

STINSON LLP

Deborah Deitsch-Perez
Michael P. Aigen
2200 Ross Avenue, Suite 2900
Dallas, Texas 75201
Telephone: (214) 560-2201
Facsimile: (214) 560-2203
Email: deborah.deitschperez@stinson.com
Email: michael.aigen@stinson.com

Counsel for Highland CLO Management, Ltd. And James Dondero

**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)

**HIGHLAND CLO MANAGEMENT, LTD. AND JAMES DONDERO'S
SUPPLEMENTAL WITNESS LIST, DEPOSITION DESIGNATIONS, AND EXHIBIT
LIST WITH RESPECT TO HEARING TO BE HELD ON DECEMBER 18, 2024**

Highland CLO Management, Ltd. ("HCLOM") and James Dondero ("Dondero"), by and through its undersigned counsel, submits the following supplement to its witness and exhibit list [Dkt. 4186] with respect to Highland Capital Management, L.P.'s Objection to Scheduled Claims 3.65 and 3.66 of Highland CLO Management, Ltd. [Docket No. 3657] (the "Motion"), which the Court has set for hearing at 9:30 a.m. (Central Time) on December 18, 2024 (the "Hearing") in the Bankruptcy Case.



Ex.	Date	Dkt.	Description	Offered	Admitted
53	3/23/18	4185-10	Debtor Hearing Exhibit 93 (Excerpted)		
54	3/23/18	4185-21	Debtor Hearing Exhibit 104 (Excerpted)		

HCLOM and Dondero reserve the right to amend and/or supplement this Witness and Exhibit List should they determine that any other document may be helpful to the trier of fact.

Dated: December 16, 2024

Respectfully submitted,
STINSON LLP

/s/ Deborah Deitsch-Perez

Deborah Deitsch-Perez
Texas Bar No. 24036072
Michael P. Aigen
Texas Bar No. 24012196
2200 Ross Avenue, Suite 2900
Dallas, Texas 75201
Telephone: (214) 560-2201
Facsimile: (214) 560-2203
Email: deborah.deitschperez@stinson.com
Email: michael.aigen@stinson.com

*Counsel for Highland CLO Management, Ltd. And
James Dondero*

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on December 16, 2024, a true and correct copy of this document was served electronically via the Court's CM/ECF system to the parties registered or otherwise entitled to receive electronic notices in this case.

/s/ Deborah Deitsch-Perez

Deborah Deitsch-Perez

Exhibit 53

Excerpted from Debtor Hearing Exhibit 93 - 33:2-11

Q. Right. So let's talk about the assets that Acis would have left over if all of the collateral-management agreements were transferred to a Highland affiliate.

All right? So we know that the intent, pre-bankruptcy, was that Acis would be replaced as the portfolio manager with a Highland affiliate, right?

A. Yes.

Q. And that didn't happen because -- one reason because was this bankruptcy proceeding, correct?

A. Yes.

EXHIBIT 93

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

IN THE UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF TEXAS (DALLAS)

In Re:) Case No. 18-30264-Sgj7
) Dallas, Texas
ACIS CAPITAL MANAGEMENT, L.P.,)
)
Alleged Debtor.) March 23, 2018
) 9:36 a.m.
-----)
)
ACIS CAPITAL MANAGEMENT GP, LLC,) Case No. 18-30265-sgj7
)
Alleged Debtor.)
TRANSCRIPT PORTION UNDER SEAL)
-----)

TRANSCRIPT OF HEARING ON:

AS TO CASE NO. 18-30264-sgj7:
[#80] EMERGENCY MOTION TO INTERVENE IN PROCEEDINGS CONTESTING
INVOLUNTARY PETITIONS FILED BY CLO HOLDCO, LTD., HIGHLAND CLO
FUNDING, LTD., NEUTRA, LTD.;

[#81] MOTION FOR EXPEDITED HEARING (RELATED DOCUMENTS #80
MOTION TO INTERVENE) FILED BY CREDITOR HIGHLAND CLO FUNDING,
LTD., CREDITOR CLO HOLDCO, LTD., CREDITOR NEUTRA, LTD.) FILED
BY PETITIONING CREDITOR JOSHUA TERRY

