

PACHULSKI STANG ZIEHL & JONES LLP
Jeffrey N. Pomerantz (CA Bar No. 143717)
John A. Morris (NY Bar No. 2405397)
Gregory V. Demo (NY Bar No. 5371992)
Hayley R. Winograd (NY Bar No. 5612569)
10100 Santa Monica Blvd., 13th Floor
Los Angeles, CA 90067
Telephone: (310) 277-6910
Facsimile: (310) 201-0760
Email: jpomerantz@pszjlaw.com
jmorris@pszjlaw.com
gdemo@pszjlaw.com
hwinograd@pszjlaw.com

-and-

HAYWARD PLLC
Melissa S. Hayward (Texas Bar No. 24044908)
Zachery Z. Annable (Texas Bar No. 24053075)
10501 N. Central Expy., Ste. 106
Dallas, Texas 75231
Telephone: (972) 755-7100
Facsimile: (972) 755-7110
Email: MHayward@HaywardFirm.com
ZAnnable@HaywardFirm.com

Counsel for Highland Capital Management, L.P.

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

In re:

HIGHLAND CAPITAL MANAGEMENT, L.P.,

Reorganized Debtor.

Chapter 11

Case No. 19-34054-sgj

**STIPULATION FINALLY RESOLVING ALL LITIGATION CONCERNING A PRIOR
CONTEMPT ORDER AND RELATED PROCEEDINGS**

This stipulation (the “Stipulation”) is made by and among Highland Capital Management, L.P. (“HCMLP”), the reorganized debtor in the above-referenced bankruptcy case, The Charitable DAF Fund LP (“DAF”), CLO Holdco Ltd. (“CLOH”), Sbaiti & Company PLLC (“Sbaiti & Co.”), Mazin Sbaiti (“Sbaiti”), Jonathan Bridges (“Bridges”), Mark Patrick (“Patrick”), and James



Dondero (“Dondero”, and together with DAF, CLOH, Sbaiti & Co., Sbaiti, Bridges, and Patrick, the “Respondents”, and the Respondents and HCMLP together as the “Parties”), by and through their respective undersigned counsel.

RECITALS

WHEREAS, on April 23, 2021, Highland filed a *Motion for an Order Requiring the Violators to Show Cause Why They Should Not Be Held in Civil Contempt for Violating Two Court Orders* and supporting documentation [Docket Nos. 2235, 2236, 2237, 2247] (the “Motion”) in the United States Bankruptcy Court for the Northern District of Texas (the “Bankruptcy Court”);

WHEREAS, on May 14, 2021, the Respondents filed their respective objections to the Motion [Docket Nos. 2309, 2312, and 2313] (collectively, the “Objections”);

WHEREAS, on May 21, 2021, Highland filed its omnibus reply to the Objections [Docket No. 2349];

WHEREAS, on August 3, 2021, the Bankruptcy court issued a *Memorandum Opinion and Order Holding Certain Parties and Their Attorneys in Civil Contempt of Court for Violations of Bankruptcy Court Orders* [Docket No. 2660] (the “Bankruptcy Court Order”);

WHEREAS, on September 28, 2022, after the Respondents appealed the Bankruptcy Court Order and the Parties briefed the appeal, the United States District Court for the Northern District of Texas (the “District Court”) issued a *Memorandum Opinion and Order* affirming in part and vacating in part the Bankruptcy Court Order [Civ. Action No. 3:21-cv-01974-X, Docket No. 49] (the “District Court Order”);

WHEREAS, on April 26, 2024, after the Respondents appealed the District Court Order and the Parties briefed and argued the appeal, the United States Court of Appeals for the Fifth Circuit (the “Fifth Circuit”) issued an opinion and judgment in which it vacated the District Court

Order and remanded to the District Court for further proceedings in accordance with the judgment (Case No. 22-11036, Docket No. 140-1] (the “Fifth Circuit Opinion and Judgment”);

WHEREAS, on May 6, 2024, the District Court remanded the action to the bankruptcy court for further proceedings [Civ. Action No. 3:21-cv-01974-X, Docket No. 57];

WHEREAS, on May 21, 2024, the Bankruptcy Court issued an *Order in Response to District Court’s and Fifth Circuit’s Remand Regarding Bankruptcy Court’s August 4, 2021 Sanctions Order* [Docket No. 4070] (the “Remand Order”) in which the Bankruptcy Court established a briefing schedule to govern the remanded proceeding;

WHEREAS, subject to the Bankruptcy Court’s approval, in order to conserve resources and eliminate litigation risks, the Parties have negotiated in good faith to finally and fully resolve all claims, disputes, and issues concerning the Motion, the Bankruptcy Court Order, District Court Order, the Fifth Circuit Opinion and Judgment, and the Remand Order on the terms set forth herein,

NOW, WHEREFORE, IT IS HEREBY JOINTLY STIPULATED AND AGREED as follows:

