

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

In re:	)	Chapter 11
)	
PGX HOLDINGS, INC.,	)	Case No. 23-10718 (CTG)
)	
Debtor.)	
)	
Tax I.D. No. 45-4352510)	

In re:	)	Chapter 11
)	
CREDIT REPAIR UK, INC.,	)	Case No. 23-10719 (CTG)
)	
Debtor.)	
)	
Tax I.D. No. 35-2474798)	

In re:	)	Chapter 11
)	
CREDIT.COM, INC.,	)	Case No. 23-10720 (CTG)
)	
Debtor.)	
)	
Tax I.D. No. 94-3341580)	

In re:	)	Chapter 11
)	
CREDITREPAIR.COM HOLDINGS, INC.,	)	Case No. 23-10721 (CTG)
)	
Debtor.)	
)	
Tax I.D. No. 45-4357536)	

In re:	)	Chapter 11
)	
CREDITREPAIR.COM, INC.,	)	Case No. 23-10722 (CTG)
)	
Debtor.)	
)	
Tax I.D. No. 45-4357680)	



In re:) Chapter 11
EFOLKS HOLDINGS, INC.,) Case No. 23-10723 (CTG)
Debtor.)
Tax I.D. No. 27-2815213)

In re:) Chapter 11
EFOLKS, LLC,) Case No. 23-10724 (CTG)
Debtor.)
Tax I.D. No. 27-2815256)

In re:) Chapter 11
JOHN C. HEATH, ATTORNEY AT LAW PC,) Case No. 23-10725 (CTG)
Debtor.)
Tax I.D. No. 34-2038362)

In re:) Chapter 11
PROGREXION ASG, INC.,) Case No. 23-10726 (CTG)
Debtor.)
Tax I.D. No. 27-2815153)

In re:) Chapter 11
PROGREXION HOLDINGS, INC.,) Case No. 23-10727 (CTG)
Debtor.)
Tax I.D. No. 27-2827123)

In re:	)	Chapter 11
PROGREXION IP, INC.,	)	Case No. 23-10728 (CTG)
Debtor.)	
Tax I.D. No. 27-2815179)	
In re:	)	Chapter 11
PROGREXION MARKETING, INC.,	)	Case No. 23-10729 (CTG)
Debtor.)	
Tax I.D. No. 27-2815073)	
In re:	)	Chapter 11
PROGREXION TELESERVICES, INC.,	)	Case No. 23-10730 (CTG)
Debtor.)	
Tax I.D. No. 27-2815110)	

**MOTION OF DEBTORS FOR ENTRY OF
AN ORDER (I) DIRECTING JOINT ADMINISTRATION
OF CHAPTER 11 CASES AND (II) GRANTING RELATED RELIEF**

The above-captioned debtors and debtors in possession (collectively, the “Debtors”) state as follows in support of this motion:¹

Relief Requested

1. The Debtors seek entry of an order, substantially in the form attached hereto as **Exhibit A** (the “Order”), (a) directing procedural consolidation and joint administration of these

¹ A detailed description of the Debtors and their business, including the facts and circumstances giving rise to the Debtors’ chapter 11 cases, is set forth in the *Declaration of Chad Wallace, Chief Executive Officer of PGX Holdings, Inc., in Support of Chapter 11 Filing and First Day Motions* (the “First Day Declaration”), filed contemporaneously herewith on June 4, 2023 (the “Petition Date”) and incorporated by reference herein. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the First Day Declaration.

chapter 11 cases, and (b) granting related relief. The Debtors request that one file and one docket be maintained for all of the jointly-administered cases under the case of PGX Holdings, Inc. (the parent company for each of the Debtors) and that the cases be administered under a consolidated caption, as follows:

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

In re:)	
	)	Chapter 11
)	
PGX HOLDINGS, INC., <i>et al.</i> , ¹	)	Case No. 23-10718 (CTG)
)	
Debtors.	)	(Jointly Administered)
)	

