

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

MEDLEY, LLC,¹

Debtor.

Chapter 11

Case No. 21-10526 (KBO)

Re: D.I. 244

**OBJECTION TO ADEQUACY OF DISCLOSURES OF
INFORMATION IN THE FIRST AMENDED COMBINED
DISCLOSURE STATEMENT AND CHAPTER 11 PLAN OF MEDLEY LLC**

Strategic Capital Advisory Services, LLC (the “Strategic Capital”), by and through its undersigned attorneys, objects to the adequacy of disclosures of information in the First Amended Combined Disclosure Statement and Chapter 11 Plan of Medley LLC (Doc. No. 244) (the “Amended Plan and Disclosure Statement”), and in support thereof, states as follows:

1. The Combined Plan and Disclosure Statement is stated to be a product of an agreement reached by the Debtor, Medley Capital LLC, and the Official Committee of Unsecured Creditors (the “Committee” and together with the Debtor and Medley Capital, the “Plan Parties”). See Plan Term Sheet, (Doc. No. 276). Strategic Capital is one of the largest single unsecured creditors in this case, with an unsecured claim of approximately \$7.7 million. Although the Amended Plan and Disclosure Statement now contains footnotes referring to possible objections to Strategic Capital’s claim being investigated by the Committee, no objection has been filed. The Notes Claims, for which the Notes Trustee is the indenture trustee, is the largest creditor group. The Notes Trustee is a member of the Committee, but the Notes Trustee is not one of the Plan Parties. Lead counsel for the Committee previously represented

¹ The last four digits of the Debtor’s taxpayer identification number are 7343. The Debtor’s principal executive office is located at 280 Park Avenue, 6th Floor East, New York, New York 10017.



the Notes Trustee in connection with this case, but withdrew from that representation when it was retained by the Committee around April 26, 2021.

2. As written, the Amended Plan and Disclosure Statement lacks adequate information under § 1125(a). At a minimum, the Amended Plan and Disclosure Statement should be amended or supplemented to provide the following disclosures to provide adequate information necessary to allow creditors to make an informed decision to accept or reject the Amended Plan:

a. A discussion of the factors applicable to settlements in chapter 11 cases, and specifically why the compromise reached and proposed in the Amended Plan and Disclosure Statement is in the best interests of the estate, and not just certain constituents, and is otherwise fair and equitable;

b. A discussion of why confirmation of the Amended Plan and Disclosure Statement, which essentially provides for a liquidation overseen by a trustee appointed by the Committee, is preferable to a liquidation under chapter 7. For example, the Amended Plan and Disclosure Statement should provide a discussion of (a) why an almost complete lack of notice rights and the opportunity for oversight by the Bankruptcy Court of decisions made by the Liquidating Trustee is better for creditors than a chapter 7 trustee, and (b) the comparable costs and efficiencies of chapter 11 versus the chapter 7 liquidation analysis, factoring in the payment of the Notes Trustee Fees under the Plan but not under a chapter 7;

c. The Liquidation Analysis (Doc. No. 295-1, p. 3), reflects that a payment of the Notes Trustee Fees of approximately \$716,000, roughly 300% of what is proposed to be distributed to Class 4 General Unsecured Creditors. The Amended Plan and Disclosure Statement should disclose the basis in fact and law for the proposed payment of the Notes Trustee Fees, with no disclosure of the actual fees or their reasonableness, or the justification

for payment of all fees incurred by the Notes Trustee during the case before payment of all unsecured creditors, rather than from the distributions to be paid to the Note Claims;

d. A disclosure of the grounds for the Debtor-releases to be given under the Amended Plan and Disclosure Statement, why they were broadened, and the consideration being provided by each party being given a release under what appears to be a liquidating plan; and

e. A discussion about the timing and possible outcomes of the liquidation of any claims filed or asserted by the SEC, and how that might impact distributions to unsecured creditors.

3. These disclosures are necessary to provide adequate information under § 1125. The Court should condition approval of the Amended Plan and Disclosure Statement for solicitation upon supplements or amendments to address the issues identified above.

4. Strategic Capital reserves the right to supplement this Objection, and to join in any other objections made by other parties in interest. Additionally, Strategic Capital reserves the right to raise any and all appropriate objections to confirmation of the Amended Plan and Disclosure Statement.

Dated: August 10, 2021
Wilmington, Delaware

MORRIS, NICHOLS, ARSHT & TUNNELL LLP

/s/ Robert J. Dehney

Robert J. Dehney (No. 3578)

Andrew R. Remming (No. 5120)

1201 North Market Street, 16th Floor

P.O. Box 1347

Wilmington, Delaware 19899-1347

Phone: 302-351-9353

Fax: 302-425-4673

Email: rdehney@morrisnichols.com

aremring@mnat.com

– and –

STICHTER, RIEDEL, BLAIN & POSTLER, P.A.

