

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

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In re:))	Chapter 11	
))		
PGX HOLDINGS, INC., <i>et al.</i> , ¹))	Case No. 23-10718 (CTG)	
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Debtors.))	(Joint Administration Requested)	
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**MOTION OF DEBTORS FOR ENTRY OF INTERIM AND FINAL ORDERS
(I) AUTHORIZING THE DEBTORS TO (A) FILE A CONSOLIDATED LIST OF CREDITORS IN LIEU OF SUBMITTING A SEPARATE MAILING MATRIX FOR EACH DEBTOR, (B) FILE A CONSOLIDATED LIST OF THE DEBTORS’ THIRTY LARGEST UNSECURED CREDITORS, (C) SERVE CERTAIN PARTIES IN INTEREST BY EMAIL, (D) APPROVE THE FORM AND MANNER OF SERVICE OF THE NOTICE OF COMMENCEMENT, (E) REDACT OR WITHHOLD CERTAIN CONFIDENTIAL INFORMATION, AND (F) REDACT CERTAIN PERSONALLY IDENTIFIABLE INFORMATION AND (II) GRANTING RELATED RELIEF**

The above-captioned debtors and debtors in possession (collectively, the “Debtors”) state as follows in support of this motion:²

Relief Requested

1. The Debtors seek entry of interim and final orders, substantially in the forms attached hereto as **Exhibit A** and **Exhibit B** (respectively, the “Interim Order” and the “Final Order”), (a) authorizing, but not directing, the Debtors to (i) file a consolidated list of creditors in

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: PGX Holdings, Inc. (2510); Credit Repair UK, Inc. (4798); Credit.com, Inc. (1580); Creditrepair.com Holdings, Inc. (7536); Creditrepair.com, Inc. (7680); eFolks Holdings, Inc. (5213); eFolks, LLC (5256); John C. Heath, Attorney At Law PC (8362); Progrexion ASG, Inc. (5153); Progrexion Holdings, Inc. (7123); Progrexion IP, Inc. (5179); Progrexion Marketing, Inc. (5073); and Progrexion Teleservices, Inc. (5110). The location of the Debtors’ service address for purposes of these chapter 11 cases is: 257 East 200 South, Suite 1200, Salt Lake City, Utah 84111.

² A detailed description of the Debtors and their business, including the facts and circumstances giving rise to the Debtors’ chapter 11 cases, is set forth in the *Declaration of Chad Wallace, Chief Executive Officer of PGX Holdings, Inc., in Support of Chapter 11 Filing and First Day Motions* (the “First Day Declaration”), filed contemporaneously herewith on June 4, 2023 (the “Petition Date”) and incorporated by reference herein. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the First Day Declaration.



lieu of submitting a separate mailing matrix for each Debtor, (ii) file a consolidated list of the Debtors' thirty largest unsecured creditors in lieu of filing lists for each Debtor, (iii) serve certain parties in interest by email, (iv) approve the form and manner of service of the notice of commencement of these chapter 11 cases, (v) redact or withhold certain confidential information of customers, and (vi) redact certain personally identifiable information and (b) granting related relief. In addition, the Debtors request that the Court schedule a final hearing approximately 21 days from the Petition Date.

Jurisdiction and Venue

2. The United States Bankruptcy Court for the District of Delaware (the "Court") has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware, dated February 29, 2012. The Debtors confirm their consent, pursuant to rule 9013-1(f) of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the "Local Rules"), to the entry of a final order by the Court in connection with this motion to the extent that it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution.

3. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

4. The statutory bases for the relief requested herein are sections 105(a), 107(b), 107(c), and 521 of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (the "Bankruptcy Code"), rules 1007 and 2002 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), and Local Rules 1001-1(c), 1007-2, 2002-1 and 9013-1(m), and 9018-1(d).

Background

5. The Debtors are one of the nation's leading credit repair service providers, helping customers repair their credit and achieve their credit goals. Setting the industry standard for transparency, cutting edge technology-enabled solutions, and quality customer service, the Debtors help consumers access and understand the information contained in their credit reports, ensure that the information contained in those reports is fair, accurate, and complete, and address other factors that may negatively impact their credit scores. The Debtors are headquartered in Salt Lake City, Utah and have employees in nine other states. Debtor PGX Holdings, Inc. and Debtor John C. Heath, Attorney At Law PC d/b/a Lexington Law Firm ("Lexington Law") generated approximately \$388 million in combined revenue in 2022. As of the Petition Date, the Debtors have approximately \$423 million in funded-debt obligations.

6. As set forth in greater detail in the First Day Declaration, certain Debtors are currently involved in litigation with the Consumer Financial Protection Bureau (the "CFPB") before the United States District Court for the District of Utah (the "District Court"). In such litigation, on five separate counts, the CFPB alleged that the defendant Debtors committed certain violations of federal consumer protection law through operation of their consumer assistance and credit repair business. On March 10, 2023, the District Court granted partial summary judgment against these Debtors on the first count in the litigation, finding that the billing practices were in violation of 16 C.F.R. § 310.4(a)(2), the Telemarketing Sales Rule (the "TSR"). In connection with the first count, the CFPB demanded nearly \$3 billion in restitution or refunds and other monetary relief, along with certain injunctive relief.

7. In response to the District Court's ruling on the TSR count, and a subsequent denial of a stay of the ruling, the Debtors immediately stopped certain telemarketing activities, closed

many of their call centers, and began evaluating the impact of the ruling on the future of their business, a process that remains ongoing. Following the Debtors' reduction of business operations, the Debtors' revenues also declined. Upon further review, the Debtors determined that their liquidity would continue to be severely constrained and their debt obligations are now unsustainable in light of their smaller operational footprint and decreased revenues going forward. The Debtors have commenced these chapter 11 cases to fully and fairly resolve their liabilities, with the aim of preserving value for stakeholders and maintaining the ability to deliver best-in-class crucial credit repair services to customers.

8. On the Petition Date, each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Debtors are operating their business and managing their property as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. Concurrently with the filing of this motion, the Debtors filed a motion requesting procedural consolidation and joint administration of these chapter 11 cases pursuant to Bankruptcy Rule 1015(b). No request for the appointment of a trustee or examiner has been made in these chapter 11 cases, and no official committees have been appointed or designated.

Basis for Relief

I. Cause Exists to Authorize the Debtors to File a Consolidated List of Creditors in Lieu of Filing a Separate Mailing Matrix for Each Debtor.

9. Local Rule 2002-1(f)(v) requires each debtor, or its duly retained agent in jointly administered cases, to maintain a separate creditor mailing matrix. Local Rule 1001-1(c) permits modification of the Local Rules by the Court "in the interest of justice." Permitting the Debtors to maintain a single consolidated list of creditors (the "Creditor Matrix") in lieu of maintaining a separate creditor matrix for each Debtor is warranted. Requiring the Debtors to segregate and

convert their computerized records to a Debtor-specific creditor matrix format would be an unnecessarily burdensome task and could result in duplicative mailings.

10. Courts in this district have granted relief similar to the relief requested herein since the modifications to Local Rule 2002-1(f)(v) took effect. *See, e.g., In re Lannett Co., Inc.*, No. 23-10559 (JKS) (Bankr. D. Del. May 5, 2023) (authorizing filing of consolidated list of creditors in lieu of separate mailing matrices on an interim basis); *In re SiO2 Med. Prods., Inc.*, No. 23-10366 (JTD) (Bankr. D. Del. Mar. 30, 2023) (same); *In re FB Debt Fin. Guar., LLC*, No. 23-10025 (KBO) (Bankr. D. Del. Jan. 13, 2023) (authorizing filing of consolidated list of creditors in lieu of separate mailing matrices on a final basis); *In re Carestream Health, Inc.*, No. 22-10778 (JKS) (Bankr. D. Del. Oct. 7, 2022) (same); *In re Riverbed Tech., Inc.*, No. 21-11503 (CTG) (Bankr. D. Del. Nov. 18, 2021) (same).³

II. It Is Appropriate and Necessary for the Debtors to File a Single Consolidated List of the Debtors' Thirty Largest Unsecured Creditors in These Chapter 11 Cases.