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: PGX Holdings, Inc. (2510); Credit Repair UK, Inc. (4798); Credit.com, Inc. (1580); Creditrepair.com Holdings, Inc. (7536); Creditrepair.com, Inc. (7680); eFolks Holdings, Inc. (5213); eFolks, LLC (5256); John C. Heath, Attorney At Law PC (8362); Progrexion ASG, Inc. (5153); Progrexion Holdings, Inc. (7123); Progrexion IP, Inc. (5179); Progrexion Marketing, Inc. (5073); and Progrexion Teleservices, Inc. (5110). The location of the Debtors’ service address for purposes of these chapter 11 cases is: 257 East 200 South, Suite 1200, Salt Lake City, Utah 84111.

2. The Debtors further request that the Court order that the foregoing caption satisfies the requirements set forth in section 342(c)(1) of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (the “Bankruptcy Code”).

3. The Debtors also request that a docket entry, substantially similar to the following, be entered on the docket of each of the Debtors, other than PGX Holdings, Inc., to reflect the joint administration of these chapter 11 cases:

An order has been entered in accordance with Rule 1015(b) of the Federal Rules of Bankruptcy Procedure and Rule 1015-1 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware directing joint administration of the chapter 11 cases of: PGX Holdings, Inc., Case No. 23-23-10718 (CTG); Credit Repair UK, Inc., Case No. 23-10719 (CTG); Credit.com, Inc., Case No. 23-10720 (CTG);

Creditrepair.com Holdings, Inc., Case No. 23-10721 (CTG); Creditrepair.com, Inc., Case No. 23-10722 (CTG); eFolks Holdings, Inc., Case No. 23-10723 (CTG); eFolks, LLC, Case No. 23-10724 (CTG); John C. Heath, Attorney At Law PC, Case No. 23-10725 (CTG); Progrexion ASG, Inc., Case No. 23-10726 (CTG); Progrexion Holdings, Inc., Case No. 23-10727; Progrexion IP, Inc., Case No. 23-10728 (CTG); Progrexion Marketing, Inc., Case No. 23-10729 (CTG); and Progrexion Teleservices, Inc., Case No. 23-10730 (CTG). The docket in Case No. 23-10718 (CTG) should be consulted for all matters affecting this case. All further pleadings and other papers shall be filed in and all further docket entries shall be made in Case No. 23-10718 (CTG).

Jurisdiction and Venue

4. The United States Bankruptcy Court for the District of Delaware (the “Court”) has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware, dated February 29, 2012. The Debtors confirm their consent, pursuant to rule 9013-1(f) of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”), to the entry of a final order by the Court in connection with this motion to the extent that it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution.

5. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

6. The statutory bases for the relief requested herein are section 105(a) of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (the “Bankruptcy Code”), Bankruptcy Rule 1015(b), and Local Rules 1015-1 and 9013-1(m).

Background

7. The Debtors are one of the nation’s leading credit repair service providers, helping customers repair their credit and achieve their credit goals. Setting the industry standard for

transparency, cutting edge technology-enabled solutions, and quality customer service, the Debtors help consumers access and understand the information contained in their credit reports, ensure that the information contained in those reports is fair, accurate, and complete, and address other factors that may negatively impact their credit scores. The Debtors are headquartered in Salt Lake City, Utah and have employees in nine other states. Debtor PGX Holdings, Inc. and Debtor John C. Heath, Attorney At Law PC d/b/a Lexington Law Firm (“Lexington Law”) generated approximately \$388 million in combined revenue in 2022. As of the Petition Date, the Debtors have approximately \$423 million in funded-debt obligations.

8. As set forth in greater detail in the First Day Declaration, certain Debtors are currently involved in litigation with the Consumer Financial Protection Bureau (the “CFPB”) before the United States District Court for the District of Utah (the “District Court”). In such litigation, on five separate counts, the CFPB alleged that the defendant Debtors committed certain violations of federal consumer protection law through operation of their consumer assistance and credit repair business. On March 10, 2023, the District Court granted partial summary judgment against these Debtors on the first count in the litigation, finding that the billing practices were in violation of 16 C.F.R. § 310.4(a)(2), the Telemarketing Sales Rule (the “TSR”). In connection with the first count, the CFPB demanded nearly \$3 billion in restitution or refunds and other monetary relief, along with certain injunctive relief.

