

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF FLORIDA
FORT LAUDERDALE DIVISION

www.flsb.uscourts.gov

In re:

1 GLOBAL CAPITAL LLC, *et al.*,¹

Debtors.

Chapter 11

Case No. 18-19121-RBR

(Jointly Administered)

**THE OFFICIAL COMMITTEE OF UNSECURED
CREDITORS' RESPONSE IN OPPOSITION TO MOTION FOR
RELIEF FROM THE AUTOMATIC STAY, TO THE EXTENT
APPLICABLE, AND FOR RELIEF FROM ANY APPLICABLE STAY, INJUNCTION
OR OTHER PROVISIONS OF ANY CHAPTER 11 PLAN AND CONFIRMATION
ORDER FILED BY CERTAIN UNDERWRITERS AT LLOYD'S, LONDON**

The Official Committee of Unsecured Creditors (the “Committee”), by its undersigned counsel, files this Response in Opposition to the Motion for Relief from the Automatic Stay, to the Extent Applicable, and for Relief from Any Applicable Stay, Injunction or Other Provisions of Any Chapter 11 Plan and Confirmation Order Entered Hereafter (I) to Allow Payment and/or Advancement of Defense Costs Pursuant to a Professional Services Liability Policy under Which Both Debtors and Non-Debtors Are Insureds, (II) to Allow Filing of Coverage Action and/or Rescission Action, and (III) to Preserve Underwriters’ Rights and Remedies under Policy (the “Stay Relief Motion”) [ECF No. 922] filed by Certain Underwriters at Lloyd’s, London (“Underwriters”).

¹ The Debtors in these Chapter 11 Cases, along with the business addresses and the last four (4) digits of each Debtor’s federal tax identification number, if applicable, are: 1 Global Capital LLC, d/b/a 1 GC Collections, 1250 E. Hallandale Beach Blvd., Suite 409, Hallandale Beach, FL 33009 (9517); and 1 West Capital LLC, d/b/a 1 West Collections, 1250 E. Hallandale Beach Blvd., Suite 409, Hallandale Beach, FL 33009 (1711). On February 19, 2019, the Debtors registered the fictitious names “1GC Collections” and “1 West Collections” with the Florida Department of State.

Preliminary Statement

In the Stay Relief Motion, Underwriters seek authorization to commence litigation in a non-bankruptcy forum to obtain declaratory relief that no coverage is available for the Debtors under an insurance policy, or to rescind the insurance policy. The Committee contends that “cause” does not exist to grant Underwriters stay relief to adjudicate important issues over which this Court may have “core” jurisdiction and clearly has “related to” jurisdiction. The Committee asserts that judicial economy dictates that Underwriters’ request for stay relief be denied so that any such litigation which may be commenced could be adjudicated by this Court. Underwriters also seek a determination that the stay does not apply to their advancement of defense costs to insureds under the policy. The Committee maintains that the Court should adopt to procedures previously approved by the Court in connection with another similar insurance policy, which allow transparency and Court oversight as to the depletion of the policy proceeds.

Background Facts

1. July 27, 2018 (the “**Petition Date**”), the Debtors commenced these cases (the “**Chapter 11 Cases**”) by filing voluntary petitions for relief under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of Florida (the “**Court**”)
2. The Debtors are operating their businesses and managing their affairs as debtors in possession pursuant to section 1107(a) and 1108 of the Bankruptcy Code.
3. On September 7, 2018, the United States Trustee for Region 21 appointed an Official Committee of Unsecured Creditors (the “**Creditors’ Committee**”) in these Chapter 11 Cases.

4. The Debtors are covered by a Professional Services Liability Insurance Policy No. SUA WS20185-1701 (the “**Policy**”). The provisions of the Policy are discussed in the Stay Relief Motion.

5. A demand for payment has been made by the Debtors to Underwriters for advancement of defense costs under the Policy for fees and costs incurred in connection with the enforcement action filed by the U.S. Securities and Exchange Commission (the “**SEC Action**”). Additionally, the Committee believes the Debtors hold direct claims against the Policy proceeds related to pre-petition acts and omissions of certain insureds under the Policy, including Carl Ruderman and Dale Ledbetter. Finally, the Committee believes that the estates have an interest in monitoring defense counsel’s fees and costs and contend that the procedures previously approved by the Court in connection with another substantially similar insurance policy should be adopted.