11. Bankruptcy Rule 1007(d) provides that a debtor shall file “a list containing the name, address, and claim of the creditors that hold the 20 largest unsecured claims, excluding insiders” (the “Top 20 List”). Fed. R. Bank. P. 1007(d); *see also* Local Rule 1007-2(a) (requiring a debtor to file “a list containing the name and complete address of each creditor”). This Top 20 List is primarily used by the United States Trustee for the District of Delaware (the “U.S. Trustee”) to evaluate the types and amounts of unsecured claims against the debtor and thereby identify potential candidates to serve on an official committee of unsecured creditors appointed in the debtor’s case pursuant to section 1102 of the Bankruptcy Code.

³ Because of the voluminous nature of the orders cited herein, such orders have not been attached to this motion. Copies of these orders are available upon request of the Debtors’ proposed counsel.

12. The Debtors request authority to file a single list of their thirty largest general unsecured, non-insider creditors on a consolidated basis (the “Top 30 List”). Because the Top 20 Lists of the Debtors could overlap, and certain Debtors may have fewer than thirty significant unsecured creditors, filing separate Top 20 Lists for each Debtor would be of limited utility. In addition, compiling separate Top 20 Lists for each individual Debtor could consume an excessive amount of the Debtors’ and their advisors’ limited time and resources. The Debtors believe that the consolidated Top 30 List will better aid the U.S. Trustee in its efforts to communicate with these creditors and form an official committee of general unsecured creditors.

13. Courts in this district have granted relief similar to the relief requested herein. *See, e.g., In re Lannett Co., Inc.*, No. 23-10559 (JKS) (Bankr. D. Del. May 5, 2023) (authorizing a consolidated top thirty general unsecured creditors list on an interim basis); *In re SiO2 Med. Prods., Inc.*, No. 23-10366 (JTD) (Bankr. D. Del. Mar. 30, 2023) (same); *In re Performance Powersports Grp. Investor, LLC*, No. 23-10047 (LSS) (Bankr. D. Del. Feb. 9, 2023) (authorizing a consolidated top thirty general unsecured creditors list on a final basis); *In re Gigamonster Networks, LLC*, No. 23-10051 (JKS) (Bankr. D. Del. Jan. 18, 2023) (same); *In re DCL Holdings (USA) Inc.*, No. 22-11319 (JKS) (Bankr. Del. Dec. 22, 2022) (same).⁴

14. Accordingly, filing the Top 30 List is necessary for the efficient and orderly administration of these chapter 11 cases, appropriate under the facts and circumstances, and in the best interests of the Debtors’ estates.

⁴ Because of the voluminous nature of the orders cited herein, such orders have not been attached to this motion. Copies of these orders are available upon request of the Debtors’ proposed counsel.

III. Request For Authority to Provide Service to Creditors via Email Is Appropriate and Should Be Approved.

15. Although the Bankruptcy Rules generally require notices to be served on creditors at their addresses, they give significant latitude to bankruptcy courts for modifying the general rule. *See* Fed. R. Bankr. P. 2002(m) & 9007. Bankruptcy courts have explicit authority to modify the manner in which notice is given. Fed. R. Bankr. P. 2002(m). In complex chapter 11 cases in this and other districts, courts have permitted debtors to provide email service to creditors. *See In re Boxed, Inc.*, No. 23-10397 (BLS) (Bankr. D. Del. April 6, 2023) (authorizing debtors to serve customers via email); *In re FTX Trading Ltd.*, No. 22-11068 (JTD) (Bankr. D. Del. Jan. 9, 2023) (authorizing debtors to provide email service to customers who have a valid email address on file with the debtors and non-customer creditors who have a valid email address on file with the debtors but no physical address information); *In re Cred Inc.*, No. 20-12836 (JTD) (Bankr. D. Del. Nov. 10, 2020) (authorizing debtors to serve customers via email); *see also In re Benefytt Techs. Inc.*, No. 23-90566 (Bankr. S.D. Tex. May 23, 2023) (authorizing debtors to provide email service of the notice of commencement to all parties in the creditor matrix); *In re Celsius Network LLC*, No. 22-10964 (Bankr. S.D.N.Y. Sept. 16, 2022) (authorizing debtors to provide notices to customers by email and web/mobile application in addition to first class mail, as applicable).

16. The Debtors currently serve approximately 130,000 customers and have provided services to a total of approximately two million customers over the last two years. Thus, a significant portion of the parties that need to be provided notice in these chapter 11 cases consist of the Debtors' customer base. Because the Debtors operate an e-commerce platform, the Debtors typically interact with their customers online through web-based applications and email. Specifically, customers agree to transact with the Debtors electronically as part of the terms of

service, which includes customers affirmatively consenting to receive important notices to a provided up-to-date, valid email address and certifying that they have access to the Internet.⁵ Accordingly, the Debtors request authority to serve their creditors by email, where an email address is available to the Debtors.

17. The cost of traditional mail service is also cost prohibitive in light of the aggregate amount of DIP financing for these chapter 11 cases. Serving customers the Notice of Commencement by mail would expend a material amount of the total DIP facility at a time when such funds could be used in an effort to maximize value for all stakeholders. In addition, email service will help alleviate administrative burdens. Not only is email service likely the most efficient and cost-effective manner by which service of all interested parties can be completed, it is also the most likely to facilitate creditor responses because the customer base primarily receives notices electronically from the Debtors.

18. The Debtors submit that implementation of the procedures requested herein is appropriate in these chapter 11 cases and well within the Court's equitable powers under section 105(a) of the Bankruptcy Code.

IV. Service of Notices to Creditors by the Claims and Noticing Agent Is Warranted.

19. Bankruptcy Rule 2002(a) provides, in relevant part, that "the clerk, or some other person as the court may direct, shall give the debtor, the trustee, all creditors and indenture trustees at least twenty-one days' notice by mail of: the meeting of creditors under § 341 or § 1104(b) of

⁵ See Lexington Law Engagement Agreement and Limited Designation of Agency ("You agree and acknowledge that Lexington may communicate private and confidential information with you via unencrypted email at the address you provide. You agree to promptly inform Lexington if your email address changes by calling your paralegal, updating the information in the client portal, by chat on the client website, or by emailing the information to [the Lexington Law email address].").

the Code.” Fed. R. Bankr. P. 2002(a). Subsection (f) provides that notice of the order for relief shall be sent by mail to all creditors. *See* Fed. R. Bankr. P. 2002(f).

20. The Debtors propose that Kurtzman Carson Consultants LLC (“KCC”), the Debtors’ proposed claims and noticing agent (the “Claims and Noticing Agent”), undertake all mailings and email service, as applicable, directed by the Court or the U.S. Trustee or as required in section 342(a) of the Bankruptcy Code and Bankruptcy Rules 2002(a) and (f), including the notice of commencement of these chapter 11 cases, substantially in the form attached as **Exhibit 1** to the Interim Order (the “Notice of Commencement”), on all parties listed on the Creditor Matrix to advise them of the meeting of creditors under section 341 of the Bankruptcy Code.

