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

In re:

HIGHLAND CAPITAL MANAGEMENT, L.P.,¹

Debtor.

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Chapter 11

Case No. 19-34054-sgj11

**DEBTOR'S MOTION FOR ENTRY OF AN ORDER APPROVING SETTLEMENT
WITH (A) ACIS CAPITAL MANAGEMENT, L.P. AND ACIS CAPITAL
MANAGEMENT GP LLC (CLAIM NO. 23), (B) JOSHUA N. TERRY AND JENNIFER G.
TERRY (CLAIM NO. 156), AND (C) ACIS CAPITAL MANAGEMENT, L.P. (CLAIM NO.
159), AND AUTHORIZING ACTIONS CONSISTENT THEREWITH**

¹ The Debtor's last four digits of its taxpayer identification number are (6725). The headquarters and service address for the above-captioned Debtor is 300 Crescent Court, Suite 700, Dallas, TX 75201.



TO THE HONORABLE STACEY G. C. JERNIGAN,
UNITED STATES BANKRUPTCY JUDGE:

The above-captioned debtor and debtor-in-possession (the “Debtor”) files this motion (the “Motion”) for entry of an order, substantially in the form attached hereto as **Exhibit A**, pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), approving a settlement agreement (the “Settlement Agreement”) and a general release (the “Release”),² copies of which are attached as **Exhibit 1** and **Exhibit 2**, respectively, to the *Declaration of Gregory V. Demo in Support of the Debtor’s Motion for Entry of an Order Approving Settlement with (a) Acis Capital Management, L.P. and Acis Capital Management GP LLC (Claim No. 23), (b) Joshua N. Terry and Jennifer G. Terry (Claim No. 156), and (c) Acis Capital Management, L.P. (Claim No. 159) and Authorizing Actions Consistent Therewith*, executed on September 23, 2020 (the “Demo Declaration”), that, among other things, fully and finally resolve the proofs of claim filed by (A) Acis Capital Management, L.P. (“Acis LP”), (B) Acis Capital Management GP LLC (“Acis GP” and together with Acis LP, “Acis”), and (C) Joshua N. Terry, individually and for the benefit of his individual retirement accounts, and Jennifer G. Terry, individually and for the benefit of her individual retirement accounts and as trustee of the Terry Family 401-K Plan (together, the “Terry Parties” and together with Acis, the “Acis Parties”). In support of this Motion, the Debtor represents as follows:

Jurisdiction

1. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2). Venue in this District is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

² All capitalized terms used but not defined herein shall have the meanings given to them in the Release.

2. The statutory predicates for the relief sought herein are sections 105(a) and 363 of title 11 of the United States Code (the “Bankruptcy Code”) and Rule 9019 of the Bankruptcy Rules.

Relevant Background

A. Procedural Background

3. On October 16, 2019 (the “Petition Date”), the Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code in the Bankruptcy Court for the District of Delaware, Case No. 19-12239 (CSS) (the “Delaware Court”).

4. On October 29, 2019, the official committee of unsecured creditors (the “Committee”) was appointed by the U.S. Trustee in the Delaware Court.

5. On December 4, 2019, the Delaware Court entered an order transferring venue of the Debtor’s case to this Court [Docket No. 186].³

6. On December 27, 2019, the Debtor filed that certain *Motion of the Debtor for Approval of Settlement with the Official Committee of Unsecured Creditors Regarding Governance of the Debtor and Procedures for Operations in the Ordinary Course* [Docket No. 281] (the “Settlement Motion”). This Court approved the Settlement Motion on January 9, 2020 [Docket No. 339] (the “Settlement Order”).

7. In connection with the Settlement Order, an independent board of directors was constituted at the Debtor’s general partner, Strand Advisors, Inc., and certain operating protocols were instituted.

8. On July 16, 2020, this Court entered an order appointing James P. Seery, Jr., as the Debtor’s chief executive officer and chief restructuring officer [Docket No. 854].

³ All docket numbers refer to the docket maintained by this Court.