Legal Argument

The Policy is Property of the Estate

6. Pursuant to Section 541(a) of the Bankruptcy Code, property of the estate includes “all legal or equitable interests of the debtor in property as of the commencement of the case.” 11 U.S.C. § 541(a). “The scope of § 541(a)(1) is broad, and includes property of all types, tangible and intangible, as well as causes of action.” *Meehan v. Wallace (In re Meehan)*, 102 F.3d 1209, 1210 (11th Cir. 1997) (citing *United States v. Whiting Pools, Inc.*, 462 U.S. 198, 205 & n.9 (1983)).

7. As a general rule, insurance policies (including D&O policies) that provide protection for the debtor are property of the estate. *See, e.g., Minoco Group of Companies, Ltd. v. First State Underwriters Agency of New England Reinsurance Corp. (In re Minoco Group of Companies, Ltd.)*, 799 F.2d 517, 520 (9th Cir. 1986) (holding that the debtor’s D&O policy which protected the debtor against indemnity claims by its directors and officers is property of the estate

subject to the automatic stay); *MacArthur Co. v. Johns-Manville Corp.*, 837 F.2d 89, 92 (2d Cir. 1988), cert denied, 109 S.Ct. 176 (1988) (a debtor's insurance policies are property of the estate). As the Ninth Circuit noted, the fundamental test of whether insurance policies are property of the estate is whether "the debtor's estate is worth more with them than without them." *Minoco Group*, 799 F.2d at 520.

8. When an insurance policy provides coverage to both a debtor, on the one hand, and its directors and officers on the other, and there is a risk that indemnity payments paid to directors and officers will result in insufficient coverage available to the debtor, then the proceeds are property of the estate. *SN Liquidation, Inc. v. Icon Int'l, Inc. (In re SN Liquidation, Inc.)*, 388 B.R. 579, 584 (Bankr. D. Del. 2008) (holding that a D&O policy is property of the estate subject to the automatic stay and granting a preliminary injunction enjoining an action against the debtor's officers and directors as threatening estate property). As the Delaware bankruptcy court stated in *Allied Digital Techs. Corp.*, 306 B.R. 505, 511 (Bankr. D. Del. 2004):

When a liability insurance policy provides direct coverage to the debtor as well as the directors and officers, the general rule is that since the insurance proceeds may be payable to the debtor they are property of the debtor's bankruptcy estate. ... A debtor's interest in the proceeds requires protection from depletion and overrides the interest of the officers and directors.

See also In re Sacred Heart Hosp. of Norristown, 182 B.R. 413, 419–20 (holding that proceeds of D&O policy were property of the estate and that the debtor could, through its plan, regulate access to such proceeds).

9. As noted by Underwriters in their Stay Relied Motion, the Policy provides coverage to both the Debtors and their officers and directors. Further, the Policy is a wasting policy, meaning that every dollar paid out in defense costs reduces the remaining policy proceeds available to cover claims.

10. As acknowledged in the Stay Relief Motion, the Debtors have asserted claims against the Policy, including for reimbursement of defense costs incurred in various litigation actions, and direct claims against the Policy related to pre-petition acts and omissions of certain insureds under the Policy. The Debtors have incurred expenses and will continue to incur expenses that create a further entitlement to reimbursement under the Policy. There is no doubt that the depletion of the Policy proceeds by paying defense costs to Ruderman, Ledbetter, or other non-Debtor insureds will have an adverse impact on the estates and diminish the assets available for the payment of creditors.