21. The Debtors also propose to serve notice of the sale of Lexington Law, substantially in the form attached as **Exhibit 2** to the Interim Order (the “Notice of Sale of Lexington Law” and, together with the Notice of Commencement, the “Notices”) on the Creditor Matrix. Service of the Notices on the Creditor Matrix will not only avoid confusion among creditors but will also prevent the Debtors’ estates from incurring unnecessary costs associated with serving multiple notices to the parties listed on the Debtors’ voluminous Creditor Matrix. Accordingly, service of the Notices together via email as applicable is warranted.

22. The Debtors believe that using KCC to promptly provide notices to all applicable parties will maximize efficiency in administering these chapter 11 cases and will ease administrative burdens that would otherwise fall upon the Court and the U.S. Trustee. Additionally, KCC will assist the Debtors in preparing creditor lists and mailing initial notices, and, therefore, it is more efficient to authorize KCC to mail the Notices. Accordingly, KCC should undertake such mailings and email service.

V. Cause Exists to Redact Certain Confidential Information of Customers Pursuant to Sections 107(b)(1) and (2) of the Bankruptcy Code.

23. Sections 107(b)(1) and (2) of the Bankruptcy Code require bankruptcy courts, on request of a party in interest, to “protect an entity with respect to a trade secret or confidential research, development, or commercial information [and] with respect to scandalous or defamatory matter contained in a paper filed in a case under [title 11].” 11 U.S.C. §§ 107(b)(1) and (2). Pursuant to Bankruptcy Rule 9018, upon motion, “the court may make any order which justice requires . . . to protect the estate or any entity in respect of a trade secret or other confidential research, development, or commercial information [or] to protect any entity against scandalous or defamatory matter contained in any paper filed in a case under the Code.” Fed. R. Bankr. P. 9018.

24. Cause exists pursuant to sections 107(b)(1) and (2) of the Bankruptcy Code to authorize the Debtors to redact from any paper filed or to be filed with the Court or otherwise made public in these chapter 11 cases, including the Creditor Matrix, Top 30 List, the Schedules and Statements,⁶ and any affidavits of service related thereto, the names and all associated identifying information of the Debtors’ clients and customers.

25. First, such confidential commercial information is both integral to the services contracted for by the customers and is also the single most important asset of the Debtors’ business. Publicly revealing that information risks the Debtors’ relationships with their clients and customers. As further described in the First Day Declaration, the Debtors help customers repair their credit and achieve their credit goals. This is a relationship in which customers value their

⁶ As defined in the *Motion of Debtors for Entry of an Order (I) Extending Time to File Schedules of Assets and Liabilities, Schedules of Current Income and Expenditures, Schedules of Executory Contracts and Unexpired Leases, Statements of Financial Affairs, and Rule 2015.3 Financial Reports and (II) Granting Related Relief*, filed contemporaneously herewith.

privacy not only because of the extraordinarily sensitive and comprehensive nature of the information contained in credit reports, but also because seeking credit repair assistance is extremely personal. Many customers may feel embarrassed, anxious, or ashamed about seeking credit repair assistance and having that disclosed publicly. Revealing the identity of such customers at this critical junction—especially when it is unclear which customers are actually creditors—may put these customer relationships at risk and jeopardize the Debtors’ go-forward business. The Debtors’ customer data and related customer list is an important and valuable asset of the Debtors, and it is vital that the Debtors maintain their customer data and related customer list in strict confidence.

26. The Debtors will make the unredacted version of the Creditor Matrix, Top 30 List, Schedules and Statements, affidavits of service, and any other applicable filings redacted pursuant to the proposed Orders available to the Court, the U.S. Trustee, counsel to any official committed appointed in these chapter 11 cases, the proposed Claims and Noticing Agent, and, upon Court order, to any other party. In each case, this would be subject to a review of whether such disclosure, on a case-by-case basis, would violate any obligations applicable legal ethical rules.

27. Bankruptcy courts in this district and others have authorized debtors to redact the names and other identifying information of the debtors’ customers where cause exists. *See In re SiO2 Med. Prods., Inc.*, No. 23-10366 (JTD) (Bankr. D. Del. Mar. 30, 2023) (authorizing the debtors to redact the names of customers on an interim basis); *In re FTX Trading LTD.*, No. 22-11068 (JTD) (Bankr. D. Del. Jan. 20, 2023) (authorizing the debtors to redact names, addresses, and e-mail addresses of their customers for 90 days from the entry of the final order); *In re Cred Inc., et al.*, No. 20-12836 (JTD) (Bankr. D. Del. Dec. 21, 2020) (authoring the debtors to redact or withhold publication of customer names and addresses); *In re Loot Crate, Inc.*,

Case No. 19-11791 (BLS) (Bankr. D. Del. October 1, 2019) (authorizing the debtors to file all lists of customer creditors under seal); *In re Altegrity, Inc.*, 2015 WL 10963572, at *3–4 (Bankr. D. Del. 2015) (authorizing the debtors to file under seal confidential commercial information); *see also In re Benefytt Techs., Inc.*, No. 23-90566 (Bankr. S.D. Tex. May 23, 2023) (authorizing the debtors to redact the names and home and email addresses of individuals); *In re Voyager Digital Holdings, Inc.*, No. 22-10943 (MEW) (Bankr. S.D.N.Y. July 8, 2022), D.I. 112, 113 (authorizing the debtors to redact the names of “Confidential Parties,” including customers, from professional retention applications); *In re Northstar Energy, Inc.*, 315 B.R. 425, 430 (Bankr. E.D. Tex. 2004) (authorizing the debtors to file list of investors critical to debtors’ business under seal); *In re Frontier Grp., LLC*, 256 B.R. 771, 773–74 (Bankr. E.D. Tenn. 2000) (authorizing the debtors to file list of physician names that brokerage agency used to staff hospitals under seal). As such, cause exists to authorize the Debtors to redact from any paper filed or to be filed the names, addresses, and email addresses of the Debtors’ customers.

VI. Redacting Certain Confidential Information of Individuals Is Warranted.

28. Section 107(c)(1) of the Bankruptcy Code provides that the Court:

for cause, may protect an individual, with respect to the following types of information to the extent the court finds that disclosure of such information would create undue risk of identity theft or other unlawful injury to the individual or the individual’s property:

(A) Any means of identification . . . contained in a paper filed, or to be filed, in a case under [the Bankruptcy Code].

(B) Other information contained in a paper described in subparagraph (A).

11 U.S.C. § 107(c)(1). In addition, privacy and data regulations in states where the Debtors operate, as well as legal ethical rules and cannons with regard to Debtor Lexington Law, prevent such disclosure.

A. Privacy and Data Protection Regulations.

29. Privacy and data protection regulations have been enacted in key jurisdictions in which the Debtors do business. For example, in 2018, the state of California enacted the California Consumer Privacy Act of 2018 (the “CCPA”), which provides individuals domiciled in California the right to, among other things, request their collected personal information, including postal addresses, be deleted by entities subject to the regulation and opt out of the sale of personal information by such entities to third parties. Violators risk injunctions and civil penalties of up to \$2,500 for *each* violation and up to \$7,500 for *each intentional* violation. Cal. Civ. Code § 1798.155. The CCPA applies to all for-profit entities doing business in California (“CCPA Entities”) that collect and process consumers’ personal data and satisfy one of the following criteria: (a) annual gross revenue in excess of \$25 million; (b) buys, shares, receives, or sells the personal information of more than 50,000 consumers, households, or devices for commercial purposes; or (c) receives 50% or more of their annual revenues from selling consumers’ personal information. Cal. Civ. Code § 1798.140(d)(1). The Debtors likely qualify as CCPA Entities because the Debtors do business in California, and the Debtors’ annual gross revenue for 2022 was \$388 million. Similarly, in 2022, the state of Utah enacted the Utah Consumer Privacy Act (the “UCPA”), which goes into effect on December 31, 2023, requiring certain businesses that control and process consumers’ personal data to safeguard consumers’ personal data, which includes implementing reasonable data security practices designed to