9. On August 3, 2020, this Court entered the *Order Directing Mediation* [Docket No. 912] pursuant to which the Debtor and Acis, among others, were directed to mediate their disputes before Retired Judge Allan Gropper and Sylvia Mayer (together, the “Mediators”).

10. The Debtor has continued in the possession of its property and has continued to operate and manage its business as a debtor-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed in this chapter 11 case.

B. The Parties’ Claims

11. The factual background related to this Motion is well known to this Court. The genesis of the Acis Parties’ claims against the Debtor’s estate is a dispute, highly contentious at times, between the Debtor and James Dondero, on the one hand, and Acis and Joshua Terry on the other hand. Mr. Terry is a former employee of the Debtor and limited partner in Acis LP, a portfolio management company previously ultimately owned by Mr. Dondero and Mark Okada and advised by the Debtor.

12. In June 2016, Mr. Terry claimed that he was wrongfully terminated from the Debtor and that his ownership interest in Acis LP was taken with no compensation. The Debtor commenced suit in Texas state court and thereafter the matter was referred to mandatory arbitration. The arbitrators ultimately awarded Mr. Terry approximately \$8 million. A judgment was entered on the arbitration award on December 18, 2017.

13. Mr. Terry, however, claimed that he could not collect because Mr. Dondero orchestrated a scheme to “denude” Acis of assets by transferring virtually all of its assets and attempting to transfer its profitable portfolio management contracts to non-Acis, Debtor-related entities. Mr. Terry filed involuntary bankruptcy petitions against Acis LP and Acis GP. *See In re Acis Capital Management, L.P.*, Case No. 18-30264-sgj11 (Bankr. N.D. Tex. 2018) and *In re Acis Capital Management GP, LLC*, Case No. 18-30265-sgj11 (Bankr. N.D. Tex. 2018)

(collectively, the “Acis Bankruptcy Case”). The Court, overruling then involuntary debtor Acis’s objections, granted Mr. Terry’s petition for relief and appointed a chapter 11 trustee.

14. The Acis Bankruptcy Case was “highly contentious.” The Debtor and Highland CLO Funding, Ltd. (“Highland Funding”), the predominant subordinated noteholder in the Acis CLOs, commenced litigation by suing the chapter 11 trustee. The chapter 11 trustee countersued to recover allegedly fraudulent transfers and to stop the Debtor (which continued for a time to manage Acis) from taking actions that the trustee alleged were harmful to Acis and the CLOs it managed. This adversary complaint forms the basis of Acis’s proof of claim against the Debtor [Claim No. 23] (the “Acis Proof of Claim”).

15. The Debtor, in turn, filed the following claims in the Acis Bankruptcy Case against Acis LP: 1) a prepetition unsecured proof of claim [Claim No. 27] and against Acis GP [Claim No. 13] (the “HCMLP Proofs of Claim”) for alleged unpaid management fees; and 2) a postpetition administrative claim [Docket No. 772] (the “HCMLP Administrative Claim”). Acis objected to both claims. Those claim objections were eventually converted into adversary proceedings, consolidated, by agreement, with the adversary proceeding originally commenced by the Debtor, and the parties were realigned such that Acis was now the plaintiff. All told, after consolidation, amendments and realignment, Acis’s complaint and claim objection against the Debtor and various other related entities includes 34 separate counts as well as objections grounded in various provisions of the Bankruptcy Code, *e.g.* Section 502.

16. In or around August 29, 2018, during a very active period of litigation in the Acis Bankruptcy Case, Highland Funding initiated litigation against Mr. Terry in the Royal Court of Guernsey (the “Guernsey Suit”). Mr. Terry incurred significant expenses in defending the Guernsey Suit. On August 5, 2020, Sir Richard Collas, Lieutenant Bailiff, handed down a

judgment that granted Terry's application to set aside the leave to serve out of the jurisdiction, resulting in the dismissal of the Guernsey Suit (subject to a determination of attorneys' fees and expenses owed to Terry under Guernsey's "loser pays" regime, which has not yet been determined as of the submission of this Motion).