11. One of the tenets of the imposition of the automatic stay is to ensure that all the debtor's creditors are treated equally throughout the course of the bankruptcy case. *SN Liquidation*, 388 B.R. at 585 (citing *In re Alosi*, 261 B.R. 504 (Bankr. M.D. Fla. 2001)). When finite insurance proceeds are available to multiple litigation claimants, "one of the salutary benefits the automatic stay affords is preventing a litigant from gaining any advantage by having its case heard first or compelling an early settlement." *Id.* Where, as here, a debtor's and principals' liability proceeds are covered by a D&O policy but not held in segregation, the debtor has a sufficient interest in the proceeds as a whole to bring them into the estate. *Sacred Heart Hosp.*, 182 B.R. at 419-20 (citing *In re Vitek, Inc.*, 51 F.3d 530, 534, n. 17 (5th Cir.1995)).

12. The estates have direct claims that are covered by the Policy, meaning that payment of the defense costs will diminish the assets available to creditors. Consistent with the decisions cited above, the Policy is property of the estate subject to the automatic stay. For the reasons stated below, the Stay Relief Motion should not be granted under the terms requested by Underwriters.

***Cause is Not Present to Lift the Automatic Stay
for Underwriters to File a Declaratory or Rescission Action in a Non-Bankruptcy Forum***

13. Underwriters ask the Court to grant relief from the automatic stay to allow them to file an action against the Debtors in an unspecified non-bankruptcy court to determine whether coverage exists for the Debtors under the Policy or to seek rescission of the Policy. Underwriters, however, have not met their burden to show that “cause” exists warranting relief from the stay as required by Section 362(d) of the Bankruptcy Code.

14. Underwriters’ primary argument is that any to-be-filed declaratory action or rescission action would be a non-core proceeding, this Court lacks the power to enter final orders with respect to claims that may be asserted, and therefore stay relief is warranted to file a complaint in some unspecified non-bankruptcy forum. As an initial matter, the Committee notes that authority exists refuting Underwriters’ arguments on these issues. *See In re Spectrum Info. Techs., Inc.*, 183 B.R. 360, 364 (Bankr. E.D.N.Y. 1995) (holding that rescission action the insurer desired to file to determine debtor’s coverage under officer and director policy was a “core” proceeding). In any event, there is no basis to dispute that, at minimum, “related to” jurisdiction exists for an action to rescind the Policy in which the Debtors are insureds and have asserted claims against the Policy. The Court need not decide at this juncture whether any such action which may be filed by Underwriters would be considered “core” or “non-core.”

15. Underwriters’ line of reasoning creates a red herring. If their reasoning were adopted, then stay relief would be granted as a matter of course in connection with any matter where a bankruptcy court has only “related to” jurisdiction. The only “cause” set forth by Underwriters is that the issues are non-core. This cannot alone suffice to meet the “cause” standard under Section 362(d).

16. “In determining whether to lift the automatic stay so a party may commence or continue litigation in another forum, most courts ‘balance the hardship to the [movant], if he is not allowed to proceed with his lawsuit, against potential prejudice to the debtor, debtor’s estate and other creditors.’” *In re R.J. Groover Const., LLC*, 411 B.R. 473, 477 (Bankr. S.D. Ga. 2008). A multifactor test has been employed by courts when evaluating whether to lift the stay in such circumstances:

- (1) whether relief would result in a partial or complete resolution of the issues;
- (2) lack of any connection with or interference with the bankruptcy case;
- (3) whether the other proceeding involves the debtor as a fiduciary;
- (4) whether a specialized tribunal with the necessary expertise has been established to hear the cause of action;
- (5) whether the debtor’s insurer has assumed full responsibility for defending it;
- (6) whether the action primarily involves third parties;
- (7) whether litigation in another forum would prejudice the interests of other creditors;
- (8) whether the judgment claim arising from the other action is subject to equitable subordination;
- (9) whether movant’s success in the other proceeding would result in a judicial lien avoidable by the debtor;
- (10) the interests of judicial economy and the expeditious and economical resolution of litigation;
- (11) whether the parties are ready for trial in the other proceeding; and
- (12) impact of the stay on the parties and the balance of the harms.

In re R.J. Groover Const., L.L.C., 411 B.R. 460, 464 (Bankr. S.D. Ga. 2008) (collecting cases); accord *In re Sonnox Indus., Inc.*, 907 F.2d 1280, 1286 (2d Cir. 1990); *In re Beane*, 404 B.R. 942, 948 (M.D. Fla. 2008) (citing *Sonnox* factors). In weighing the factors, a court only need consider those applicable to the particular case. *R.J Groover*, 411 B.R. at 464.