1. The Parties disagree on the meaning and intent of the Fifth Circuit Opinion and Judgment but (a) agree to seek no further relief, and file no further pleadings (except for a joint motion to approve this Stipulation), in connection with the Motion; (b) agree not to seek additional contempt with respect to the underlying allegations set forth in the Motion; and (c) otherwise reserve the right to make whatever arguments they believe are appropriate in any forum concerning the meaning of the Fifth Circuit Opinion and Judgment and to challenge any other Parties’ arguments about the meaning of the Fifth Circuit Opinion and Judgment;

2. The Respondents agree, individually and collectively, that they shall not assert any claim, or seek leave to assert any claim (through an amended pleading or otherwise), against any Protected Party¹ in any court without obtaining the Bankruptcy Court's prior approval under the Gatekeeper Provisions,² to the extent the Gatekeeper Provisions are applicable and in effect;
3. Highland shall return to the DAF the sum of \$239,655.00 that was tendered to secure the original award within five (5) business days of the entry of an order approving this Stipulation (the "Approval Order");
4. The parties shall deem satisfied the bills of costs filed at Docket Nos. 135 and 137 in Case No. 22-11036 and Docket No. 95 in Case No. 22-10189, both pending before the Fifth Circuit; and
5. After the entry of an Approval Order, the Parties shall cooperate in good faith to take all steps necessary to implement this Stipulation, including jointly notifying the District Court and the Fifth Circuit of the entry of an Approval Order.
6. The Parties agree that the Bankruptcy Court shall retain jurisdiction with respect to all matters arising from or relating to the implementation, interpretation, and enforcement of this Stipulation and any Approval Order.

[Remainder of Page Intentionally Blank]

¹ "Protected Party" refers to any person or entity protected under any of the applicable Gatekeeper Provisions (as that term is defined in footnote 2).

² "Gatekeeper Provisions" refers, individually and collectively, to (a) Section 10 of the *Order Approving Settlement with Official Committee of Unsecured Creditors Regarding Governance of the Debtor and Procedures for Operations in the Ordinary Course* [Docket No. 339]; (b) Section 5 of the *Order Approving Debtor's Motion Under Bankruptcy Code Sections 105(a) and 363(b) Authorizing Retention of James P. Seery, Jr., as Chief Executive Officer, Chief Restructuring Officer, and Foreign Representative Nunc Pro Tunc to March 15, 2020* [Docket No. 854]; and (c) Section IX.F of the *Fifth Amended Plan of Reorganization of Highland Capital Management, L.P. (as Modified)* [Docket No. 1943, Ex. A].

Dated: June 24, 2024

PACHULSKI STANG ZIEHL & JONES LLP

Jeffrey N. Pomerantz (CA Bar No. 143717)
John A. Morris (NY Bar No. 2405397)
Gregory V. Demo (NY Bar No. 5371992)
Hayley R. Winograd (NY Bar No. 5612569)
10100 Santa Monica Blvd., 13th Floor
Los Angeles, CA 90067
Telephone: (310) 277-6910
Facsimile: (310) 201-0760
Email: jpomerantz@pszjlaw.com
jmorris@pszjlaw.com
gdemo@pszjlaw.com
hwinograd@pszjlaw.com

-and-

HAYWARD PLLC

/s/ Zachery Z. Annable

Melissa S. Hayward (Texas Bar No. 24044908)
Zachery Z. Annable (Texas Bar No. 24053075)
10501 N. Central Expy, Ste. 106
Dallas, Texas 75231
Telephone: (972) 755-7100
Facsimile: (972) 755-7110
Email: MHayward@HaywardFirm.com
ZAnnable@HaywardFirm.com

Counsel for Highland Capital Management, L.P.

SCHAERR | JAFFE LLP

/s/ Erik S. Jaffe

Erik S. Jaffe
Lead Counsel
Brian J. Field
Aaron Gordon
1717 K Street NW, Suite 900
Washington, DC 20006
Telephone: (202) 787-1060
ejaffe@schaerr-jaffe.com

-and-

SBAITI & COMPANY PLLC

Mazin A. Sbaiti
Jonathan Bridges
JPMorgan Chase Tower
2200 Ross Avenue
Suite 4900W
Dallas, TX 75201
Telephone: (214) 432-2899
mas@sbaitilaw.com

*Counsel for Appellants The Charitable DAF Fund, L.P.;
CLO Holdco, Ltd.; Mark Patrick; Sbaiti & Company, PLLC;
Mazin A. Sbaiti; and Jonathan Bridges*

LEVINGER PC

/s/ Jeffrey S. Levinger

Jeffrey S. Levinger
jlevinger@levingerpc.com
J. Carl Cecere (of counsel)
ccecere@cecerepc.com
1700 Pacific Ave., Suite 2390
Dallas, Texas 75201
Telephone: 214-855-6817
Facsimile: 214-817-4509

*Attorneys for Appellant
James Dondero*