17. Ultimately, on January 31, 2019, a chapter 11 plan of reorganization was confirmed in the Acis Bankruptcy Case. The Acis plan provided for, among other things, payment to Acis's creditors, the retention and maintenance of the Acis estate's causes of action, and also authorized the purchase by Mr. Terry of the equity interests in reorganized Acis for \$1 million. Mr. Terry paid the purchase price by reducing his claim.

18. In addition to the Acis Proof of Claim:

- Mr. and Mrs. Terry filed a proof of claim [Claim No. 156] (the "Terry Proof of Claim") relating to damages arising from the alleged conversion of Mr. and Mrs. Terry's retirement accounts, which were the subject of an action captioned *Joshua and Jennifer Terry v. Highland Capital Management, L.P., James Dondero and Thomas Surgent*, Case No. DC-16-11396, pending in the 162nd District Court of Dallas County Texas (the "Terry Action"); and
- Acis LP filed a proof of claim [Claim No. 159] (the "Acis LP Proof of Claim") relating to alleged damages arising from *NWCC, LLC v. Highland CLO Management, LLC, et al.*, Index No. 654195/2018 (N.Y. Sup. Ct. 2018) (the "NWCC Litigation").

19. A separate adversary proceeding was filed against Mr. Dondero, Frank Waterhouse (the Debtor's CFO and Acis's former treasurer), Scott Ellington (the Debtor's general counsel), other Debtor employees, and CLO Holdco, Ltd. Further, certain state court litigation was commenced against, amongst others, certain in-house attorneys employed by the Debtor (collectively, the "Acis Suits").

20. In addition to the foregoing, the Acis Parties believe that they may have additional claims against the Debtor, its employees, and certain of its affiliates and related entities. For

example, Acis asserted violations of injunctive provisions in its plan of reorganization by the Debtor, certain of its employees, and certain of its affiliates and related entities. For additional detail and background, *see* Mot. for Relief from Stay [Docket No. 593]. By further example, Mr. Terry asserts breaches of a Rule 11 agreement entered in to between, among others, Mr. Terry, the Debtor, Mr. Dondero and Mr. Surgent in the Terry Action.

21. The Debtor, as well as its employees and certain of its affiliates and related entities, believe that they may have additional claims against the Acis Parties.

C. Objections to the Acis Proof of Claim

22. As mentioned above, the Acis Proof of Claim contained 34 separate counts, all of which were extremely complex both factually and legally. In response, on June 23, 2020, the Debtor filed its *Objection to Proof of Claim of Acis Capital Management, L.P. and Acis Capital Management GP, LLC* [Docket No. 771] (the “Debtor Objection”). On July 13, 2020, Mr. Dondero filed *James Dondero’s (i) Objection to Proof of Claim of Acis Capital Management, L.P. and Acis Capital Management GP, LLC; and (ii) Joinder in Support of Highland Capital Management, L.P.’s Objection to Proof of Claim of Acis Capital Management, L.P., and Acis Capital Management GP, LLC* [Docket No. 827] (the “Dondero Objection”). On July 23, 2020, UBS Securities LLC and UBS AG, London Branch filed *UBS (i) Objection to Proof of Claim of Acis Capital Management L.P. and Acis Capital Management GP, LLC and (ii) Joinder in the Debtor’s Objection* [Docket No. 891] (the “UBS Objection” and together with the Debtor Objection and the Dondero Objection, the “Objections”).⁴ The Debtor Objection was, by necessity, also extremely complex and spanned over 60 pages.

⁴ Although each is marginally different, the Dondero Objection and the UBS Objection can be considered joinders to the Debtor Objection and substantively the same as the Debtor Objection.

23. On July 31, 2020, Acis responded to each Objection in its *Omnibus Response to Objection to Proof of Claim of Acis Capital Management, L.P. and Acis Capital Management GP, LLC* [Docket No. 908] (the “Omnibus Response”).