(i) protect the confidentiality and integrity of personal data and (ii) reduce reasonably foreseeable risks of harm to consumers relating to the processing of personal data. *See* Utah Code § 13-61. The UCPA will apply to any controller or processor who (a) conducts business in the state or produces a product or service that is targeted to consumers who are residents of the state, (b) has annual revenue of \$25 million or more, and (c) satisfies one or more of the following thresholds: (i) during a calendar year, controls or processes personal data of 100,000 or more consumers or (ii) derives over 50% of the entity's gross revenue from the sale of personal data and controls or processes personal data of 25,000 or more consumers. Utah Code § 13-61-102. The UCPA likely applies to the Debtors because the Debtors do business in Utah, had operations there within the last year, and, in 2022, controlled the personal data of 100,000 or more consumers and had annual gross revenue of \$388 million. If the controller or processor violates the UCPA, the Attorney General of Utah can initiate an enforcement action seeking damages and fines up to \$7,500 per violation. *See* Utah Code § 13-61-402.

30. The Debtors maintain the most sensitive data of individuals, including names, social security numbers, current and prior residential addresses, bank account information, credit card account and payment information, and current and prior employment information. If any of this personally identifiable information is released publicly or able to be traced back to the Debtors' customers and clients, it would be catastrophic for both the Debtors and such individual.

B. Debtor Lexington Law Has an Ethical Duty to Not Disclose Confidential Client Information.

31. The Debtors in these chapter 11 cases are unique in that they operate a law firm and service clients in all 50 states, which implicates certain obligations under legal ethical cannons and rules that mandate that client information be kept confidential. The need to comply with legal

ethical cannons and rules also constitutes a basis for which the Court may grant relief authorizing the Debtors to redact the names of any person who has formed a client relationship with Lexington Law (whether a current or former client). The attorneys of Lexington Law are subject to legal ethical rules governing the confidentiality of client information. It is both textbook legal ethics and required by virtually all, if not all, U.S. jurisdictions that a lawyer “not reveal information relating to the representation of a client,” consistent with rule 1.6(a) of the Model ABA rules of professional conduct. *See, e.g.*, Am. Bar. Ass’n Model R. Prof’l Conduct R. 1.6(a) (“A lawyer shall not reveal information relating to the representation of a client . . .”); Del. Lawyers’ R. Prof’l Conduct 1.6 (same); Ariz. R. Prof’l Conduct 1.6(a) (same); Colo. R. Prof’l Conduct 1.6(a) (same); N.Y. R. Prof’l Conduct 1.6(a) (same); Utah R. Prof’l Conduct 1.6(a) (same); Cal. R. Prof’l Conduct 1.6(a) (“A lawyer shall not reveal information protected from disclosure by Business and Professions Code section 6068,” including a client’s confidence or secrets); Tex. Disciplinary R. Prof’l Conduct 1.5(b)(1) (“[A] lawyer shall not knowingly reveal confidential information of a client or former client.”).

32. In many U.S. jurisdictions, confidential information related to a client’s representation includes the client’s identity and/or name, as recognized in one of the ABA’s formal opinions regarding Model ABA Rule 1.6. *See, e.g.*, Am. Bar Ass’n Formal Op. 480 (2018) (“Even client identity is protected under Model Rule 1.6.”); Del. R. Prof’l Conduct 1.6, cmt. 4 (permitting an attorney to use a hypothetical to discuss issues related to the representation “so long as there is no reasonable likelihood that the listener will be able to ascertain the identity of the client”); Wis. Op. EF-17-02 (2017) (“[A] client’s identity, as well as a former client’s identity, is information protected by [Rule 1.6].”); State Bar of Nev. Comm’n on Ethics & Prof’l Responsibility Formal Op. 41, at 2 (2009) (“Even the mere identity of a client is protected by Rule

1.6.”). Further, a lawyer also must not reveal information that is embarrassing or detrimental to the client, which may include that the representation of the client involved debt collection, which is related to the Debtors’ business.⁷ *See, e.g.*, Ma. R. Prof’l Conduct 1.6(a) (“‘Confidential information’ consists of information gained during or relating to the representation of a client . . . likely to be embarrassing or detrimental to the client if disclosed.”); N.Y. Op. 1088 (2016) (“The client is more likely to find that disclosure of the fact of a current or prior representation by a lawyer is embarrassing or detrimental where the representation involves or involved . . . debt collection[.]”).

33. Even in response to a court order requiring disclosure of certain confidential information, legal ethical rules in many U.S. jurisdictions provide that, absent express client consent, attorneys must assert “all nonfrivolous claims” to prevent or limit the disclosure of client information, consistent with comment 15 to rule 1.6 of the Model ABA rules of professional conduct. *See, e.g.*, Am. Bar. Ass’n Model R. Prof’l Conduct R. 1.6, cmt 15 (requiring an attorney to assert “all nonfrivolous claims that the order is not authorized by other law or that the information sought is protected against disclosure”); Ariz. R. Prof’l Conduct 1.6, cmt. 15 (requiring an attorney to assert “all nonfrivolous claims that the information sought is protected against disclosure by this Rule, the attorney-client privilege, the work product doctrine, or other applicable law”); Colo. R. Prof’l Conduct 1.6, cmt. 15 (requiring an attorney to assert “all nonfrivolous claims that the order is not authorized by other law or that the information sought is

⁷ Accordingly, the Court may also find that the identity or name of Lexington Law’s clients are protected under Section 107(b)(2) of the Bankruptcy Code as scandalous to the client. A statement is scandalous “if it [is] disgraceful, offensive, shameful, or the like.” *In re Gordon Props., LLC*, 536 B.R. 703, 711 (Bankr. E.D. Va. 2015). New York Ethics Opinion 1088 explicitly finds disclosure of the fact an individual sought representation regarding debt collection, a matter related to the Debtors’ business, may be embarrassing or sensitive to such individual.

protected against disclosure”); Del. Lawyers’ R. Prof’l Conduct 1.6, cmt. 15 (same); N.Y. R. Prof’l Conduct 1.6, cmt. 13 (same); Utah R. Prof’l Conduct 1.6, cmt. 15 (same); Cal. R. Prof’l Conduct 1.6 (authorizing disclosure *only* where disclosure is intended to prevent a criminal act); Tex. Disciplinary R. Prof’l Conduct 1.6, cmt. 2 (“Subject to the mandatory disclosure requirements of [the rules] the lawyer should be required to maintain confidentiality of information acquired by the lawyer during the course or by reason of the representation of the client.”). The spirit of these comments to the legal ethical rules implies that the Debtors should advocate for the entry of orders that protect confidential client information from disclosure.

34. Finally, in two prior law firm bankruptcies, the law firms omitted client information, including client names, from certain bankruptcy court filings. In both cases, the law firms cited “legal ethical requirements [and the] preservation of the clients’ legal privilege” as reasons to omit client information. *See In re LeClairRyan PLLC*, No. 19-34574, (Bankr. E.D. Va. Nov. 4, 2019) (the debtors noting in their global notes that they omitted client information from their schedules and statements of financial affairs); *In re Dewey & LeBoeuf LLP*, No. 12-12321, (Bankr. S.D.N.Y. July 26, 2012) (same).⁸ Similarly, the Debtors seek to redact the names, home addresses, and email addresses of the clients of Lexington Law to comply with legal ethical requirements, protect the sensitive personal information of such clients, and preserve the attorney-client privilege of Lexington Law’s clients.