9. In response to the District Court’s ruling on the TSR count, and a subsequent denial of a stay of the ruling, the Debtors immediately stopped certain telemarketing activities, closed many of their call centers, and began evaluating the impact of the ruling on the future of their business, a process that remains ongoing. Following the Debtors’ reduction of business operations, the Debtors’ revenues also declined. Upon further review, the Debtors determined that their

liquidity would continue to be severely constrained and their debt obligations are now unsustainable in light of their smaller operational footprint and decreased revenues going forward. The Debtors have commenced these chapter 11 cases to fully and fairly resolve their liabilities, with the aim of preserving value for stakeholders and maintaining the ability to deliver best-in-class crucial credit repair services to customers.

10. On the Petition Date, each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Debtors are operating their business and managing their property as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No request for the appointment of a trustee or examiner has been made in these chapter 11 cases, and no official committees have been appointed or designated.

Basis for Relief

11. Bankruptcy Rule 1015(b) provides, in pertinent part, that “[i]f . . . two or more petitions are pending in the same court by or against . . . a debtor and an affiliate, the court may order a joint administration of the estates.” Fed. R. Bankr. P. 1015. The thirteen Debtor entities that commenced chapter 11 cases are “affiliates” as that term is defined in section 101(2) of the Bankruptcy Code. Accordingly, the Bankruptcy Code and Bankruptcy Rules authorize the Court to grant the relief requested herein.

12. Further, Local Rule 1015-1 provides additional authority for the Court to order joint administration of these chapter 11 cases:

An order of joint administration may be entered, without notice and an opportunity for hearing, upon the filing of a motion for joint administration pursuant to Fed. R. Bankr. P. 1015, supported by an affidavit, declaration, or verification, which establishes that the joint administration of two or more cases pending in the Court under title 11 is warranted and will ease the administrative burden for the Court and the parties. An order of joint administration entered in accordance with this Local Rule may be reconsidered upon motion of any party in interest at any time. An order of joint administration

under this Local Rule is for procedural purposes only and shall not cause a “substantive” consolidation of the respective debtors’ estates.

Del. Bankr. L.R. 1015-1.

13. Joint administration is generally non-controversial, and courts in this district routinely order joint administration in cases with multiple related debtors. *See, e.g., In re Lannett Co., Inc.*, No. 23-10559 (JKS) (Bankr. D. Del. May 4, 2023) (directing joint administration of chapter 11 cases); *In re Boxed Inc.*, No. 23-10397 (BLS) (Bankr. D. Del. Apr. 4, 2023) (same); *In re SiO2 Med. Prods., Inc.*, No. 23-10366 (JTD) (Bankr. D. Del. Mar. 30, 2023) (same); *In re Performance Powersports Group Inv., LLC*, No. 23-10047 (LSS) (Bankr. D. Del. Jan. 18, 2023) (same); *In re Carestream Health, Inc.*, No. 22-10778 (JKS) (Bankr. D. Del. Aug. 24, 2022) (same).²

14. Given the integrated nature of the Debtors’ operations, and that each of the Debtors will be obligors on the Debtors’ Debtors’ proposed DIP financing, joint administration of these chapter 11 cases will provide significant administrative convenience without harming the substantive rights of any party in interest. Through a set of Operating Agreements, PGX provides comprehensive operational support services to Lexington Law Firm, including marketing, custom proprietary software, technology, and administrative services. Many of the motions, hearings, and orders in these chapter 11 cases will affect each Debtor entity. The entry of an order directing joint administration of these chapter 11 cases will reduce fees and costs by avoiding duplicative filings, objections, or multiple hearings on common issues. Joint administration also will allow

² Because of the voluminous nature of the orders cited herein, such orders have not been attached to this Motion. Copies of these orders are available upon request to the Debtors’ proposed counsel.

the U.S. Trustee and all parties in interest to monitor these chapter 11 cases with greater ease and efficiency.