[#87] OBJECTION TO (RELATED DOCUMENT(S): #80 EMERGENCY MOTION
TO INTERVENE IN PROCEEDINGS CONTESTING INVOLUNTARY PETITIONS
FILED BY CREDITOR HIGHLAND CLO FUNDING, LTD., CREDITOR CLO
HOLDCO, LTD., CREDITOR NEUTRA, LTD., #81 MOTION FOR EXPEDITED
HEARING (RELATED DOCUMENTS, #80 MOTION TO INTERVENE) FILED BY
CREDITOR HIGHLAND CLO FUNDING, LTD., CREDITOR CLO HOLDCO,
LTD., CREDITOR NEUTRA, LTD.) FILED BY PETITIONING CREDITOR
JOSHUA TERRY

(cont'd. next page)

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

AS TO CASE NO. 18-30265-sgj7:
[#77] EMERGENCY MOTION TO INTERVENE IN PROCEEDINGS CONTESTING INVOLUNTARY PETITIONS FILED BY CLO FUNDING, LTD., HIGHLAND CLO FUNDING, LTD., NEUTRA, LTD.;

[#78] MOTION FOR EXPEDITED HEARING (RELATED DOCUMENTS #77 MOTION TO INTERVENE) FILED BY CLO FUNDING, LTD., HIGHLAND CLO FUNDING, LTD., NEUTRA, LTD.;

[#83] OBJECTION TO (RELATED DOCUMENT(S): #77 EMERGENCY MOTION TO INTERVENE IN PROCEEDINGS CONTESTING INVOLUNTARY PETITIONS FILED BY CREDITOR NEUTRA, LTD., CREDITOR HIGHLAND CLO FUNDING, LTD., CREDITOR CLO FUNDING, LTD., #78 MOTION FOR EXPEDITED HEARING (RELATED DOCUMENTS #77 MOTION TO INTERVENE) FILED BY CREDITOR NEUTRA, LTD., CREDITOR HIGHLAND CLO FUNDING, LTD., CREDITOR CLO FUNDING, LTD.) FILED BY PETITIONING CREDITOR JOSHUA TERRY

BEFORE THE HONORABLE STACEY G. JERNIGAN
UNITED STATES BANKRUPTCY COURT

Transcription Services: eScribers, LLC
7227 North 16th Street
Suite #207
Phoenix, AZ 85020
(973) 406-2250

PROCEEDINGS RECORDED BY ELECTRONIC SOUND RECORDING.
TRANSCRIPT PRODUCED BY TRANSCRIPTION SERVICE

eScribers, LLC | (973) 406-2250
operations@escribers.net | www.escribers.net

James Dondero - Cross (Under Seal)

33

1 A. Absolutely. I -- we went over that in detail.

2 Q. Right. So let's talk about the assets that Acis would
3 have left over if all of the collateral-management agreements
4 were transferred to a Highland affiliate. All right?

5 So we know that the intent, pre-bankruptcy, was that Acis
6 would be replaced as the portfolio manager with a Highland
7 affiliate, right?

8 A. Yes.

9 Q. And that didn't happen because -- one reason because was
10 this bankruptcy proceeding, correct?

11 A. Yes.

12 Q. All right. What would Acis do if it's no longer the
13 collateral manager under any of these collateral-management
14 agreements?

15 A. It -- it's a registered investment advisor. They
16 could -- they could potentially garner new business. It could
17 pursue litigation claims against, you know, people and
18 professionals that have impaired Acis. It could -- it -- it
19 could do -- it could do a variety of things.

20 Q. Okay. I want to -- you touched on this a little bit, but
21 I asked you the exact same question in your deposition on
22 Tuesday, and this is what your response was. "It has very
23 good claims against your firm and Josh Terry that could be
24 worth boatloads of money down the road".

25 Is that what your testimony (sic) on Tuesday?

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

C E R T I F I C A T I O N

I, Clara Rubin, the court-approved transcriber, do hereby certify the foregoing is a true and correct transcript from the official electronic sound recording of the proceedings in the above-entitled matter.



March 27, 2018

CLARA RUBIN

DATE

Exhibit 54

Excerpted from Debtor Hearing Exhibit 104 - 39:18 - 40:19

Q. Mr. Okada, I've asked Omar to pull up Exhibit 193. Are you familiar with this document?

A. Yes.

Q. Could you explain to the judge what this document is?

A. So you saw "Mizuho" on the front page; that's our underwriter for the reset. This is the pricing document that shows what we -- we -- what we were successful in -- in placing in the market on January 26 and were set to fund and close on February 1st for CLO 3. And you can see it has the amounts of the -- the debt, the new pricing, the new coupons that we had placed in the marketplace, the amounts, the ratings. And then they have new CUSIPs because they're they're new bonds. So that -- that's -- that's what you see here. And -- and -- so this was -- this was priced; this was done. We had third-party investors that had spoken for all of these bonds in the marketplace, and we were ready to go with our reset.