D. The Mediation

24. As part of the Mediation, Acis and the Debtor, among others, were directed to mediate Acis’s claims and to work towards a resolution. Through the Mediation, and with the assistance of the Mediators, Acis and the Debtor were able to negotiate and enter into both the Settlement Agreement and the Release on September 9, 2020. The Debtor informed this Court of the parties’ settlement on September 10, 2020.

25. The Settlement Agreement and the Release⁵ provide for the resolution and mutual release of all the “Acis Released Claims” and the “HCMLP Released Claims” (each as defined in the Release), including the Acis Proof of Claim, the Terry Proof of Claim, the Acis LP Proof of Claim, the HCMLP Proofs of Claim, the HCMLP Administrative Claim, and certain claims in the Acis Suits. However, these documents also provide, with certain exceptions,⁶ for the release of any and all claims that the Acis Parties (among others) may have against the Debtor’s employees, managed funds, and related entities, among others, and for reciprocal releases from such parties in favor of the Acis Parties (among others).

⁵ For convenience purposes, this Motion contains a summary of the material terms of the Settlement Agreement and the Release. If there is an actual or perceived conflict or inconsistency between this Motion and the Settlement Agreement or the Release, the terms of the Settlement Agreement and the Release will govern.

⁶ Specifically, the Release does not release any claims in favor of or against: (i) NexPoint Advisors (and any of its subsidiaries), (ii) the Charitable Donor Advised Fund, L.P. (and any of its subsidiaries, including CLO Holdco, Ltd.), (iii) Highland CLO Funding, Ltd. (and any of its subsidiaries), (iv) NexBank, SSB (and any of its subsidiaries), (v) James Dondero, (vi) Hunter Mountain Investment Trust (or any trustee acting for the trust), (vii) Dugaboy Investment Trust (or any trustee acting for the trust), (viii) Grant Scott, (ix) David Simek, (x) William Scott, (xi) Heather Bestwick, (xii) Mark Okada and his family trusts (and the trustees for such trusts in their representative capacities), (xiii) McKool Smith, PC, (xiv) Gary Cruciani, (xv) Lackey Hershman, LLP, (xvi) Jamie Welton, or (xvii) Paul Lackey.

26. The Release also provides that certain “HCMLP Specified Employees”⁷ will only receive the benefit of the Release if they execute the Release on or before the date that the Release is approved by this Court. The Release further provides that any “HCMLP Released Party” (as defined in the Release), and only such HCMLP Released Party, will be deemed to have waived its rights under the Release and any release contained in the *Plan of Reorganization of Highland Capital Management, L.P.* [Docket No. 956], as may be amended or restated (the “Plan”) if he, she, or it (i) sues, attempts to sue, or threatens or works with or assists any entity or person to sue, attempt to sue, or threaten any “Acis Released Party” (as defined in the Release) on or in connection with any HCMLP Released Claim or any other claim or cause of action arising prior to the date of the Release; (ii) takes any action that, in the Debtor’s reasonable judgment, impairs or harms the value of the Debtor, its estate, and its assets; or (iii) in the Debtor’s reasonable judgment, fails to use commercially reasonable efforts to support confirmation of the Plan and/or monetize the Debtor’s assets at their maximum value.

E. Summary of Settlement Terms

27. The Settlement Agreement contains the following material terms, among others:

- The Acis Proof of Claim will be allowed in the amount of \$23,000,000 as a general unsecured claim.
- On the effective date of a plan of reorganization confirmed by this Court, the Debtor will pay in cash to:
 - Mr. and Mrs. Terry the amount of \$425,000 plus 10% simple interest (calculated on the basis of a 360-day year from and including June 30, 2016), in full and complete satisfaction of the Terry Proof of Claim;

⁷ The “HCMLP Specified Employees” are Scott Ellington, Isaac Leventon, Thomas Surgent, Frank Waterhouse, Jean Paul Sevilla, David Klos, Kristin Hendrix, Timothy Cournoyer, Stephanie Vitiello, Katie Irving, Jon Poglitsch, and Hunter Covitz.