17. In the present case, the applicable factors weigh in favor of maintaining the stay. Relief would not result in partial or complete resolution of the issues. This is not a situation where a litigation matter has proceeded nearly to trial and the parties were stayed by a defendant's bankruptcy filing. The fact that a lawsuit has not even begun weighs in favor of maintaining the stay. *Cf. In re Sonmax Indus.*, 907 F.2d at 1287 (declining to lift stay in part because "the litigation in state court has not progressed even to the discovery stage."); *Arnold Dev., Inc., v. Collins (In re Collins)*, 118 B.R. 35, 38 (Bankr. D. Md. 1990) (declining to lift stay where parties in state court proceeding had not yet begun discovery).

18. This matter has a significant connection to the bankruptcy cases; the Policy is an asset of the Debtors' estates, and the Debtors have a tangible interest in the Policy proceeds as insureds. Underwriters do not allege that a specialized tribunal exists to hear the cause of action. The action does not primarily involve third parties; the Debtors have asserted claims under the Policy and would play an important role in any such action. Litigation in another forum may very well prejudice other creditors, but Underwriters do not indicate their preferred forum so this factor is difficult to evaluate. Not one factor clearly weighs in favor of Underwriters.

19. Underwriters contend in the Stay Relief Motion that interests of judicial economy are on their side. But any perceived inefficiency would be of Underwriters' own making. Underwriters are free to have all issues decided at once by this Court. Underwriters also complain that if the proceeding is deemed "non-core," this Court would be limited to drafting proposed findings of fact and conclusions of law for the district court. In reality, however, this practice is no less "efficient" than federal district courts' regular use of very capable magistrate judges.

20. In cases with similar facts, courts have denied insurers' requests for stay relief to file rescission actions or declaratory judgment actions in non-bankruptcy forums. In *In re Mego*

Int'l, Inc., 28 B.R. 324, 325 (Bankr. S.D.N.Y. 1983), the bankruptcy court denied an insurer that issued an officer and director insurance policy relief from the automatic stay to file a rescission action. In *Mego*, the court distinguished between cases where the debtor is not an insured under the policy, but rather a conduit for the flow of proceeds, and cases where the debtor is an insured and has made a claim against the policy proceeds. *See id.* at 326. “[A]ny proceeds payable under the policy would increase the total assets available for [the debtor’s] creditors and thus impact directly upon the reorganization.” *Id.* Because the suit impacted upon the property and administration of the debtor’s estate, the bankruptcy court declined to grant the insurer relief from the stay. *See id.*

21. In another case, *In re Spectrum Info. Techs., Inc.*, 183 B.R. 360, 364 (Bankr. E.D.N.Y. 1995), the court denied the insurer’s request for stay relief to submit the coverage disputes to arbitration. The court held that the insurer’s action to declare the debtor’s rights under the policies was a core proceeding. *Id.* at 364. The court also held that the potential indemnification claims against the debtor if the policy were rescinded had a significant effect on the estate. *See id.* The effect on the estate and creditors implored the court to refuse the insurer’s request for stay relief. *See id.*; *see also In re Adelphia Commc’ns Corp.*, 302 B.R. 439, 450–51 (Bankr. S.D.N.Y. 2003) (staying insurer’s rescission litigation under § 105(a), but finding that the automatic stay would prohibit such an action because rescission would result in destruction of the debtors’ interest in the policy itself).

22. It is unclear why Underwriters are reticent to allow this Court to decide the coverage issues. As the court in *Mego* observed, rescission or coverage determination suits do not “involve[] application of legal principles beyond the capacity of the bankruptcy court.” *Mego*, 28 B.R. at 326. Indeed, the Court already has a separate coverage dispute pending before it. *See*

American Alternative Insurance Corp. v. Kopelowitz Ostraw P.A., et. al., Adv. No. 19-ap-01373-RBR.

