

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

IN RE: Chapter 11
LEISURE INVESTMENTS Case No. 25-10606(LSS)
HOLDINGS, LLC, et al, 824 Market Street
Wilmington, Delaware 19801
Debtors.
Tuesday, April 15, 2025

TRANSCRIPT OF HEARING RE:
EMERGENCY MOTION FOR ORDERS (I) AUTHORIZING THE DEBTORS TO
PAY CERTAIN PRE-PETITION WAGES, SALARIES, AND OTHER ACCRUED
COMPENSATION AND BENEFITS ASSOCIATED WITH THEIR INITIAL
PAYROLL AND (II) AUTHORIZING AND DIRECTING APPLICABLE BANKS
AND OTHER FINANCIAL INSTITUTIONS TO PROCESS AND PAY ALL
CHECKS PRESENTED FOR PAYMENT AND TO HONOR ALL FUNDS TRANSFER
REQUESTS MADE BY THE DEBTORS RELATING TO THE FOREGOING
[Docket No. 52]
BEFORE THE HONORABLE LAURIE SELBER SILVERSTEIN
UNITED STATES BANKRUPTCY JUDGE

APPEARANCES:

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(Appearances Continued)

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APPEARANCES VIA ZOOM: (On the Record)

Also Appearing:

Robert Wagstaff
RIVERON CONSULTING

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EXHIBIT

EVID.

Wagstaff Declaration at ECF 52-3

10

1 (Proceedings commence at 11:32 a.m.)

2 (Call to order of the Court)

3 THE COURT: Please be seated.

4 Mr. Greecher.

5 MR. GREECHER: Good morning, Your Honor. Sean
6 Greecher from Young Conaway on behalf of the debtors.

7 Your Honor, thank you for setting this special
8 hearing time. We don't have a lot on the agenda, and you may
9 have noticed there's not a lot on the docket. But there is,
10 I can assure you, a lot going on off the docket, around the
11 world. So I thought maybe it's a good time to give you just
12 a quick update.

13 My World Wildlife Fund calendar in our kitchen said
14 that yesterday was National Dolphin Day, so why don't I start
15 with animal welfare issues. So the independent director and
16 the Riveron team have spoken with authorities in Florida, we
17 have been speaking with the company's existing advisors,
18 we've been speaking with the company's employees who are
19 located in the Florida parks, particularly the veterinary
20 staff. We've also been speaking with parties to serve as an
21 independent advisor to the independent director and CRO
22 regarding animal welfare efforts at the company's facilities.
23 We're hoping to have a party on board shortly to assist with
24 that. So that continues to be top of mind.

25 Operationally and financially, the Riveron team has

1 made good progress getting our arms around the financial and
2 operational details at the U.S. parks. Ms. Mielke will be
3 discussing and presenting our emergency wage motion. We are
4 engaged with the company's employees that are doing what's
5 necessary to ensure appropriate stewardship of the business
6 and the animals; and, of course, a critical part of that is
7 paying our employees.

8 Governance-wise, outside of the U.S., as we
9 discussed at the first-day hearing, the process of effecting
10 governance changes that are necessary, based on the corporate
11 laws of the various foreign jurisdictions, remains ongoing.
12 These are simply processes that, in many cases, require some
13 time. All is moving forward on that front.

14 Now on to Mexico. As we mentioned at the first-day
15 hearing, the *concurso mercantil* was filed by prior management
16 with respect to one of the company's Mexican entities.
17 Evidence has been provided in Mexico that this filing was
18 done without the requisite corporate approval. The dismissal
19 of that *concurso* has been opposed by prior management's
20 counsel, and the Judge overseeing that proceeding has been
21 reviewing the papers, and we expect that dismissal will occur
22 shortly.