Q. So this wasn't hypothetical; this wasn't --

A. No, no. This is done. We -- we had trade tickets and we were priced and we were in the process of -- of trying to close the transaction.

Q. Did the transaction close?

A. No, it did not.

Q. Why did it not close?

A. Because of -- Mr. Terry filed Acis for involuntary bankruptcy proceedings.

Excerpted from Debtor Hearing Exhibit 104 - 116:2-20

Q. Okay. With all these thousands of affiliates, do you make it your personal mission to attempt to keep track of the ownership structure of each of these affiliates?

A. No.

Q. Who or what department is typically in charge of maintaining the corporate formalities and such with respect to the ownership structure?

A. Yeah, that's that's the important question. It comes from -- what does it take for somebody to hit my desk for a signature? What's the protocol? And everything comes through legal department. I think -- especially post the financial crisis, but post Dodd-Frank and post the regulatory burden increasing for the last ten or twenty years, I mean, a firm like ours has half a dozen people in compliance, you know, and we have a -- and, you know, a firm like Citibank will have floors of people in compliance. But everything runs through compliance nowadays, where compliance is weighting issues between funds, duty and care to investors, and regulatory compliance.

EXHIBIT 104

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

IN THE UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF TEXAS (DALLAS)

In Re:)	Case No. 18-30264-Sgj7
)	Dallas, Texas
ACIS CAPITAL MANAGEMENT, L.P.,)	
)	
Alleged Debtor.)	March 23, 2018
-----)	9:36 a.m.
)	
ACIS CAPITAL MANAGEMENT GP, LLC,)	Case No. 18-30265-sgj7
)	
Alleged Debtor.)	
-----)	

TRANSCRIPT OF HEARING ON:

AS TO CASE NO. 18-30264-sgj7:
[#80] EMERGENCY MOTION TO INTERVENE IN PROCEEDINGS CONTESTING INVOLUNTARY PETITIONS FILED BY CLO HOLDCO, LTD., HIGHLAND CLO FUNDING, LTD., NEUTRA, LTD.;

[#81] MOTION FOR EXPEDITED HEARING (RELATED DOCUMENTS #80 MOTION TO INTERVENE) FILED BY CREDITOR HIGHLAND CLO FUNDING, LTD., CREDITOR CLO HOLDCO, LTD., CREDITOR NEUTRA, LTD.) FILED BY PETITIONING CREDITOR JOSHUA TERRY

[#87] OBJECTION TO (RELATED DOCUMENT(S): #80 EMERGENCY MOTION TO INTERVENE IN PROCEEDINGS CONTESTING INVOLUNTARY PETITIONS FILED BY CREDITOR HIGHLAND CLO FUNDING, LTD., CREDITOR CLO HOLDCO, LTD., CREDITOR NEUTRA, LTD., #81 MOTION FOR EXPEDITED HEARING (RELATED DOCUMENTS, #80 MOTION TO INTERVENE) FILED BY CREDITOR HIGHLAND CLO FUNDING, LTD., CREDITOR CLO HOLDCO, LTD., CREDITOR NEUTRA, LTD.) FILED BY PETITIONING CREDITOR JOSHUA TERRY

(cont'd. next page)

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

AS TO CASE NO. 18-30265-sgj7:
[#77] EMERGENCY MOTION TO INTERVENE IN PROCEEDINGS CONTESTING INVOLUNTARY PETITIONS FILED BY CLO FUNDING, LTD., HIGHLAND CLO FUNDING, LTD., NEUTRA, LTD.;

[#78] MOTION FOR EXPEDITED HEARING (RELATED DOCUMENTS #77 MOTION TO INTERVENE) FILED BY CLO FUNDING, LTD., HIGHLAND CLO FUNDING, LTD., NEUTRA, LTD.;

[#83] OBJECTION TO (RELATED DOCUMENT(S): #77 EMERGENCY MOTION TO INTERVENE IN PROCEEDINGS CONTESTING INVOLUNTARY PETITIONS FILED BY CREDITOR NEUTRA, LTD., CREDITOR HIGHLAND CLO FUNDING, LTD., CREDITOR CLO FUNDING, LTD., #78 MOTION FOR EXPEDITED HEARING (RELATED DOCUMENTS #77 MOTION TO INTERVENE) FILED BY CREDITOR NEUTRA, LTD., CREDITOR HIGHLAND CLO FUNDING, LTD., CREDITOR CLO FUNDING, LTD.) FILED BY PETITIONING CREDITOR JOSHUA TERRY

BEFORE THE HONORABLE STACEY G. JERNIGAN
UNITED STATES BANKRUPTCY COURT

Transcription Services: eScribers, LLC
7227 North 16th Street
Suite #207
Phoenix, AZ 85020
(973) 406-2250

PROCEEDINGS RECORDED BY ELECTRONIC SOUND RECORDING.
TRANSCRIPT PRODUCED BY TRANSCRIPTION SERVICE

eScribers, LLC | (973) 406-2250
operations@escribers.net | www.escribers.net

Mark Okada - Direct

39

1 thing. We -- we don't -- we don't want that.