23. Underwriters have failed to meet their burden to prove “cause” sufficient to lift the automatic stay. Underwriters also seek relief from the Debtors’ and the Committee’s Joint Plan or any provision “that could be construed to limit, restrict, or impair” Underwriters’ right to take actions referenced in the Stay Relief Motion. The Underwriters have not filed an objection to confirmation of the Joint Plan and the plan proponents will address an objection if timely asserted. Underwriters’ and their request for prospective relief in the Motion for Relief is procedurally improper.

Cause is Not Present to Lift the Automatic Stay to Allow Unfettered Payment of Defense Costs; the Court Should Implement Limits and Safeguards on Disbursements

24. Cause does not exist to warrant relief from the automatic stay *in toto* with respect Underwriters’ request to advance defense costs. Although the Stay Relief Motion describes instances where courts have lifted the automatic stay to permit recovery under a D&O policy, the totality of the circumstances in these cases warrant this Court imposing restrictions on the payment of defense costs. *See In re Alosi*, 261 B.R. 504, 508 (whether “cause” exists to lift stay is based on the totality of circumstances). In these cases, it is clear the use of proceeds of the Policy to pay defense costs will diminish the assets available to the estates’ creditors. The Committee does not object to limited stay relief for advancement of defense costs so long as limits and safeguards are implemented to protect against unfettered depletion of the policy proceeds by Mr. Ruderman, or the other covered individuals, at the expenses of the Debtors’ estates.

25. Other courts have placed dollar cap limits on an officer’s or director’s expenses reimbursable from the proceeds of an insurance policy in which the estate also holds an interest. Without a dollar cap, “unlimited drains on policy proceeds would have the effect of destroying the

policies themselves—an injury of the type that . . . the automatic stay can protect.” *In re Adelpia Commc’ns Corp.*, 302 B.R. 439, 452 (Bankr. S.D.N.Y. 2003) (finding that \$300,000 cap per insured was a “critical” undertaking, and the Court would be reluctant to increase the cap to “any level that raises a material risk of depletion of the policy proceeds to an extent that the value of the policies themselves is jeopardized”); *See also In re Petters Co., Inc.*, 419 B.R. 369, 380 (Bankr. D. Minn. 2009) (setting aside \$2.5 million of a \$10 million policy limit for estate claims); *In re Licking River Mining, LLC*, No. 14-10201, 2016 WL 3251890, at *10 (Bankr. E.D. Ky. June 6, 2016) (limiting stay relief to \$1 million of \$15 million policy limit for reimbursement of directors’ and officers’ defense costs). A defense cost cap will help mitigate the “material risk of depletion of the policy proceeds to an extent that the value of the policies themselves is jeopardized.” *Adelpia*, 302 B.R. at 453 n.37.

26. Bankruptcy courts have “authority to impose appropriate conditions upon the relief from the automatic stay.” *In re Arter & Hadden, L.L.P.*, 335 B.R. 666, 674 (Bankr. N.D. Ohio 2005) (citing cases). In *Arter & Hadden*, the Court granted relief from stay but required payment of attorney’s fees be subject to approval of an application for compensation or reimbursement under Bankruptcy Rule 2016. *See id.*

27. In other cases under similar circumstances, Florida bankruptcy courts have entered orders incorporating reporting requirements and opportunity for objection to specific disbursements by the insurer. *See, e.g., In re Gunallen Financial, Inc.*, 8:10-bk-09635-MGW, Doc. No. 107 (Bankr. M.D. Fla. June 16, 2010) (Williamson, J.); *In re Universal Health Care Group, Inc.*, 8:13-bk-01520-KRM, Doc. No. 619 (Bankr. M.D. Fla. Nov. 25, 2013) (May, J.). These orders contain requirements such as:

- a. Requiring defense counsel seeking reimbursement to submit a summary of

the fees and costs to the to be paid relating to a particular insured using a specific court-approved form;

b. Allowing a period of time within which the Debtors or the Committee can object to such reimbursement;

c. Providing that, in the event of an objection, the insurer must provide copies of the underlying invoices and detail (subject to redaction, if appropriate);

d. Retention of bankruptcy court oversight of resolution of any such objections.