Harley E. Riedel (admitted *pro hac vice*)

Daniel R. Fogarty (admitted *pro hac vice*)

110 East Madison Street, Suite 200

Tampa, Florida 33602

Telephone: (813) 229-0144

Facsimile: (813) 229-1811

Email: hriedel@srbp.com

dfogarty@srbp.com

COUNSEL TO STRATEGIC CAPITAL ADVISORY
SERVICES, LLC

CERTIFICATE OF SERVICE

I, Robert J. Dehney, certify that I am not less than 18 years of age, and that service of the foregoing was caused to be made on August 10, 2021, via CM/ECF upon those parties registered to receive such electronic notifications and served, additionally, as indicated upon the parties identified on the attached service list.

Dated: August 10, 2021

/s/ Robert J. Dehney

Robert J. Dehney (Bar No. 3578)

SERVICE LIST

Amy D. Brown
Michael G. Busenkell
Gellert Scali Busenkell & Brown
1201 N. Orange Street
Suite 300
Wilmington, DE 19801
abrown@gsbblaw.com
mbusenkell@gsbblaw.com

Sean T. Wilson
James S. Carr
Benjamin D. Feder
Kelley Drye & Warren LLP
3 World Trade Center
175 Greenwich Street
New York, NY 10007
swilson@kelleydrye.com
KDWBankruptcyDepartment@kelleydrye.com
bfeder@kelleydrye.com;

Eric S Chafetz
Robert M. Hirsh
Michael A. Kaplan
Phillip Khezri
Lowenstein Sandler LLP
1251 Avenue of the Americas
18th Floor
New York, NY 10020
echafetz@lowenstein.com
rhirsh@lowenstein.com;
mkaplan@lowenstein.com
pkhezri@lowenstein.com

Joseph D. Farris, III
Christopher M. Samis
David Ryan Slaugh
Potter Anderson & Corroon LLP
1313 North Market Street
6th Floor
Wilmington, DE 19801
jfarris@potteranderson.com
csamis@potteranderson.com
rslaugh@potteranderson.com

Brendan M. Gage
Paul Hastings LLP
71 S. Wacker Drive
Chicago, IL 60606
brendangage@paulhastings.com

Victoria A. Guilfoyle
Stanley B Tarr
Blank Rome LLP
1201 Market Street, Suite 800
Wilmington, DE 19801
guilfoyle@blankrome.com
tarr@blankrome.com

Ira L. Herman
Blank Rome LLP
1271 Avenue of the Americas
New York, NY 10020
iherman@blankrome.com

Jason M Reed
Clark T. Whitmore
Maslon LLP
90 South Seventh Street
Suite 3300
Minneapolis, MN 55402
Jason.Reed@Maslon.com
Clark.whitmore@maslon.com

Gregory A. Taylor
Ashby & Geddes
500 Delaware Avenue, 8th Floor
P.O. Box 1150
Wilmington, DE 19899
gtaylor@ashbygeddes.com

Maslon LLP
90 S. 7th Street
Minneapolis, MN 55402
Amy A Zuccarello
Sullivan & Worcester LLP
One Post Office Square
Boston, MA 02109
azuccarello@sullivanlaw.com

Adam C. Harris
Kelly V. Knight
Schulte Roth & Zabel LLP
919 Third Avenue
New York, NY 10022
adam.harris@srz.com
kell.knight@srz.com

Douglas S. Mintz
Schulte Roth & Zabel LLP
901 Fifteenth Street, NW
Suite 800
Washington, DC 20005
douglas.mintz@srz.com

Albert Kass
Kurtzman Carson Consultants, LLC
222 N Pacific Coast Highway
Suite 300
El Segundo, CA 90245
ECFpleadings@kccllc.com

Brya Michele Keilson
Jason S. Levin
Eric J. Monzo
Jeffrey R. Waxman
Morris James LLP
500 Delaware Avenue, Suite 1500
P.O. Box 2306
Wilmington, DE 19801
302-888-6800
bkeilson@morrisjames.com
jlevin@morrisjames.com
emonzo@morrisjames.com
jwaxman@morrisjames.com

Andrew L Magaziner
Young Conaway Stargatt & Taylor, LLP
Rodney Square
1000 North King Street
Wilmington, DE 19801
bankfilings@ycst.com

Matthew J. Micheli
Paul Hastings LLP
71 S. Wacker Drive
45th Floor
Chicago, IL 60606
United States
mattmicheli@paulhastings.com

Justin E. Rawlins
Paul Hastings LLP
515 South Flower Street
Twenty-Fifth Floor
Los Angeles, CA 90071
justinrawlins@paulhastings.com

Therese Anne Scheuer
**U.S. Securities and Exchange
Commission**
100 F Street NE
Washington, DC 20549
scheuert@sec.gov

William Matthew Uptegrove
U.S. Securities & Exchange Commission
950 East Paces Ferry Road, N.E.
Suite 900
Atlanta, GA 30326-1232
uptegrovew@sec.gov