23 Additionally, the Federal Civil Court in Mexico
24 City issued orders enjoining the former CEO, Mr. Albor, from
25 acting as an authorized representative of the company and

1 voiding the board meeting that purported to authorize that
2 filing. We also obtained an injunction that directed all
3 governance activities run through Mr. Strom and Mr. Wagstaff.
4 Those orders were obtained in Mexico City in the Federal
5 Civil Court.

6 On Friday last week, the State Court in the state
7 where the company's Cancun headquarters is located, the
8 Quintana Roo -- I tried to say that properly and I'm sure I
9 didn't. But the State Court there entered a companion order
10 recognizing the federal order. With that, the Riveron team
11 was able to, for the first time, access the headquarters and
12 begin to communicate with staff at the headquarters regarding
13 records of the debtors that are needed to conduct these
14 cases.

15 Unfortunately, at some point after midnight on
16 Saturday morning, at the direction of the former CEO, the
17 headquarters building was forcibly and illegally retaken.
18 The Riveron team was barred from the premises and prohibited
19 from any further communication with company staff or access
20 to the debtors' books and records.

21 So the debtors' professionals in Mexico were taking
22 appropriate steps to address that, to enforce the valid court
23 orders that have been obtained and ensure that Riveron can
24 regain access. Those efforts have been feverish, they have
25 spread throughout numerous courts in Mexico. Counsel has

1 been working around the clock, traveling around the country,
2 personally appearing in court and in person at the facilities
3 in connection with these various steps that are being taken,
4 alongside the Mexican authorities. Given the ex-CEO's
5 conduct, we suspect that this high level of effort will,
6 unfortunately, be likely to continue, particularly if the
7 circumstances continue to escalate, as we fear that they may.

8 In the meantime, at a minimum, we view the former
9 president -- former CEO's acts -- actions to exercise
10 possession and control over the books and records related to
11 the debtors' assets, liabilities, and operations, and to bar
12 Riveron from access to such books and records, as brazen
13 violations of the automatic stay.

14 Additionally, Your Honor entered an order on the
15 first day of the case compelling former officers, including
16 the former CEO, to turn over books, documents, records,
17 papers, ESI, and emails related to or in connection with the
18 debtors' property and finances. That order was sent to the
19 former CEO's counsel on April 4th, with a demand for turnover
20 of such materials by last Friday, the 11th. There has been
21 no response to this demand from counsel to the former CEO.
22 Indeed, the former CEO's actions this past Saturday morning
23 suggest, I think, an attempt not to comply.

24 All this said, assuming no change in circumstances,
25 the debtors anticipate the need to file a motion as soon as

1 possible to enforce the automatic stay and to enforce the
2 Court's Section 542(e) order. Given the urgency of the
3 request, we'd request a hearing on shortened notice. Happy
4 to work with Your Honor or Your Honor's chambers to find a
5 suitable time for this hearing.

6 Additionally, as we mentioned, the former CEO's
7 conduct has required herculean efforts from Mexican counsel,
8 firms that are not familiar with U.S. bankruptcy, and
9 frankly, for whom the expenditures of the time and costs here
10 have been very significant, in order to ensure that we can
11 see this process through -- and I'll note the parties should
12 have no doubt that the debtors are resolute in their
13 intention to see this process through -- we will be
14 requesting authority to provide some advance retainers to
15 Mexican counsel, subject to their retention as ordinary
16 course professionals. So we wanted to at least let Your
17 Honor know all of that was coming, likely in short order.
18 And unfortunately, given the posture that we appear to be in
19 with respect to the former CEO, we will likely request that
20 on shortened notice.

21 THE COURT: Okay. Thank you.

22 MR. GREECHER: If Your Honor has any questions
23 about that preamble, if not, I'll turn over the podium to Ms.
24 Mielke to address the motion that we did file.

25 THE COURT: I do not. Obviously, reach out to

1 chambers, as usual, when you have papers that are ready to be
2 filed, and we'll figure out how to squeeze it in somewhere.