15. Moreover, joint administration will not adversely affect the Debtors' respective constituencies because this motion seeks only administrative, not substantive, consolidation of the Debtors' estates. Parties in interest will not be harmed by the relief requested; instead, parties in interest will benefit from the cost reductions associated with the joint administration of these chapter 11 cases. Accordingly, the Debtors submit that the joint administration of these chapter 11 cases is in the best interests of their estates, their creditors, and all other parties in interest.

Notice

15. The Debtors will provide notice of this motion to: (a) the United States Trustee for the District of Delaware; (b) the holders of the 30 largest unsecured claims against the Debtors (on a consolidated basis); (c) the office of the attorney general for each of the states in which the Debtors operate; (d) the United States Attorney's Office for the District of Delaware; (e) the Internal Revenue Service; (f) the United States Securities and Exchange Commission; (g) the United States Department of Justice; (h) the DIP Agent and counsel thereto; (i) First Lien Credit Agreement Agent and counsel thereto; (j) the Second Lien Credit Agreement Agent and counsel thereto; and (k) any party that has requested notice pursuant to Bankruptcy Rule 2002 (the "Notice Parties"). As this motion is seeking "first day" relief, within two business days of the hearing on this motion, the Debtors will serve copies of this motion and any order entered in respect to this motion as required by Local Rule 9013-1(m). The Debtors submit that, in light of the nature of the relief requested, no other or further notice need be given.

No Prior Request

16. No prior request for the relief sought in this motion has been made to this or any

other court.

WHEREFORE, the Debtors request entry of the Order, substantially in the form attached hereto as **Exhibit A**, (a) granting the relief requested herein and (b) granting such other relief as the Court deems appropriate under the circumstances.

Dated: June 4, 2023
Wilmington, Delaware

/s/ Michael W. Yurkewicz

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*Proposed Co-Counsel to the Debtors and Debtors in
Possession*

Exhibit A

Proposed Order

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

<hr/>)	
In re:)	Chapter 11
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PGX HOLDINGS, INC.,)	Case No. 23-10718 (CTG)
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EFOLKS HOLDINGS, INC.,)	Case No. 23-10723 (CTG)
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Debtor.)	
)	
<u>Tax I.D. No. 27-2815213</u>)	
)	
In re:)	Chapter 11
)	
EFOLKS, LLC,)	Case No. 23-10724 (CTG)
)	
Debtor.)	
)	
<u>Tax I.D. No. 27-2815256</u>)	
)	
In re:	)	Chapter 11
)	
JOHN C. HEATH, ATTORNEY AT LAW PC,	)	Case No. 23-10725 (CTG)
)	
Debtor.)	
)	
<u>Tax I.D. No. 34-2038362</u>)	
)	
In re:	)	Chapter 11
)	
PROGREXION ASG, INC.,	)	Case No. 23-10726 (CTG)
)	
Debtor.)	
)	
<u>Tax I.D. No. 27-2815153</u>)	
)	
In re:	)	Chapter 11
)	
PROGREXION HOLDINGS, INC.,	)	Case No. 23-10727 (CTG)
)	
Debtor.)	
)	
<u>Tax I.D. No. 27-2827123</u>)	

In re:	)	Chapter 11
PROGREXION IP, INC.,	)	Case No. 23-10728 (CTG)
Debtor.)	
Tax I.D. No. 27-2815179)	
In re:	)	Chapter 11
PROGREXION MARKETING, INC.,	)	Case No. 23-10729 (CTG)
Debtor.)	
Tax I.D. No. 27-2815073)	
In re:	)	Chapter 11
PROGREXION TELESERVICES, INC.,	)	Case No. 23-10730 (CTG)
Debtor.)	
Tax I.D. No. 27-2815110)	

**ORDER (I) DIRECTING JOINT ADMINISTRATION OF
CHAPTER 11 CASES AND (II) GRANTING RELATED RELIEF**

Upon the motion (the “Motion”)¹ of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) for the entry of an order (this “Order”), (a) directing the joint administration of the Debtors’ chapter 11 cases for procedural purposes only; and (b) granting related relief, all as more fully set forth in the Motion; and upon the First Day Declaration; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware, dated February 29, 2012; 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 this Court may enter a final

