

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re :

Chapter 11

WAYPOINT LEASING
HOLDINGS LTD., *et al.*,

:
Case No. 18-13648 (SMB)

Debtors.
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:
(Jointly Administered)

**LIMITED OBJECTION OF EDWARD WASHECKA
TO APPROVAL OF THE DISCLOSURE STATEMENT
AND RESERVATION OF RIGHTS**

Edward Washecka ("Mr. Washecka"), by and through his attorneys, Halperin Battaglia Benzija, LLP, hereby submits this limited objection (the "Limited Objection") to the adequacy of the Debtors' Disclosure Statement, Docket No. 699 (the "Disclosure Statement") and reservation of rights with respect to issues that will ripen in connection with confirmation of the Debtors' Chapter 11 Plan of Liquidation (the "Plan"). In furtherance of this Limited Objection, Mr. Washecka respectfully represents as follows:

1. The Debtors filed petitions under Chapter 11 of the Bankruptcy Code on November 25, 2018 (the "Petition Date") and have continued in the management and operation of their businesses and properties as debtors in possession under §§1107 and 1108 of the Bankruptcy Code. Importantly, no official committee of unsecured creditors has been appointed in these chapter 11 cases.

2. Pursuant to the *Stipulation and Agreed Order Regarding Motion to Compel Debtors to Assume or Reject Washecka Employment Agreement, or in the Alternative, to Allow Administrative Claim* (the "Washecka Stipulation", Docket No. 220), Mr. Washecka asserts a claim against Services (among others) in the amount of \$2,850,000 related to the consensual rejection of his employment agreements with certain of the Debtors.



3. Upon information and belief and in accordance with the Debtors' schedules of assets and liabilities, as of the Petition Date, Services had substantial assets in the form of cash, assumed contracts (non-compete agreements for employees represented publicly as being integral to the sale process) and intellectual property including but not limited to various domain names and/or other assets (the "Services Assets"). Yet, Services (as opposed to many of the other Debtor entities) has no prepetition or postpetition secured debt, including under the Debtors' Debtor-in-Possession financing facility (*see* the Final DIP Order, Docket No. 231).

4. Mr. Washecka asserts that the Disclosure Statement provides inadequate information to creditors of Services in the following respects: (1) The placeholder estimates of recoveries to the various classes, including general unsecured claims of Services, provides inadequate disclosure for creditors to be able to vote for or against the Plan. Creditors need a transparent understanding of their potential recoveries. *E.g.* Disclosure Statement page 13, Approximate Percentage Recovery to Class 20D; (2) In furtherance of creditors' understanding of their potential recoveries, creditors must be provided an understanding of how the Debtors intend to divide the administrative and tax expenses associated with the estates. As indicated above, Services is believed to have no secured debt. The allocation of administrative and tax expenses among the Debtors is highly relevant to unsecured creditor recoveries, yet is not addressed in the Disclosure Statement such that creditors cannot be advised as to whether the allocation is fair to each Debtor and its creditors. (3) There remains no evidence that the Debtors allocated any value from the sale of substantially all of their assets to the assets of Services, specifically the intellectual property, including but not limited to domain names such as waypoint.com. It is evident that Services' intellectual property was a vital component of consummation of the sale, yet no price

was fairly allocated to the Debtor (Services) that owned the intellectual property. This issue is, thus, highly relevant to the unsecured creditors of Services.

CONCLUSION

WHEREFORE, Mr. Washecka respectfully requests that the Disclosure Statement be amended to adequately disclose the information relevant to creditors as described above. Mr. Washecka reserves all rights to object to confirmation of the Plan of Liquidation on these and other grounds; and requests such other and further relief as this Court deems just and appropriate under the circumstances.

Dated: May 9, 2019
New York, New York

Respectfully submitted,

HALPERIN BATTAGLIA BENZIJA, LLP

/s/ Julie Dyas Goldberg
Walter Benzija, Esq.
Julie Dyas Goldberg, Esq.
40 Wall Street, 37th Floor
New York, NY 10005
Telephone: (212) 765-9100
wbenzija@halperinlaw.net
jgoldberg@halperinlaw.net

Counsel to Edward Washecka