28. The Committee asks the Court to condition Underwriters' stay relief by implementing reporting requirements and objection procedures to reduce the risk of material depletion of the policy proceeds. This will protect the estates' interest in the Policy and allow the Court to monitor and control the depletion of the policy and the corresponding negative impact on the Debtors' estates. The Court already entered an order on a similar request filed by Underwriters in connection with a separate insurance policy. (*See* Agreed Order Granting Motion for Relief From the Automatic Stay, to the Extent Applicable, to Allow Payment and/or Advancement of Defense Costs Under a Management Liability Insurance Policy [ECF No. 563]). A copy of that order is attached hereto as **Exhibit A**.

WHEREFORE, the Committee respectfully requests that the Court enter an order (i) denying the Stay Relief Motion to the extent Underwriters seek to initiate litigation in a different forum to rescind the Policy or determine the Debtor lacks coverage under the Policy, (ii) only

granting relief from stay for advancement of defense costs conditioned on the implementation of sufficient limits or safeguards, and (iii) granting such other and further relief as may be just.

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing the Official Committee of Unsecured Creditors' Response in Opposition to Motion for Relief from the Automatic Stay, to the Extent Applicable, and For Relief From Any Applicable Stay, Injunction or Other Provisions of Any Chapter 11 Plan and Confirmation Order Filed By Certain Underwriters at Lloyd's, London has been furnished on this 30th day of August, 2019, by transmission of Notices of Electronic Filing ("NEF") generated by CM/ECF upon those counsel or parties who are authorized to receive NEF in these jointly administered cases, as indicated on the following Service List.

/s/ Scott A. Stichter
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Electronic Mail Notice List

The following is the list of **parties** who are currently on the list to receive email notice/service for this case.

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ORDERED in the Southern District of Florida on February 26, 2019.


Raymond B. Ray, Judge
United States Bankruptcy Court

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF FLORIDA
FORT LAUDERDALE DIVISION
www.flsb.uscourts.gov

In re:

Chapter 11

1 GLOBAL CAPITAL, LLC,
1 WEST CAPITAL, LLC,

Case No. 18-19121-RBR
Case No. 18-19122-RBR

Debtors.

*Jointly Administered Under
Case No. 18-19121-RBR*

**AGREED ORDER GRANTING
MOTION FOR RELIEF FROM THE AUTOMATIC STAY, TO THE
EXTENT APPLICABLE, TO ALLOW PAYMENT AND/OR ADVANCEMENT OF
DEFENSE COSTS UNDER A MANAGEMENT LIABILITY INSURANCE POLICY**

THIS CASE came on for hearing on February 20, 2019, at 10:00 a.m. upon the *Motion for Relief From the Automatic Stay, to the Extent Applicable, to Allow Payment and/or Advancement of Defenses Costs Under a Management Liability Insurance Policy* [ECF No. 408] (the “**Motion**”) filed by Certain Underwriters at Lloyd’s, London (“**Underwriters**”). Having considered the Motion, the Response in Opposition [ECF No. 432] filed by the Official Committee of Unsecured Creditors (the “**Committee**”), the Joinder in the Response in Opposition filed by the Debtor [ECF No. 541] (the “**Joinder**”), and the Reply to the

Committee's Response filed by Underwriters [ECF No. 543], and the presentation of counsel for Underwriters, the Committee, and the Debtor, the Court finds that the Motion should be granted as provided herein. Accordingly, it is

ORDERED:

1. The Motion is granted as set forth herein.
2. Underwriters are authorized to reimburse Defense Costs¹ incurred in the representation and the defense of the Insureds as defined in the Private Investment Fund Management and Professional Liability Insurance Policy, Policy No. DFS-00002215-01 (the "**Policy**") issued to the Debtors, to the extent set forth herein.
3. Underwriters represent that they have authorized the following law firms (collectively, the "**Defense Counsel**") to represent the following Insured Persons in connection with certain Claims submitted for coverage under the Policy:
 - (a) Marcus Neiman & Rashbaum LLP for the representation of Carl Ruderman in connection with the Ruderman SEC Subpoena, the SEC Enforcement Proceeding, and the Foster Class Action; and
 - (b) Homer Bonner Jacobs for the representation of Darice Lang in connection with the Lang SEC Information Request.
4. Underwriters also represent that they have authorized counsel for the Debtors, Greenberg Traurig, LLP, to represent the Debtors in connection with the SEC Investigation, the Global Capital SEC Subpoenas, and the SEC Enforcement Proceeding. Defense Costs incurred by the Debtors are reimbursable on a first-in, first-out basis once the applicable \$200,000 Retention has been satisfied, unless and until the aggregate Loss incurred by all Insureds

¹ Capitalized terms not otherwise defined shall have the meaning ascribed to them in the Motion.

exceeds the remaining available Limit of Liability.