- Acis LP the amount of \$97,000, which amount represents the legal fees incurred by Acis LP with respect to the NWCC Litigation, in full and complete satisfaction of the Acis LP Proof of Claim; and
- Mr. Terry the amount of \$355,000 in full and complete satisfaction of the legal fees assessed against Highland CLO Funding, Ltd., in the Guernsey Suit.

The Settlement Agreement also provides that, within five days of this Court's approval of the Settlement Agreement and the Release, the Debtor will move to withdraw, with prejudice, the HCMLP Proofs of Claim and the HCMLP Administrative Claim.

28. As discussed above, the Release, which is an integral component of the Settlement Agreement, contains a broad, mutual, and general release of the Acis Released Claims and the HCMLP Released Claims (with certain exceptions). The Release also provides that within five days of this Court's approval of the Settlement Agreement and the Release, that each Acis Released Party and HCMLP Released Party, to the extent applicable, will coordinate to cause the "Filed Cases,"⁸ including any appeals of any Filed Cases, to be dismissed with prejudice as to any Acis Released Party or HCMLP Released Party; *provided, however*, that there is no obligation to dismiss or withdraw the Debtor's bankruptcy case. The Debtor will also direct Neutra, Ltd., to dismiss all of its appeals arising from the Acis Bankruptcy Case if the Debtor receives written advice from nationally recognized external counsel that it is legally permissible consistent with the Debtor's contractual and legal duties to do so and that doing so would not reasonably subject HCMLP to liability.

⁸ "Filed Cases" is defined in the Release as (i) the HCMLP Bankruptcy Case; (ii) *Acis Capital Management, L.P., et al. v. Highland Capital Management, L.P., et al*, Case No. 18-03078 (Bankr. N.D. Tex. 2018); (iii) *Motion for Relief from the Automatic Stay to Allow Pursuit of Motion for Order to Show Cause for Violations of the Acis Plan Injunction*, Case No. 19-34054-sgj-11 [Docket No. 593] (Bankr. N.D. Tex. 2020); (iv) *Joshua and Jennifer Terry v. Highland Capital Management, L.P., James Dondero and Thomas Surgent*, Case No. DC-16-11396, pending in the 162nd District Court of Dallas County Texas; (v) *Acis Capital Management, L.P., et al v. James Dondero, et al.*, Case No. 20-0360 (Bankruptcy N.D. Tex. 2020); (vi) *Acis Capital Management, L.P., et al v. Gary Cruciani, et al.*, Case No. DC-20-05534, pending in the 162nd District Court of Dallas County Texas; (vii) *Highland CLO Funding v. Joshua Terry*, [No Case Number], pending in the Royal Court of the Island of Guernsey; and (viii) the Acis Bankruptcy Case.

Basis for Relief Requested

29. Bankruptcy Rule 9019 governs the procedural prerequisites to approval of a settlement, providing that:

On motion by the trustee and after notice and a hearing, the court may approve a compromise or settlement. Notice shall be given to creditors, the United States trustee, the debtor, and indenture trustees as provided in Rule 2002 and to any other entity as the court may direct.

FED. R. BANKR. P. 9019(a).

30. Settlements in bankruptcy are favored as a means of minimizing litigation, expediting the administration of the bankruptcy estate, and providing for the efficient resolution of bankruptcy cases. *Myers v. Martin (In re Martin)*, 91 F.3d 389, 393 (3d Cir. 1996); *see also Rivercity v. Herpel (In re Jackson Brewing Co.)*, 624 F.2d 599, 602 (5th Cir. 1980). Pursuant to Bankruptcy Rule 9019(a), a bankruptcy court may approve a compromise or settlement as long as the proposed settlement is fair, reasonable, and in the best interest of the estate. *See In re Age Ref. Inc.*, 801 F.3d 530, 540 (5th Cir. 2015). Ultimately, “approval of a compromise is within the sound discretion of the bankruptcy court.” *See United States v. AWECO, Inc. (In re AWECO, Inc.)*, 725 F.2d 293, 297 (5th Cir. 1984); *Jackson Brewing*, 624 F.2d at 602–03.