¹ Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Motion.

order consistent with Article III of the United States Constitution; 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 Debtors' estates, their creditors, and other parties in interest; and this Court having found that the Debtors' notice of the Motion and opportunity for a hearing on the Motion were appropriate under the circumstances and no other notice need be provided; and this Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before this Court (the "Hearing"); and this Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just 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 on a final basis as set forth herein.
2. The above-captioned chapter 11 cases are consolidated for procedural purposes only and shall be jointly administered by the Court under Case No. 23-10718 (CTG).

3. The caption of the jointly administered cases should read as follows:

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

In re:)	
	)	Chapter 11
PGX HOLDINGS, INC., <i>et al.</i> , ¹	)	Case No. 23-10718 (CTG)
Debtors.	)	(Jointly Administered)
)	

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: PGX Holdings, Inc. (2510); Credit Repair UK, Inc. (4798); Credit.com, Inc. (1580); Creditrepair.com Holdings, Inc. (7536); Creditrepair.com, Inc. (7680); eFolks Holdings, Inc. (5213); eFolks, LLC (5256); John C. Heath, Attorney At Law PC (8362); Progrexion ASG, Inc. (5153); Progrexion Holdings, Inc. (7123); Progrexion IP, Inc. (5179); Progrexion Marketing, Inc. (5073); and Progrexion Teleservices, Inc. (5110). The location of the Debtors’ service address for purposes of these chapter 11 cases is: 257 East 200 South, Suite 1200, Salt Lake City, Utah 84111.

4. The foregoing caption satisfies the requirements set forth in section 342(c)(1) of the Bankruptcy Code.

5. A docket entry, substantially similar to the following, shall be entered on the docket of each of the Debtors other than PGX Holdings, Inc. to reflect the joint administration of these chapter 11 cases:

An order has been entered in accordance with Rule 1015(b) of the Federal Rules of Bankruptcy Procedure and Rule 1015-1 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware directing joint administration of the chapter 11 cases of: PGX Holdings, Inc., Case No. 23-23-10718 (CTG); Credit Repair UK, Inc., Case No. 23-10719 (CTG); Credit.com, Inc., Case No. 23-10720 (CTG); Creditrepair.com Holdings, Inc., Case No. 23-10721 (CTG); Creditrepair.com, Inc., Case No. 23-10722 (CTG); eFolks Holdings, Inc., Case No. 23-10723 (CTG); eFolks, LLC, Case No. 23-10724 (CTG); John C. Heath, Attorney At Law PC, Case No. 23-10725 (CTG); Progrexion ASG, Inc., Case No. 23-10726 (CTG); Progrexion Holdings, Inc., Case No. 23-10727; Progrexion IP, Inc., Case No. 23-10728 (CTG); Progrexion Marketing, Inc., Case No. 23-10729 (CTG); and Progrexion Teleservices, Inc., Case

No. 23-10730 (CTG). The docket in Case No. 23-10718 (CTG) should be consulted for all matters affecting this case. All further pleadings and other papers shall be filed in and all further docket entries shall be made in Case No. 23-10718 (CTG).

6. The Debtors shall maintain, and the Clerk of the United States Bankruptcy Court for the District of Delaware shall keep, one consolidated docket, one file, and one consolidated service list.

7. Nothing contained in the Motion or this Order shall be deemed or construed as directing or otherwise effecting a substantive consolidation of these chapter 11 cases and this Order shall be without prejudice to the rights of the Debtors to seek entry of an order substantively consolidating these cases.

8. Notice of the Motion as provided therein shall be deemed good and sufficient notice of such Motion and the requirements of Bankruptcy Rule 6004(a) and the Local Rules are satisfied by such notice

9. The Debtors are authorized to take all actions necessary to effectuate the relief granted in this Order in accordance with the Motion.

10. The Court retains jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Order.