⁸ Because of the voluminous nature of the bankruptcy court filings cited herein, such filings have not been attached to this motion. Copies of these filings are available upon request of the Debtors’ proposed counsel. Despite the *LeClairRyan* and *Dewey* debtors’ omissions and reference thereof in the global notes of their filed schedules and statements, proposed counsel for the Debtors has been unable to locate the court orders permitting the omission of confidential client information entered in either case.

35. It is, therefore, appropriate to authorize the Debtors to redact from any paper filed or to be filed with the Court in these chapter 11 cases, including the Creditor Matrix, Schedules and Statements, and any related affidavits of service, (a) the home and email addresses of individual creditors—including the Debtors’ employees and contract workers and individual equity holders—and (b) the names, home addresses, and email addresses of the clients of Lexington Law because, respectively, (i) such information can be used to perpetrate identity theft and phishing scams or to locate survivors of domestic violence, harassment, or stalking under 11 U.S.C. § 107(c)(1), (ii) disclosure breaches the attorney-client privilege of Lexington Law clients, and (iii) disclosure risks violating the CCPA, UCPA, and other privacy and data protection statutes and regulations that have been enacted in the United States,⁹ exposing the Debtors to potential civil liability and significant financial penalties.

36. Redaction is necessary to protect information that would create “undue risk of identity theft or other unlawful injury to the individual or the individual’s property.” 11 U.S.C. § 107(c)(1). The risk related to section 107(c)(1) of the Bankruptcy Code is real and not merely speculative. In at least one chapter 11 case in Delaware, the abusive former partner of a debtor’s employee used the publicly accessible creditor and employee information filed in the chapter 11 case to track the employee at her new address that had not been publicly available until then, forcing the employee to change addresses again.¹⁰ More recently, in a chapter 11 case in the

⁹ Such other statutes include the Consumer Data Protection Act of Virginia, the Act Concerning Personal Data, Privacy, and Online Monitoring of Connecticut, the Colorado Privacy Act, and the Nevada Security and Privacy of Personal Information Act.

¹⁰ The incident, which took place during the first Charming Charlie chapter 11 proceedings in 2017, is described in the “creditor matrix motion” filed in *Charming Charlie Holdings Inc.*, Case No. 19-11534 (CSS) (Bankr. D. Del. Jul. 11, 2019), Docket No. 4.

Southern District of New York, at least four phishing scams have been uncovered,¹¹ including one in which scammers modified a court order and sent it to individuals whose names were disclosed, two where scammers posed as associates of debtors' counsel using fake email accounts purportedly from debtors' counsel and requested that individual creditors reply with their account and other personal information, and another where scammers posed as the debtor's claims agent and requested the same information from individual creditors.

37. The Debtors propose to provide an unredacted version of the Creditor Matrix, Schedules and Statements, and any other filings redacted pursuant to the proposed Interim and Final Orders, respectively, to (a) the Court, (b) the U.S. Trustee, (c) counsel to any official committee appointed in these chapter 11 cases, (d) any party in interest upon a request to the Debtors (email to counsel is sufficient) or to the Court that is reasonably related to these chapter 11 cases, and (e) the Claims and Noticing Agent, subject to applicable legal ethical rules. Nothing requested in this motion or the proposed Interim Order and Final Order is intended to preclude a party in interest's right to file a motion requesting that the Court unseal the redacted information. In addition, the Debtors will distribute as applicable any notices that are received at the Debtors' corporate headquarters and are intended for a current employee.

38. Courts in this district have granted the relief requested herein in comparable chapter 11 cases. *See, e.g., In re SiO2 Med. Prods., Inc.*, No. 23-10366 (JTD) (Bankr. D. Del. Mar. 30, 2023) (authorizing the debtors, on an interim basis, to redact the home and email addresses of individual creditors in the United States as well as the names, addresses, and email addresses of customers generally and individual creditors in the United Kingdom or any European

¹¹ *See In re Celsius Network, LLC*, Case No. 22-10964 (MG), Docket Nos. 1527, 1904, 1992, 2082.

Economic Area member state); *In re Performance Powersports Grp. Investor, LLC*, No. 23-10047 (LSS) (Bankr. D. Del. Feb. 9, 2023) (authorizing the debtors to redact the home addresses of individual creditors and interest holders listed on the creditor matrix and other pleadings filed with the court); *In re Indep. Pet Partners Holdings, LLC*, No. 23-10153 (LSS) (Bankr. D. Del. Feb. 7, 2023) (same); *In re Gigamonster Networks, LLC*, No. 23-10051 (JKS) (Bankr. D. Del. Jan. 18, 2023) (same); *In re Tricida, Inc.*, No. 23-10024 (JTD) (same).¹²

39. In addition to granting the requested relief, courts in this district have also expounded on the importance of authorizing debtors to redact individual creditors' personally identifiable information, including home addresses. In *Art Van Furniture*, in overruling the objection of the U.S. Trustee to the same redaction relief proposed here, Judge Sontchi noted that the proposed redaction is not a "burden of proof" issue so "much as a common sense issue." Hr'g Tr. at 25:6–7, *In re Art Van Furniture, LLC*, No. 20-10533 (CSS) (Bankr. D. Del. Mar. 2020).¹³ Judge Sontchi found that "at this point and given the risks associated with having any kind of private information out on the internet, [redaction] has really become routine [and] I think obvious relief." *Id.* at 25:13–16. Similarly, in *Clover*, Judge Owens overruled the U.S. Trustee's objection, noting that "[t]o me it is common sense. I don't need evidence that there

¹² Because of the voluminous nature of the orders cited herein, such orders have not been attached to this motion. Copies of these orders are available upon request of the Debtors' proposed counsel.

¹³ Similarly, Judge Sontchi previously overruled the Delaware U.S. Trustee's objection to the redaction of individuals' information and found that "it's just plain common sense in 2019—soon-to-be 2020—to put as little information out as possible about people's personal lives to present [sic] scams . . . [Identity theft] is a real-life issue, and, of course, the issue of domestic violence is extremely important." Hr'g Tr. at 48:20–22, 49:3–5, *In re Anna Holdings*, No. 19-12551 (CSS) (Bankr. D. Del. Dec. 3, 2019). Notably, Judge Sontchi acknowledged that "the world is very different from [the 1980s] when you and I started practice with the problems of identity theft" and that his perspective had evolved in that he was not previously aware of "the dangers with this kind of information becoming public." *See* Hr'g Tr. at 45:25–46:2, 47:22–24. The Debtors reserve the right to supplement the record with respect to such risks insofar as they are not self-evident in this instance.

is, at best, a risk of identity theft and worse a risk of personal injury from listing someone's name and address on the internet by way of the court's electronic case filing system and, of course, the claims agent's website. . . . The court can completely avoid contributing to the risk by redacting the addresses. And while there is, of course, an important right of access we routinely redact sensitive and confidential information for corporate entities and redact individual's home addresses." Hr'g Tr. at 24:21–25, 25:9–10, *In re Clover Techs. Grp., LLC*, No. 19-12680 (KBO) (Bankr. D. Del. Jan. 22, 2020). And, in *Forever 21*, in overruling the U.S. Trustee's objection, Judge Gross found that "[w]e live in a new age in which the theft of personal identification is a real risk, as is injury to persons who, for personal reasons, seek to have their addresses withheld." Hr'g Tr. at 60:22–25, *In re Forever 21, Inc.*, No. 19-12122 (KG) (Bankr. D. Del. Dec. 19, 2019).