31. In making this determination, the United States Court of Appeals for the Fifth Circuit applies a three-part test, “with a focus on comparing ‘the terms of the compromise with the rewards of litigation.’” *Official Comm. of Unsecured Creditors v. Cajun Elec. Power Coop. (In re Cajun Elec. Power Coop.)*, 119 F.3d 349, 356 (5th Cir. 1997) (citing *Jackson Brewing*, 624 F.2d at 602). The Fifth Circuit has instructed courts to consider the following factors: “(1) The probability of success in the litigation, with due consideration for the uncertainty of law and fact, (2) The complexity and likely duration of the litigation and any attendant expense, inconvenience and delay, and (3) All other factors bearing on the wisdom of the compromise.”

Id. Under the rubric of the third factor referenced above, the Fifth Circuit has specified two additional factors that bear on the decision to approve a proposed settlement. First, the court should consider “the paramount interest of creditors with proper deference to their reasonable views.” *Id.*; *Conn. Gen. Life Ins. Co. v. United Cos. Fin. Corp. (In re Foster Mortgage Corp.)*, 68 F.3d 914, 917 (5th Cir. 1995). Second, the court should consider the “extent to which the settlement is truly the product of arms-length bargaining, and not of fraud or collusion.” *Age Ref. Inc.*, 801 F.3d at 540; *Foster Mortgage Corp.*, 68 F.3d at 918 (citations omitted).

32. There is ample basis to approve the proposed Settlement Agreement and the Release based on the Rule 9019 factors set forth by the Fifth Circuit.

33. First, although the Debtor believes that it has valid defenses to the Acis Proof of Claim as set forth in the Debtor Objection, there is no guarantee that the Debtor would be successful in its litigation with Acis. Further, the second factor—the complexity, duration, and costs of litigation—weighs heavily in favor of approving the Settlement Agreement and the Release. As this Court well knows, the litigation between Acis, the Terry Parties, and the Debtor has been proceeding *for years* in this Court and elsewhere and has cost the parties millions in legal fees and untold amounts of time and energy that could have (and should have) been better focused elsewhere. If the Settlement Agreement and the Release are not approved, then the parties will revert to the status quo ante. In this case, the status quo ante is constant, perpetual, costly, and acrimonious litigation that stands to derail not only the confirmation of the Plan in this case but the closing of the Acis Bankruptcy Case. Approving the Settlement Agreement and the Release will resolve the Objections and certain of the satellite litigation that revolves around this case and the Acis Bankruptcy Case. This settlement—together with the hopeful settlement

of other claims in this case—will pave the way for a full resolution of this case and the confirmation of the Plan.

34. Finally, approval of the Settlement Agreement and the Release is justified by the paramount interest of the Debtor's creditors and the arms-length nature of the settlement (the factors falling under the rubric of the third factor "all other factors bearing on the wisdom of the compromise"). As an initial matter, the Settlement Agreement and the Release are the result of the Mediation. As such, there can be no colorable argument that the Settlement Agreement and the Release were not negotiated at arms-length. Any such argument is further belied by the long and very well-documented history of the parties' acrimony and inability to work cooperatively.

35. Furthermore, the settlement embodied in the Settlement Agreement and the Release is in the best interests of *all* creditors. The Acis Proof of Claim was filed for "at least" \$75 million, and that \$75 million was substantially below what Acis contended its claim was actually worth (which, on information and belief, was in excess of \$200 million with punitive damages). Furthermore, Acis's ongoing lawsuits against the Debtor and its employees were a costly and time-intensive endeavor and a substantial impediment to the Debtor's restructuring. Resolving the Acis Proof of Claim—not to mention the Terry Proof of Claim, the Acis LP Proof of Claim, and the various claims against the Debtor's employees—for a \$23-million allowed claim plus approximately \$1 million in cash payments on the effective date of a plan and the waiver of the Debtor's *disputed* claims in the Acis Bankruptcy Case represents a substantial benefit to the Debtor's estate and a huge step towards confirmation of the Plan and the Debtor's exit from bankruptcy.