3 MR. GREECHER: Thank you, Your Honor. Appreciate
4 that accommodation, as always.

5 THE COURT: Okay.

6 MS. MIELKE: Good morning, Your Honor.

7 THE COURT: Good morning.

8 MS. MIELKE: Allison Mielke of Young Conaway for
9 the debtors. That seems like a hard act to follow, after
10 that update.

11 As Mr. Greecher previewed, the debtors have been
12 working diligently to stabilize operations, to gain the trust
13 of their employees, and to mitigate any uncertainty that
14 these Chapter 11 cases may have caused.

15 We are before you today requesting certain
16 customary and limited relief to ensure that the debtors can
17 satisfy their payroll, which is due to be paid today. The
18 debtors specifically are seeking authority to pay up to
19 \$514,000 in payroll obligations. Those primarily comprise
20 compensation liabilities and wage deductions and taxes.

21 As indicated in the Wagstaff declaration, which was
22 attached to the motion, the failure to make payroll would
23 severely disrupt the company's operations and cause
24 substantial financial hardship to the company's employees,
25 thereby causing irreparable and immediate harm. Mr. Wagstaff

1 is present on Zoom today, we thank you for that
2 accommodation. He is available for questions if -- of the
3 Court or other parties-in-interest. At this time, we'd like
4 to move his declaration into evidence.

5 THE COURT: Is there any objection?

6 (No verbal response)

7 THE COURT: I hear none. It's admitted.

8 (Wagstaff Declaration at ECF 52-3 received in evidence)

9 MS. MIELKE: Thank you.

10 Your Honor, the relief we've requested is very
11 customary and I'm happy to answer any questions that you
12 have, but otherwise, we'll rely on our papers.

13 THE COURT: Thank you.

14 I guess the only question I had in reading this is
15 that this request goes to U.S. employees.

16 MS. MIELKE: It does.

17 THE COURT: And what's happening with employees
18 worldwide?

19 MS. MIELKE: That's an excellent question. For the
20 -- we don't have visibility into the payroll of those
21 entities, and frankly, we don't have access and control to
22 the books and records that would inform us of that
23 information. We are working diligently, as Mr. Greecher
24 mentioned.

25 We will be back before you with additional relief,

1 no doubt. In particular, we anticipate filing sort of
2 traditional operational first-days with respect to the
3 Florida entities and those operations because we do have
4 visibility and control over those operations. And then, once
5 we are able to have further progress in -- with respect to
6 the Mexican operations, we will be before you requesting
7 appropriate relief at that time.

8 THE COURT: Okay. And I know there are some
9 locations that are not in the U.S. and not in Mexico. I see
10 Grand Cayman and Jamaica and Rome. And maybe I should have
11 asked Mr. Greecher this. But what is happening with those
12 locations?

13 MS. MIELKE: Right. So, to the extent they are
14 debtor entities, Your Honor, the information that's necessary
15 to operate those is being held at the headquarters in Mexico.
16 So, to some extent, the criticality of getting into Mexico
17 and getting those books and records is really what -- you
18 know, what will open up control to all the other entities.

19 With respect to Italy and some of the other
20 Caribbean entities that are no -- not quite debtors --

21 THE COURT: Okay.

22 MS. MIELKE: -- we are presently undergoing certain
23 governance processes in those jurisdictions to effectuate the
24 transition of the board. So, in some -- for example, in
25 Barbados, if -- there's a notice requirement that requires,

1 you know, various steps and certain time periods to pass. So
2 we are going through those processes and applying --
3 complying with applicable law in those jurisdictions.

4 THE COURT: Have there been site visits?

5 MS. MIELKE: Not to, for example, Italy or Jamaica,
6 but we have been in contact with the operators at those
7 entities, and we're in close contact, trying to obtain
8 additional information.

