

55 Hudson Yards - 20th Floor
New York, New York 10001
(212) 358-5600

Trevor J. Welch
(973) 652-4874
twelch@glennagre.com

March 1, 2021

BY EMAIL

Honorable Michael E. Wiles
United States Bankruptcy Court for
The Southern District of New York
One Bowling Green
New York, NY 10004-1408

Re: *In re: Garrett Motion Inc., et al.*, Case No. 20-12212 (MEW)

Dear Judge Wiles:

We represent the Official Committee of Equity Securities Holders of Garrett Motion Inc. (the “Equity Committee”). We write concerning a discovery dispute in connection with the hearing on the *Debtors’ Motion for an Order (I) Authorizing the Debtors to Enter into and Perform Under (A) the Plan Support Agreement and (B) the Equity Backstop Commitment Agreement and (II) Granting Related Relief* [D.I. 783], and the *Motion of the Official Committee of Equity Security Holders for Entry of an Order Terminating the Debtors Exclusive Periods to File a Chapter 11 Plan and Solicit Acceptances* [D.I. 794] (the “Motions”), which is scheduled for a continued hearing on Wednesday, March 3, 2021 (the “Hearing”). The Additional Investors, represented by Jones Day, refuse to make an appropriate Hawk Ridge Capital Management LP (“Hawk Ridge”) representative available to testify at the Hearing, or at a deposition in advance, or even produce Hawk Ridge documents. For the reasons set forth below, the Equity Committee respectfully requests that the Court compel Hawk Ridge to do so.

At the first day of the Hearing on February 16, 2016, Your Honor identified several issues that may inform the adjudication of the Motions, including whether “extra rights were being given [to the Additional Investors] in consideration of [their] voting power.” Feb. 16, 2021 Hr’g Tr. at 100. Following the Hearing, the Equity Committee served discovery requests concerning this and related issues, including document demands and deposition notices for corporate representatives of Hawk Ridge and Sessa Capital (Master), L.P. In response, the Additional Investors unilaterally selected the investors from whom to collect responsive documents—notably omitting Hawk Ridge—and have refused to proffer an appropriate corporate representative of Hawk Ridge.¹

¹ Today, the Additional Investors belatedly designated a witness already scheduled to testify tomorrow (a financial advisor to the Additional Investors as a whole) as the corporate representative of Hawk Ridge. That



Documents² from and the testimony of a Hawk Ridge witness will directly address issues raised by Your Honor at the Hearing on February 16—*e.g.*, the possible preferential treatment of certain shareholders in consideration for their commitment to support the COH Plan. For example, on October 18, 2020, a representative of Hawk Ridge³ posted in a public forum (the Value Investor Club) as follows: “[T]he Oaktree filing looks *pretty nasty* for existing equity if it goes through, 1.1b of pref stock with 12% PIK or cash. In some ways, that piece of paper looks *more toxic* than the prior Honeywell liability.” (emphasis supplied). Notwithstanding this undeniably negative assessment, the public record shows that—*shortly after* this post on October 18 and *shortly before* entering into the Coordination Agreement on October 20—Hawk Ridge *accumulated* Garrett Motion shares at prices *higher* than its own most recent sales.⁴ The factual sequence in Hawk Ridge’s SEC filings is telling: it sold 400,000 shares on September 29, 2020 at an average price of \$2.75. After this post, on October 18, 2020, Hawk Ridge signed the Coordination Agreement on October 20, 2020 and then bought over 540,000 shares from October 20 to October 23, at an average price of \$2.97. The inference is unavoidable: Hawk Ridge concluded that committing to the COH Group as a shareholder would result in receiving a disproportionate share of value as compared to non-aligned shareholders. Notably, neither the COH Group nor the Additional Investors have produced any documents with any meaningful discussions or commentary as to why the Additional Investors joined the COH Group (and no party produced the screenshot attached as Exhibit A).

The Equity Committee believes that Hawk Ridge’s documents and deposition will support the Equity Committee’s contention that the COH Plan violates Section 1123(a)(4) of the Bankruptcy Code and should not be confirmed, much less presented to Garrett Motion’s creditors as the exclusive option for emerging from bankruptcy.

Accordingly, the Equity Committee respectfully requests that the Court compel Hawk Ridge to proffer a witness, both at the Hearing and for a deposition.

Respectfully,

/s/ Trevor J. Welch

Trevor J. Welch

Attachment

cc: Counsel of Record

witness cannot plausibly testify on the relevant issues, such as the timing and motivation of Hawk Ridges’ trades in Garrett Motion stock, especially given the Additional Investors’ failure to produce any Hawk Ridge documents.

² The Additional Investors’ document production (74 documents) is patently deficient. For example, the Additional Investors failed to produce responsive emails, on which their representatives are copied or sent, that have been produced by other parties.

³ The screenshot of Value Investor Club website is attached as Exhibit A. The Additional Investors have confirmed that the author is, in fact, a representative of Hawk Ridge.

⁴ See <https://www.sec.gov/Archives/edgar/data/1609074/000119312520277319/d20681dsc13d.htm>

EXHIBIT A

GARRETT MOTION INC GTX

January 25, 2019 - 11:36am EST by mrmgr

			2019	2020
Price:	15.52	EPS	3.17	3.63
Shares Out. (in M):	74	P/E	4.9	4.3
Market Cap (in \$M):	1,150	P/FCF	6.3	5.3
Net Debt (in \$M):	1,408	EBIT	557	596
TEV (\$):	4,420	TEV/EBIT	7.9	7.4

Quality Rating:  5.4 (17 votes)





























[view available tags](#)

Performance Rating:  5.4 (16 votes)

Related Ideas?

Description / Catalyst Messages (195)

show All sort by new Expand New

#	AUTHOR	DATE	SUBJECT	
☆ 195	mrsox977	11/10/20	Equity Committee authorized ** Debtwire story from last week in case you missed it	
☆ 194	abcd1234	10/23/20	Re: Re: Re: Re: A few not so quick questions	 193  
☆ 193	abcd1234	10/23/20	Re: Re: Re: A few not so quick questions	 192  
☆ 192	straw1023	10/22/20	Re: Re: A few not so quick questions	 191 
☆ 191	abcd1234	10/22/20	Re: A few not so quick questions	 190  
☆ 190	Ray Palmer	10/22/20	A few not so quick questions	
☆ 189	mrsox977	10/22/20	Sessa Capital files to increase its common equity stake	 188 
☆ 188	abcd1234	10/19/20	Re: Re: Re: Re: What is the equity worth now?	 187  
☆ 187	rosie918	10/19/20	Re: Re: Re: What is the equity worth now?	 186  
☆ 186	cfavenger	10/19/20	Re: Re: What is the equity worth now?	 185 
☆ 185	rosie918	10/19/20	Re: What is the equity worth now?	 184  
☆ 184	rui136	10/18/20	What is the equity worth now?	 

The oaktree filing looks pretty nasty for existing equity if it goes through, 1.1b of pref stock with 12% pik or cash. In some ways that piece of paper looks more toxic than the prior Honeywell liability. It looks on the surface that the go forward payment obligations between the pref, Honeywell, and remaining debt will actually be worse than it was pre-bankruptcy which is kind of amazing. Anyhow curious if anyone has thoughts on what this means for current equity especially if they are getting very little of the new pref offered to them.

r ii

1 [reply](#)

[view available tags](#)