2 In a reset, because we've reset the transaction, you'll
3 get similar sorts of payments like this each quarter. So --
4 so there's a -- this -- this million-dollar increase in -- in
5 income actually will grow, in the two different scenarios
6 where we do the reset.

7 In this scenario, we'll -- we'll -- we'll have very nice
8 income each quarter, assuming that the world doesn't blow up.
9 But -- but -- but if -- if not, because of the -- the fact
10 that the -- the income will be coming down in the transaction
11 and we have to pay all the expenses, at some point, we're
12 going to have to -- we're going to have to call -- the -- the
13 equity will decide to call the deal and -- and wind it up,
14 because we're not going to make any money coming out of the
15 portfolio -- you shouldn't -- you -- you're not going to want
16 to have the -- the -- the -- the structure in place.

17 MR. FRITZ: Omar, could you pull up 193?

18 Q. Mr. Okada, I've asked Omar to pull up Exhibit 193. Are
19 you familiar with this document?

20 A. Yes.

21 Q. Could you explain to the judge what this document is?

22 A. So you saw "Mizuho" on the front page; that's our
23 underwriter for the reset. This is the pricing document that
24 shows what we -- we -- what we were successful in -- in
25 placing in the market on January 26 and were set to fund and

Mark Okada - Direct

40

1 close on February 1st for CLO 3. And you can see it has the
2 amounts of the -- the debt, the new pricing, the new coupons
3 that we had placed in the marketplace, the amounts, the
4 ratings. And then they have new CUSIPs because they're --
5 they're new bonds. So that -- that's -- that's what you see
6 here.

7 And -- and -- so this was -- this was priced; this was
8 done. We had third-party investors that had spoken for all of
9 these bonds in the marketplace, and we were ready to go with
10 our reset.

11 Q. So this wasn't hypothetical; this wasn't --

12 A. No, no. This is done. We -- we had trade tickets and we
13 were priced and we were in the process of -- of trying to
14 close the transaction.

15 Q. Did the transaction close?

16 A. No, it did not.

17 Q. Why did it not close?

18 A. Because of -- Mr. Terry filed Acis for involuntary
19 bankruptcy proceedings.

20 MR. FRITZ: Omar, could you go to Exhibit 192?

21 Q. Do you recognize the document that we put up on the
22 screen? It's Exhibit 192.

23 A. Yes.

24 Q. What is it?

25 A. So this is the -- the -- well, I spoke earlier about the

James Dondero - Direct

116

1 A. Yes.

2 Q. Okay. With all these thousands of affiliates, do you
3 make it your personal mission to attempt to keep track of the
4 ownership structure of each of these affiliates?

5 A. No.

6 Q. Who or what department is typically in charge of
7 maintaining the corporate formalities and such with respect to
8 the ownership structure?

9 A. Yeah, that's -- that's the important question. It comes
10 from -- what does it take for somebody to hit my desk for a
11 signature? What's the protocol? And everything comes through
12 legal department. I think -- especially post the financial
13 crisis, but post Dodd-Frank and post the regulatory burden
14 increasing for the last ten or twenty years, I mean, a firm
15 like ours has half a dozen people in compliance, you know, and
16 we have a -- and, you know, a firm like Citibank will have
17 floors of people in compliance. But everything runs through
18 compliance nowadays, where compliance is weighting issues
19 between funds, duty and care to investors, and regulatory
20 compliance.

21 Q. Okay. And we'll talk about compliance again in a little
22 more detail as well.

23 But let's turn to Acis. Do you recall approximately what
24 year Acis was formed?

25 A. Post the crisis, 2010, 2011.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

C E R T I F I C A T I O N

I, Clara Rubin, the court-approved transcriber, do hereby certify the foregoing is a true and correct transcript from the official electronic sound recording of the proceedings in the above-entitled matter.



March 27, 2018

CLARA RUBIN

DATE