No Prior Request

36. No previous request for the relief sought herein has been made to this, or any other, Court.

Notice

37. Notice of this Motion shall be given to the following parties or, in lieu thereof, to their counsel, if known: (a) counsel for Acis; (b) counsel for the Terry Parties, (c) the Office of the United States Trustee; (d) the Office of the United States Attorney for the Northern District of Texas; (e) the Debtor's principal secured parties; (f) counsel to the Committee; (g) counsel to UBS, (h) counsel to Mr. Dondero, and (i) parties requesting notice pursuant to Bankruptcy Rule 2002. The Debtor submits that, in light of the nature of the relief requested, no other or further notice need be given.

Prayer

WHEREFORE, the Debtor respectfully requests entry of an order, substantially in the form attached hereto as **Exhibit A**, (a) granting the relief requested herein, and (b) granting such other relief as is just and proper.

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Dated: September 23, 2020.

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EXHIBIT A

Proposed Order

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

In re:

HIGHLAND CAPITAL MANAGEMENT, L.P.,¹

Debtor.

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§ Chapter 11

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§ Case No. 19-34054-sgj11

§

§ Related to Docket No. _____

**ORDER APPROVING DEBTOR'S SETTLEMENT WITH (A) ACIS CAPITAL
MANAGEMENT, L.P. AND ACIS CAPITAL MANAGEMENT GP LLC
(CLAIM NO. 23), (B) JOSHUA N. TERRY AND JENNIFER G. TERRY (CLAIM NO.
156), AND (C) ACIS CAPITAL MANAGEMENT, L.P. (CLAIM NO. 159) AND
AUTHORIZING ACTIONS CONSISTENT THEREWITH**

Having considered the *Debtor's Motion for Entry of an Order Approving Settlement with (a) Acis Capital Management, L.P. and Acis Capital Management GP LLC (Claim No. 23), (b) Joshua N. Terry and Jennifer G. Terry (Claim No. 156), and (c) Acis Capital Management, L.P. (Claim No. 159) and Authorizing Actions Consistent Therewith* (the "Motion")² filed by the above-captioned debtor and debtor-in-possession (the "Debtor"); and this Court having

¹ The Debtor's last four digits of its taxpayer identification number are (6725). The headquarters and service address for the above-captioned Debtor is 300 Crescent Court, Suite 700, Dallas, TX 75201.

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

jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and this Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and this Court having found that venue of this proceeding and the Motion in this District is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the relief requested in the Motion is in the best interests of the Debtor's estate, its creditors, and other parties-in-interest; and this Court having found that the Debtor's notice of the Motion and opportunity for a hearing on the Motion were appropriate under the circumstances and that no other notice need be provided; and this Court having reviewed the Motion, any and all other documents filed in support of the Motion, the Debtor Objection, the UBS Objection, and the Dondero Objection, and the Omnibus Response; and this Court having determined that the legal and factual bases set forth in the Motion establish good cause for the relief granted herein; and upon all of the proceedings had before this Court; and after due deliberation and sufficient cause appearing therefor, it is **HEREBY ORDERED THAT:**

1. The Motion is granted as set forth herein.
2. The Settlement and the Release, attached as **Exhibit 1** and **Exhibit 2** to the Demo Declaration, are approved in all respects pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure.
3. The Debtor Objection is overruled in its entirety.
4. The UBS Objection is overruled in its entirety.
5. The Dondero Objection is overruled in its entirety.
6. The Debtor and its agents are authorized to take any and all actions necessary or desirable to implement the Settlement Agreement and the Release without need of further Court approval or notice.

7. The Court shall retain jurisdiction with respect to all matters arising from or relating to the implementation, interpretation, and enforcement of this Order

END OF ORDER