receiver is directed to communicate first with the Claimant
17 informally, stating the basis of his objection, and to try to reach resolution of any
18 disputes. If the Receiver is unable to resolve disputes about a Claim, the Receiver
19 shall file a written objection to the Claim that includes (i) a detailed statement of the
20 factual basis and legal basis for the objection, (ii) copies of any documents or other
21 writing or other evidence upon which the Receiver relies in support of his objection;
22 and (iii) identifies the portion of the Claim he believes is unobjectionable and should
23 be allowed. There shall be no deadline by which the Receiver may file objections to
24 Claims.

25 14. Court Ruling on Determinations and Objections: The Claimant's response
26 to the Receiver's Claim objection shall be filed with the Court, with a copy served on
27 the Receiver and his counsel, within 30 days of the date on which the Receiver filed
28 his written objection to the Claim. The Receiver shall have 30 days to file and serve

1 his reply. The Receiver shall set a hearing on the objection to the Claim concurrent
2 with the filing of his written objection to the Claim, with the hearing to be scheduled
3 at least 14 days after the deadline for the Claimant to file his reply.

4 15. Limitation on Discovery and Motion Practice: Prior to the Receiver's
5 filing of an objection to a Claim, no discovery, motion practice, or other litigation
6 relating to the Claim shall occur unless the Claimant and the Receiver agree, or if the
7 Receiver does not agree, the Claimant first seeks and obtains leave of this Court,
8 upon a showing of good cause, and substantial need, for such relief. If discovery
9 and/or motion practice is allowed by the Court, then the Receiver shall have a
10 reciprocal right to conduct discovery or engage in motion practice.

11 16. Consent to Jurisdiction: Submission of a Proof of Claim (Interest) form in
12 this case constitutes consent to the jurisdiction of this Court for all purposes and
13 constitutes agreement to be bound by its decisions, including without limitation, a
14 determination as to the extent, validity, priority, and amount of any Claim asserted
15 against the receivership estate. The submission of a Proof of Claim (Interest) form
16 shall constitute consent to be bound by the decisions of the Court as to the
17 classification, treatment, and payment of the Claim as a Court-approved distribution
18 plan.

19 17. Authority to Compromise and Settle: The Receiver shall have the
20 authority to compromise and settle any Claim or resolve any notice of deficiency, at
21 any time, as appropriate, without further order of this Court, where the value of the
22 Claim is less than \$100,000 and/or the amount discounted or given up by the estate
23 in the compromise is \$100,000 or less. The Receiver, in his discretion, may file a
24 motion seeking Court approval of any compromise or settlement of a Claim. All
25 parties to this proceeding are directed to cooperate with the Receiver to the
26 maximum extent possible to achieve a swift resolution of disputes concerning Claims
27 without the need for determination by the Court.

28 18. Reservation of Rights: Nothing herein shall prejudice or limit any right of

1 the Receiver to dispute, or assert offsets or defenses, as to the extent, validity, or
2 priority, or otherwise, against amounts asserted in any Claim, including but not
3 limited to the manner in which accounts will be aggregated and Claims classified,
4 treated, and paid under a Court-approved distribution plan. Nothing contained herein
5 is intended to preclude or limit the Receiver from objecting to any Claim on any
6 grounds. Subject to approval by the Court, the Receiver retains the sole and absolute
7 right to propose a plan of distribution.

8 19. The form of notice on the Motion provided to interested parties,
9 creditors, and investors, who are potential creditors of the estate, by the Receiver (a)
10 serving the Motion and related moving papers on all parties to the action; (b) serving
11 by mail a notice of hearing on the Motion to all known creditors pursuant to Local
12 Civil Rule 66-7; (c) posting a copy of the Motion on the Receiver's website for the
13 case at <https://cases.stretto.com/dli>; and (d) causing Bankruptcy Management
14 Solutions dba Stretto to provide by email a copy of the notice of hearing on the
15 Motion to all known investors through its email service regularly used to provide
16 notices and documents to investors pursuant to the applicable governing documents
17 for Direct Lending Income Fund, L.P. and Direct Lending Income Feeder Fund, Ltd.,
18 is approved and deemed sufficient notice and opportunity for hearing on the Motion
19 under the circumstances.

20 IT IS SO ORDERED.

21 DATED: April 9, 2020

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23 Honorable Dale S. Fischer
24 UNITED STATES DISTRICT JUDGE
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