40. For these reasons, cause exists to authorize the Debtors to redact, pursuant to section 107(c)(1) of the Bankruptcy Code and in compliance with the CCPA, UCPA, other state data privacy statutes, and applicable legal ethical rules, (a) the home and email addresses of individual creditors and (b) the names, home addresses, and email addresses of the clients of Lexington Law, listed on the Creditor Matrix, Schedules and Statements, or any other document filed with the Court. Absent such relief, the Debtors (i) may be in violation of applicable data privacy law or legal ethical rules, thereby exposing them to severe monetary penalties that could threaten the value of the Debtors' estate during this sensitive stage of their restructuring, (ii) would unnecessarily render individuals more susceptible to identity theft and phishing scams, (iii) would breach the attorney-client privilege of Lexington Law clients, and (iv) could jeopardize the safety of employees and other individual creditors, or individual equity holders, who, unbeknownst to the Debtors, are survivors of domestic violence, harassment, or stalking, by publishing their home addresses without any advance notice or opportunity to opt out or take protective measures.

Compliance with Local Rule 9018-1(d)(iv)

41. To the best of the knowledge, information, and belief of the undersigned proposed counsel to the Debtors, the documents that the Debtors are requesting to seal pursuant to the relief requested in this motion do not contain information subject to the Confidentiality Rights of another Holder of Confidentiality Rights (each as defined in Local Rule 9018-1(d)(iii)).

Notice

42. The Debtors will provide notice of this motion to: (a) the U.S. Trustee; (b) the holders of the 30 largest unsecured claims against the Debtors (on a consolidated basis); (c) the office of the attorney general for each of the states in which the Debtors operate; (d) the United States Attorney's Office for the District of Delaware; (e) the Internal Revenue Service; (f) the United States Securities and Exchange Commission; (g) the United States Department of Justice; (h) the DIP Agent and counsel thereto; (i) First Lien Credit Agreement Agent and counsel thereto; (j) the Second Lien Credit Agreement Agent and counsel thereto; and (k) any party that has requested notice pursuant to Bankruptcy Rule 2002 (the "Notice Parties"). As this motion is seeking "first day" relief, within two business days of the hearing on this motion, the Debtors will serve copies of this motion and any order entered in respect to this motion as required by Local Rule 9013-1(m). The Debtors submit that, in light of the nature of the relief requested, no other or further notice need be given.

No Prior Request

43. No prior request for the relief sought in this motion has been made to this or any other court.

[Remainder of page intentionally left blank]

WHEREFORE, the Debtors request entry of the Interim Order and Final Order, substantially in the forms attached hereto as **Exhibit A** and **Exhibit B**, (a) granting the relief requested herein and (b) granting such other relief as the Court deems appropriate under the circumstances.

Dated: June 5, 2023
Wilmington, Delaware

/s/ Domenic E. Pacitti

**KLEHR HARRISON HARVEY
BRANZBURG LLP**
Domenic E. Pacitti (DE Bar No. 3989)
Michael W. Yurkewicz (DE Bar No. 4165)
919 North Market Street, Suite 1000
Wilmington, Delaware 19801
Telephone: (302) 426-1189
Facsimile: (302) 426-9193
Email: dpacitti@klehr.com
myurkewicz@klehr.com

- and -

Morton R. Branzburg (*pro hac vice* pending)
1835 Market Street, Suite 1400
Philadelphia, Pennsylvania 19103
Telephone: (215) 569-3007
Facsimile: (215) 568-6603
Email: mbranzburg@klehr.com

*Proposed Co-Counsel to the Debtors and Debtors
in Possession*

**KIRKLAND & ELLIS LLP
KIRKLAND & ELLIS INTERNATIONAL LLP**
Joshua A. Sussberg, P.C. (*pro hac vice* pending)
601 Lexington Ave
New York, New York 10022
Telephone: (212) 446-4800
Facsimile: (212) 446-4900
Email: joshua.sussberg@kirkland.com

- and -

Spencer Winters (*pro hac vice* pending)
Whitney C. Fogelberg (*pro hac vice* pending)
Alison J. Wirtz (*pro hac vice* pending)
300 North LaSalle
Chicago, Illinois 60654
Telephone: (312) 862-2000
Facsimile: (312) 862-2200
Email: spencer.winters@kirkland.com
whitney.fogelberg@kirkland.com
alison.wirtz@kirkland.com

*Proposed Co-Counsel to the Debtors and Debtors in
Possession*

Exhibit A

Proposed Interim Order

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

In re:)	
)	Chapter 11
PGX HOLDINGS, INC., <i>et al.</i> , ¹)	Case No. 23-10718 (CTG)
)	
Debtors.)	(Joint Administration Requested)
)	Re: Docket No. __

INTERIM ORDER

(I) AUTHORIZING THE DEBTORS TO (A) FILE A CONSOLIDATED LIST OF CREDITORS IN LIEU OF SUBMITTING A SEPARATE MAILING MATRIX FOR EACH DEBTOR, (B) FILE A CONSOLIDATED LIST OF THE DEBTORS’ THIRTY LARGEST UNSECURED CREDITORS, (C) SERVE CERTAIN PARTIES IN INTEREST BY EMAIL, (D) APPROVE THE FORM AND MANNER OF SERVICE OF THE NOTICE OF COMMENCEMENT, (E) REDACT OR WITHHOLD CERTAIN CONFIDENTIAL INFORMATION, AND (F) REDACT CERTAIN PERSONALLY IDENTIFIABLE INFORMATION AND (II) GRANTING RELATED RELIEF

Upon the motion (the “Motion”)² of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) for the entry of an interim order (this “Interim Order”), (a) authorizing the Debtors to (i) file a consolidated list of creditors in lieu of submitting a separate mailing matrix for each Debtor, (ii) file a consolidated list of the Debtors’ thirty largest unsecured creditors in lieu of filing lists for each Debtor, (iii) serve certain parties in interest by email, (iv) approve the form and manner of service of the notice of commencement of these chapter 11 cases, (v) redact or withhold certain confidential information of customers, and (vi) redact certain personally identifiable information, (b) scheduling a final hearing to consider approval of the Motion on a

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: PGX Holdings, Inc. (2510); Credit Repair UK, Inc. (4798); Credit.com, Inc. (1580); Creditrepair.com Holdings, Inc. (7536); Creditrepair.com, Inc. (7680); eFolks Holdings, Inc. (5213); eFolks, LLC (5256); John C. Heath, Attorney At Law PC (8362); Progrexion ASG, Inc. (5153); Progrexion Holdings, Inc. (7123); Progrexion IP, Inc. (5179); Progrexion Marketing, Inc. (5073); and Progrexion Teleservices, Inc. (5110). The location of the Debtors’ service address for purposes of these chapter 11 cases is: 257 East 200 South, Suite 1200, Salt Lake City, Utah 84111.

² Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Motion.

final basis, and (c) granting related relief, all as more fully set forth in the Motion; and upon the First Day Declaration; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware, dated February 29, 2012; and this Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and this Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the relief requested in the Motion is in the best interests of the Debtors' estates, their creditors, and other parties in interest; and this Court having found that the Debtors' notice of the Motion and opportunity for a hearing on the Motion were appropriate under the circumstances and no other notice need be provided; and this Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before this Court (the "Hearing"); and this Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before this Court; and after due deliberation and sufficient cause appearing therefor, it is HEREBY ORDERED THAT:

1. The Motion is granted on an interim basis as set forth herein.
2. The final hearing (the "Final Hearing") on the Motion shall be held on _____, 2023, at __:__.m., prevailing Eastern Time. Any objections or responses to entry of a final order on the Motion shall be filed on or before 4:00 p.m., prevailing Eastern Time, on _____, 2023 and shall be served on: (a) the Debtors, 257 East 200 South, Suite 1200, Salt Lake City, Utah 84111, Attn.: Eric Kamerath; (b) proposed counsel to the Debtors (i) Kirkland & Ellis LLP, 601 Lexington Avenue, New York, New York 10022, Attn.: Joshua A. Sussberg, P.C. (joshua.sussberg@kirkland.com), (ii) Kirkland & Ellis LLP, 300 North LaSalle, Chicago, Illinois,

60654, Attn.: Spencer Winters (spencer.winters@kirkland.com), Whitney C. Fogelberg (whitney.fogelberg@kirkland.com), and Alison J. Wirtz (alison.wirtz@kirkland.com), (iii) Klehr Harrison Harvey Branzburg LLP, 919 North Market Street, Suite 1000, Wilmington, Delaware 19801, Attn.: Domenic E. Pacitti (dpacitti@klehr.com) and Michael W. Yurkewicz (myurkewicz@klehr.com), and (iv) Klehr Harrison Harvey Branzburg LLP, 1835 Market Street, Suite 1400, Philadelphia, Pennsylvania 19103, Attn.: Morton R. Branzburg (mbranzburg@klehr.com); (c) the United States Trustee, 844 King Street, Suite 2207, Lockbox 35, Wilmington, Delaware 19801, Attn.: Jane Leamy (jane.m.leafy@usdoj.gov); and (d) any statutory committee appointed in these chapter 11 cases.

3. The requirements of Local Rules 1007-2(a) and 2002-1(f)(v) that separate mailing matrices be submitted for each Debtor are permanently waived, and the Debtors are authorized, but not directed, to submit a consolidated Creditor Matrix, *provided* that if any of these chapter 11 cases converts to a case under chapter 7 of the Bankruptcy Code, the applicable Debtor shall file its own creditor mailing matrix.

4. The Debtors are authorized to file a consolidated list of their thirty largest unsecured creditors.

5. The Debtors are authorized, on an interim basis, to redact on the Creditor Matrix, Schedules and Statements, affidavits of service, or other document filed with the Court (a) the home and email addresses of individual creditors and individual equity holders and (b) the names, home addresses, and email addresses of the clients of Lexington Law and the Debtors' customers. The Debtors shall provide an unredacted version of the Creditor Matrix, Schedules and Statements, and any other filings redacted pursuant to this Interim Order to (a) the Court, (b) the U.S. Trustee, (c) counsel to any official committee appointed in these chapter 11 cases, (d) any party in interest

upon a request to the Debtors (email to counsel is sufficient) or to the Court that is reasonably related to these chapter 11 cases, subject to the restrictions of the CCPA, UCPA, and applicable legal ethical rules, and (e) the Claims and Noticing Agent; *provided* that any receiving party shall not transfer or otherwise provide such unredacted document to any person or entity not party to the request. The Debtors shall inform the U.S. Trustee promptly after denying any request for an unredacted document pursuant to this Interim Order. Nothing herein precludes a party in interest's right to file a motion requesting that the Court unseal the information redacted by this Interim Order.

6. For the avoidance of doubt, the Debtors shall file an unredacted creditor matrix under seal with the Court.

7. The Debtors are authorized, on an interim basis, pursuant to section 107(b)(1) of the Bankruptcy Code, to redact the names, home addresses, and email addresses of their customers from any filings with the Court or made publicly available in these chapter 11 cases.

8. The Notice of Commencement and the Notice of Sale of Lexington Law, substantially in the forms attached hereto as **Exhibit 1** and **Exhibit 2** respectively, are hereby approved. Service of the Notice of Commencement shall be deemed adequate and sufficient notice of (a) the commencement of these chapter 11 cases and (b) the scheduling of the meeting of creditors under section 341 of the Bankruptcy Code.

9. The Debtors, through their Claims and Noticing Agent, are authorized to serve all pleadings and papers, including the Notice of Commencement and the Notice of Sale of Lexington Law, on all parties listed on the Creditor Matrix via email or mail, as set forth herein.

10. The service requirements of Bankruptcy Rule 2002(g) hereby are modified to permit email service to (a) current and former customers and clients with valid email addresses on

file, unless such current or former customer or client requests to be served hard copies by mail, and (b) other creditors with valid email addresses on file that (i) have not designated a mailing address under Bankruptcy Rules 2002(g)(1) or 5003(e) and (ii) do not request to be served hard copies by mail.

11. When serving any notice in these chapter 11 cases on the Debtors' employees, the Claims and Noticing Agent, and, where applicable, the Clerk of the Court, shall use the employee's email address.

12. Nothing in this Interim Order shall waive or otherwise limit the service of any document upon or the provision of any notice to any individual whose personally identifiable information is sealed or redacted pursuant to this Interim Order. Service of all documents and notices upon individuals whose personally identifiable information is sealed or redacted pursuant to this Interim Order shall be confirmed in the corresponding certificate of service.

13. To the extent a party in interest files a document on the docket in these chapter 11 cases that is required to be served on creditors whose information is under seal pursuant to this Interim Order, such party in interest should contact counsel for the Debtors who shall work in good faith, with the assistance of KCC, to effectuate the service on such party's behalf.

14. Notice of the Motion as provided therein shall be deemed good and sufficient notice of such Motion and the requirements of Bankruptcy Rule 6004(a) and the Local Rules are satisfied by such notice.

15. The Debtors are authorized to take all actions necessary to effectuate the relief granted in this Interim Order in accordance with the Motion.

16. This Court retains jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Interim Order.

Exhibit 1

Notice of Commencement

Information to identify the case:

Debtor

PGX Holdings, Inc., *et al.*

EIN: 45-4352510

United States Bankruptcy Court for the District of Delaware

Case number: 23-10718 (CTG)

Date cases filed for chapter 11: June 4, 2023

Official Form 309F1 (For Corporations or Partnerships)

Notice of Chapter 11 Bankruptcy Case

10/20

For the debtor listed above, a case has been filed under chapter 11 of the Bankruptcy Code. An order for relief has been entered.

This notice has important information about the case for creditors and debtors, including information about the meeting of creditors and deadlines. Read both pages carefully.

The filing of the case imposed an automatic stay against most collection activities. This means that creditors generally may not take action to collect debts from the debtor or the debtor's property. For example, while the stay is in effect, creditors cannot sue, assert a deficiency, repossess property, or otherwise try to collect from the debtor. Creditors cannot demand repayment from the debtor by mail, phone, or otherwise. Creditors who violate the stay can be required to pay actual and punitive damages and attorney's fees.

Confirmation of a chapter 11 plan may result in a discharge of debt. A creditor who wants to have a particular debt excepted from discharge may be required to file a complaint in the bankruptcy clerk's office within the deadline specified in this notice. (See line 11 below for more information.)

To protect your rights, consult an attorney. All documents filed in the case may be inspected at the bankruptcy clerk's office at the address listed below or through PACER (Public Access to Court Electronic Records at <https://pacer.uscourts.gov>).

The staff of the bankruptcy clerk's office cannot give legal advice.

Do not file this notice with any proof of claim or other filing in the case.

Valid Picture ID is required for access to the J. Caleb Boggs Federal Building. Additionally, Debtor(s) must also present photo ID plus original verification of his/her social security number to the Bankruptcy Trustee. If you do not have a photo ID and/or original verification of your social security number, please contact the Office of the United States Trustee's (302-573-6491).