5. Prior to Underwriters making any reimbursement of Defense Costs to any Defense Counsel or the Debtors' counsel exceeding \$2,500, the applicable law firm requesting reimbursement shall submit to counsel for the Committee and the Debtors a summary of the fees and costs approved by Underwriters to be paid relating to a particular insured using the form attached as Exhibit A to this Order, along with copies of the underlying invoices and detail, subject to any appropriate redaction. Such summary and invoices may be submitted electronically to counsel for the Committee and the Debtors. A copy of each summary (not including invoices) shall also be simultaneously filed electronically with the Court via the Court's CM/ECF system.

6. Underwriters are authorized to issue reimbursements of Defense Costs in the amount approved by Underwriters on a summary basis unless the Committee, the Debtors or any creditor or party in interest makes a specific objection to the amount of a particular request within 14 days of submission of the request. Any such objection shall be made in writing and shall be delivered electronically to Defense Counsel with a copy to counsel for Underwriters. Defense Counsel shall obtain a hearing date for the Court to consider the payment request and objection(s). In the event of an objection, Underwriters are authorized to reimburse any uncontested amount of a request while the dispute over the contested amount of the request is being resolved. The amount subject to objection shall be withheld until this Court rules upon the objection.

7. The relief granted in this Order shall be without prejudice to the ability of the Committee or the Debtors to renew their objection to the Motion or seek to modify this order and request a hearing before the Court to consider such request.

8. Underwriters shall, to the extent it is made aware, notify counsel for the Committee and counsel for the Debtors in the event any future Claim is made against any Insured under the Policy.

9. The Court shall hold a hearing on this matter on **March 12, 2019 at 1:30 p.m.**, at the U.S. Courthouse, 299 E. Broward Blvd., Suite 308, Ft. Lauderdale, Florida 33301, to consider any timely filed objections made pursuant to Paragraph 6 of this Order with respect to the invoices that have been submitted for reimbursement by Underwriters as of February 20, 2019. If there are no timely filed objections, the hearing shall be cancelled, and Underwriters are authorized to issue reimbursements of Defense Costs in accordance with the terms set forth herein.

10. The Court shall retain jurisdiction with respect to all matters arising from and related to the implementation of this Order.

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Submitted by:

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Copies furnished to:

Scott A. Stichter, Esquire
(Attorney Stichter upon receipt shall serve copies of this Order upon all interested parties and file a certificate of service)

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF FLORIDA
FORT LAUDERDALE DIVISION
www.flsb.uscourts.gov

In re:

Chapter 11

1 GLOBAL CAPITAL, LLC,
1 WEST CAPITAL, LLC,

Case No. 18-19121-RBR
Case No. 18-19122-RBR

Debtors.

*Jointly Administered Under
Case No. 18-19121-RBR*

**SUMMARY APPLICATION OF _____ TO UNDERWRITERS
FOR COMPENSATION FOR SERVICES RENDERED AND
REIMBURSEMENT OF EXPENSES AS COUNSEL FOR THE
PERIOD FROM _____ THROUGH _____ IN
ACCORDANCE WITH COURT ORDER [ECF NO.]**

Name of Law Firm:	
Services Provided to:	
Period for this Application:	
Amount Paid to Date:	
Amount of Defense Costs Sought/Fees:	
Amount of Defense Costs Sought/Reimbursement of Expenses:	

Disclose the following for each prior application to this Court.

		Requested		Approved		Paid	
Filed	Period	Fees	Expenses	Fees	Expenses	Fees	Expenses
TOTAL:							

Exhibit A

Exhibit A