

<b>UNITED STATES BANKRUPTCY COURT DISTRICT OF NEW JERSEY</b>	
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In re  WEWORK INC., <i>et al.</i> , <sup>1</sup>  Reorganized Debtors.	Chapter 11  Case No. 23-19865 (jks)  (Jointly Administered)  Related to Docket No. 2323

**RESPONSE OF HERALD SQUARE OWNER LLC TO  
AMENDED SECOND NOTICE OF SATISFACTION OF CLAIMS**

Herald Square Owner LLC (“Landlord”), by and through its undersigned attorneys, hereby submits this response (this “Response”) to the *Amended Second Notice of Satisfaction of Claims* [Docket No. 2323] (“Satisfaction Notice”) and respectfully states as follows:

**INTRODUCTION**

1. The Reorganized Debtors seek an order finding that Landlord’s Claim 11127, filed against WeWork Companies U.S. LLC (“Guarantor”), and Claim 11131, filed against 2-4 Herald Square Tenant LLC (“Tenant” and, with Guarantor, the “Debtor Obligors”), have been satisfied in

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<sup>1</sup> A complete list of each of the Reorganized Debtors in these chapter 11 cases may be obtained on the website of the Reorganized Debtors’ claims and noticing agent at <https://dm.epiq11.com/WeWork>. The location of Reorganized Debtor WeWork Inc.’s principal place of business is 71 5th Avenue, 2nd Floor, New York, NY 10003; the Reorganized Debtors’ service address in these chapter 11 cases is WeWork Inc. c/o Epiq Corporate Restructuring, LLC 10300 SW Allen Blvd. Beaverton, OR 97005.

full based on the Reorganized Debtors' books and records. However, the Reorganized Debtors have failed to produce proof of payment to Landlord and Landlord's books and records do not reflect that it has received full payment. As a result, the Court should deny the Reorganized Debtors' request that the Court enter an order expunging Claim 11127 and Claim 11131.

### **BACKGROUND**

#### **A. The Surrender Agreement**

2. Landlord is a party to that certain Settlement, Surrender and Release Agreement dated as of April 5, 2023 and affective as of February 1, 2023 (the "Surrender Agreement") by and among Landlord, Tenant and Guarantor.

3. The Surrender Agreement provided, among other things, for Tenant to surrender the space it was leasing at the building located at 2-4 Herald Square (a/k/a 1328 Broadway), in New York, New York in exchange for payment of certain sums by or on behalf of the Debtor Obligors. More specifically, pursuant to the Surrender Agreement, the Debtor Obligors agreed to pay a total of \$12,128,538.50 (the "Settlement Payment") on the terms more fully set out in the Surrender Agreement. Pursuant to the Surrender Agreement, Guarantor agreed to pay the sum of \$7,965,219 of the Settlement Payment in certain installments, and the balance of the Settlement Payment was to be paid by authorized draws by Landlord on letter of credit held by Landlord.

4. While the letter of credit was completely drawn, the Debtor Obligors failed to make all installment payments owed under the Surrender Agreement. The Debtor Obligors remain obligated to Landlord in the liquidated amount of \$1,167,244.52, consisting of the payment due on September 1, 2023 in the amount of \$849,746.81 and the payment due on October 2, 2023 of \$317,497.71 (the "Unpaid Settlement Amount").

**B. Procedural Background**

5. The Debtor Obligors and their affiliates commenced their chapter 11 cases on November 6, 2023 (the “Petition Date”).

6. On March 12, 2024, Landlord timely filed Claim 11127 against Guarantor and Claim 11131 against Tenant for the Unpaid Settlement Amount. Landlord asserted both claims as secured to the extent of any right of setoff and/or recoupment in favor of Landlord against either of the Debtor Obligors.

7. On September 25, 2024, the Reorganized Debtors filed the Satisfaction Notice. The Reorganized Debtors assert that Claim 11127 against the Guarantor “has been satisfied in full according to the Debtor’s books and records.” *See* Satisfaction Notice, Schedule 1 at 5. With respect to Claim 11131 against the Tenant, the Reorganized Debtors state that “Claimant asserts an amount of \$1,167,244.52 as a secured priority pursuant to a posted Letter of Credit related to a lease agreement. The Claimant has drawn on the posted Letter of Credit in full; therefore, there are currently no outstanding liabilities due per the asserted Letter of Credit.” *See id.* at 6.

8. In accordance with the Satisfaction Notice and the Satisfaction Procedures (as defined in the Satisfaction Notice), counsel for Landlord attempted to consensually resolve this dispute in good faith by contacting co-counsel to the Reorganized Debtors and co-counsel to the Committee and requesting proof that the Unpaid Settlement Amount owed under the Surrender Agreement has been paid. As of the time of this filing, the Reorganized Debtors had not provided proof of such payment.

**RESPONSE**

9. The Court should deny the Reorganized Debtors’ request that the Court enter an order expunging Claim 11127 and Claim 11131 from the Claims Register in these chapter 11 cases.

10. While the Reorganized Debtors assert that Claim 11127 has been satisfied in full according to the Reorganized Debtors' books and records, they have failed to produce proof of payment.

11. The Reorganized Debtors' assertion that Claim 11131 has been satisfied because the letter of credit has been fully drawn also misses the mark. Under the Surrender Agreement, the Debtor Obligors owed amounts to the Landlord in excess of the letter of credit. The Unpaid Settlement Amount remains due and owing.

WHEREFORE, Landlord respectfully requests that the Court (1) find that Claim 11127 and Claim 11131 have not yet been satisfied; (2) deny the Reorganized Debtors' request for entry of an order expunging Claim 11127 and Claim 1113; and (3) grant Landlord such other and further relief as the Court deems just and proper.

Dated: New York, New York.  
October 22, 2024

By: /s/ John Piskora  
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*Counsel to Herald Square Owner LLC*

**CERTIFICATE OF SERVICE**

I hereby certify that on this 22nd day of October 2024, I caused the foregoing to be electronically filed with the Clerk of the Court using the ECF system that will send notification of such filing to all parties receiving notice in this case. I further certify that I caused a true and correct copy of the foregoing to be served upon the following via email and first class mail:

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Dated: October 22, 2024  
New York, New York

By: /s/ John Piskora