9 THE COURT: You could volunteer.

10 MS. MIELKE: I could.

11 (Laughter)

12 MS. MIELKE: You're not the first to have made that
13 joke, Your Honor.

14 (Laughter)

15 MS. MIELKE: I'll volunteer for Italy.

16 THE COURT: Uh-huh.

17 MS. MIELKE: Maybe someone else would like to check
18 out Barbados.

19 THE COURT: Uh-huh.

20 (Laughter)

21 MR. GREECHER: Your Honor, just -- Sean Greecher.
22 Mr. Wagstaff has, personally, visited most -- perhaps not
23 all, but most of the parks located in Mexico. He did look at
24 them from the outside, looking in, to some degree, and had
25 some communications with individuals at the parks. But given

1 sort of the situation in Mexico, the -- that process is
2 complicated.

3 THE COURT: Yeah, it sounds like it is. Okay. And
4 I hope, in Mexico, people are taking whatever security
5 precautions need to be taken, including retaining security,
6 to the extent necessary.

7 MS. MIELKE: Yes, Your Honor, that has occurred.

8 THE COURT: Okay. Okay. Does anyone wish to be
9 heard with respect to the employee wages motion?

10 (No verbal response)

11 THE COURT: I hear no one.

12 I did review it. As we just discussed, it
13 addresses the U.S. employees, which is -- which the debtors
14 has visibility into. And the relief is, obviously,
15 appropriate. We need to ensure that employees who are
16 working get paid.

17 I did have a couple of comments on the order.
18 Paragraph 4:

19 "Nothing in the motion shall be deemed to violate
20 or permit a violation of 503(c)."

21 I assume -- that language, I think, is a little --
22 well, I assume what this language says is we're not giving
23 anyone -- any insiders any bonuses, et cetera.

24 MS. MIELKE: Correct. We're not authorizing --

25 THE COURT: Yeah.

1 MS. MIELKE: -- payments made pursuant to Section
2 503(c).

3 THE COURT: So let's -- why don't we say it's not
4 being authorized, there are no -- rather than that. I think
5 that's actually better.

6 MS. MIELKE: Okay.

7 THE COURT: Nothing in this emergency order is
8 authorizing or permitting any payments under 503(c).

9 MS. MIELKE: We can make that -- and just to
10 clarify, I think you said Paragraph 4, but I think it's
11 Paragraph 3.

12 THE COURT: I've got it as Paragraph 4. So am I
13 looking at the right order? Let's make sure --

14 MS. MIELKE: Oh --

15 THE COURT: -- I'm looking --

16 MS. MIELKE: -- I'm sorry.

17 THE COURT: -- at the right order.

18 MS. MIELKE: I'm looking at the final order. I
19 apologize. Yeah, okay.

20 THE COURT: Okay. And then Paragraph 11. I
21 understand why this is in here. But I would prefer to deal
22 with future debtors --

23 MS. MIELKE: Okay.

24 THE COURT: -- in a separate motion or something
25 else, but not preview that --

1 MS. MIELKE: Okay.

2 THE COURT: -- or prejudge it.

3 MS. MIELKE: No problem. We'll delete that.

4 THE COURT: Okay.

5 MS. MIELKE: We did upload an order in advance of
6 the hearing. So, just to confirm, we will revise the order
7 and upload a replacement.

8 THE COURT: Yes. And there's no reason to do a COC
9 on that, just --

10 MS. MIELKE: Great.

11 THE COURT: -- upload it.

12 MS. MIELKE: Thank you, Your Honor.

13 THE COURT: Okay.

14 MS. MIELKE: Appreciate your time.

15 THE COURT: That's all we have for today?

16 MS. MIELKE: It is.

17 THE COURT: Okay. Very good. We're adjourned.

18 MR. GREECHER: Thank you.

19 (Proceedings concluded at 11:46 a.m.)

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CERTIFICATION

I certify that the foregoing is a correct transcript from the electronic sound recording of the proceedings in the above-entitled matter to the best of my knowledge and ability.

A handwritten signature in cursive script, appearing to read "Coleen Rand", is written over a horizontal line.

April 14, 2024

Coleen Rand, AAERT Cert. No. 341

Certified Court Transcriptionist

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