1. Debtor's full name: PGX Holdings, Inc.

2. All other names used in the last 8 years: See Chart Below

Jointly Administered Cases	Other Names (Last 8 Years)	Case No.	Tax ID No.
PGX Holdings, Inc.		23-10718 (CTG)	45-4352510
Credit Repair UK, Inc.		23-10719 (CTG)	35-2474798
Credit.com, Inc.		23-10720 (CTG)	94-3341580
Creditrepair.com Holdings, Inc.		23-10721 (CTG)	45-4357536
Creditrepair.com, Inc.		23-10722 (CTG)	45-4357680
eFolks Holdings, Inc.		23-10723 (CTG)	27-2815213
eFolks, LLC		23-10724 (CTG)	27-2815256
John C. Heath, Attorney At Law PC	Lexington Law Firm	23-10725 (CTG)	34-2038362
Progrexion ASG, Inc.		23-10726 (CTG)	27-2815153
Progrexion Holdings, Inc.		23-10727 (CTG)	27-2827123
Progrexion IP, Inc.		23-10728 (CTG)	27-2815179

Progrexion Marketing, Inc.		23-10729 (CTG)	27-2815073
Progrexion Teleservices, Inc.		23-10730 (CTG)	27-2815110

3. Address: 257 East 200 South, Suite 1200, Salt Lake City, Utah, 84111

4. Debtors' Attorneys

Name and address

Contact phone: (302) 426-1189
(215) 569-3007

KLEHR HARRISON HARVEY
BRANZBURG LLP
Domenic E. Pacitti
Michael W. Yurkewicz
919 North Market Street,
Suite 1000
Wilmington, Delaware 19801

KIRKLAND & ELLIS LLP
KIRKLAND & ELLIS INTERNATIONAL LLF
Joshua A. Sussberg, P.C.
601 Lexington Avenue
New York, New York 10022

Email: dpacitti@klehr.com
myurkewicz@klehr.com
mbranzburg@klehr.com

Contact Phone: (212) 446-4800
(312) 862-2000

and

Morton R. Branzburg
1835 Market Street, Suite 1400
Philadelphia, Pennsylvania
19103

and
Spencer A. Winters
Whitney C. Fogelberg
Alison J. Wirtz
300 North LaSalle
Chicago, Illinois 60654

Email: joshua.sussberg@kirkland.com
spencer.winters@kirkland.com
whitney.fogelberg@kirkland.com
alison.wirtz@kirkland.com

Debtors' Claims and Noticing Agent

If you have questions about this notice, please contact
Kurtzman Carson Consultants LLC

Contact Phone: (888) 249-2721 (toll free) or
(310) 751-2604 (international)
Email: www.kccllc.net/PGX/Inquiry
Website: www.kccllc.net/PGXHoldings

5. Bankruptcy clerk's office

Documents in this case may be filed
at this address.

You may inspect all records filed in
this case at this office or online at
<https://pacer.uscourts.gov>.

**824 N. Market Street, 3rd Floor
Wilmington, DE 19801**

Hours open: Monday – Friday 8:00 AM – 4:00 PM
Contact phone 302-252-2900

6. Meeting of creditors

[•], 2023, at [•] a.m. (ET)

Location:

**J. Caleb Boggs Federal Building
844 King Street
3rd Floor, Room 3209
Wilmington, DE 19801**

The debtor's representative must
attend the meeting to be questioned
under oath.
Creditors may attend, but are not
required to do so.

The meeting may be continued or
adjourned to a later date. If so,
the date will be on the court
docket.

**The meeting of Creditors will
be held by phone.
Please call [•] and use
access code [•] to join the
meeting.**

**7. Proof of claim
deadline**

Deadline for filing proof of claim:

**Not yet set. If a deadline is set, the court will
send you another notice.**

A proof of claim is a signed statement describing a creditor's claim. A proof of claim form may be obtained at
www.uscourts.gov or any bankruptcy clerk's office.

Your claim will be allowed in the amount scheduled unless:

- your claim is designated as disputed, contingent, or unliquidated;
- you file a proof of claim in a different amount; or
- you receive another notice.

If your claim is not scheduled or if your claim is designated as disputed, contingent, or unliquidated, you must file
a proof of claim or you might not be paid on your claim and you might be unable to vote on a plan. You may file a
proof of claim even if your claim is scheduled.

You may review the schedules at the bankruptcy clerk's office or online at <https://pacer.uscourts.gov>.

Secured creditors retain rights in their collateral regardless of whether they file a proof of claim. Filing a proof of
claim submits a creditor to the jurisdiction of the bankruptcy court, with consequences a lawyer can explain. For
example, a secured creditor who files a proof of claim may surrender important nonmonetary rights, including the
right to a jury trial.

<p>8. Exception to discharge Deadline The bankruptcy clerk's office must receive a complaint and any required filing fee by the following deadline.</p>	<p>If § 523(c) applies to your claim and you seek to have it excepted from discharge, you must start a judicial proceeding by filing a complaint by the deadline stated below.</p> <p>Deadline for filing the complaint: <u>To be determined.</u></p>
<p>9. Creditors with a foreign address</p>	<p>If you are a creditor receiving notice mailed to a foreign address, you may file a motion asking the court to extend the deadlines in this notice. Consult an attorney familiar with United States bankruptcy law if you have any questions about your rights in this case.</p>
<p>10. Filing a Chapter 11 bankruptcy case</p>	<p>Chapter 11 allows debtors to reorganize or liquidate according to a plan. A plan is not effective unless the court confirms it. You may receive a copy of the plan and a disclosure statement telling you about the plan, and you may have the opportunity to vote on the plan. You will receive notice of the date of the confirmation hearing, and you may object to confirmation of the plan and attend the confirmation hearing. Unless a trustee is serving, the debtor will remain in possession of the property and may continue to operate its business.</p>
<p>11. Discharge of debts</p>	<p>Confirmation of a chapter 11 plan may result in a discharge of debts, which may include all or part of your debt. See 11 U.S.C. § 1141(d). A discharge means that creditors may never try to collect the debt from the debtor except as provided in the plan. If you want to have a particular debt owed to you excepted from the discharge and § 523(c) applies to your claim, you must start a judicial proceeding by filing a complaint and paying the filing fee in the bankruptcy clerk's office by the deadline.</p>

If you have questions about this notice, please contact the Debtors' Claims and Noticing Agent, Kurtzman Carson Consultants LLC, at (888) 249-2721 (toll free) or (310) 751-2604 (international), or via email by submitting an inquiry at www.kccllc.net/PGX/Inquiry.

You may also find out more information at www.kccllc.net/PGX

Exhibit 2

Notice of Sale of Lexington Law

Notice of Sale of Lexington Law

Dear Lexington Law Client,

As you may be aware, Lexington Law (the “Company”) announced it has voluntarily filed for Chapter 11 reorganization under the United States Bankruptcy Code on June 4, 2023.

As one of our valued clients, you are our top priority. That is why we are writing to provide additional details on what this reorganization process means for you. Included in this letter is the “Notice of Commencement,” a legal document sent to a company’s creditors and other parties in interest letting them know that the company has filed for Chapter 11 reorganization in United States bankruptcy court (the “Bankruptcy Court”), explaining what this means, and informing them of certain dates and deadlines. You are receiving this letter because you have a signed engagement letter with Lexington Law.

Filing for Chapter 11 does not necessarily mean that a company is going out of business, but instead that it may restructure or sell its business with the goal of emerging from Chapter 11 stronger than before. In this case, the Company filed for Chapter 11 to pursue a sale transaction and to continue the same business operations after the sale is completed.

Chapter 11 allows daily business operations to continue as usual. Therefore, for your purposes, the Company will continue to operate in the normal course, and there should be minimal disruption to the legal services you are receiving from Lexington Law. We are here to ensure this process runs as seamlessly as possible for our clients by honoring customer programs and prioritizing an excellent client experience.

The filing will provide incremental funding to the business, which will help the Company manage the current challenges it faces, so that it can ultimately better serve you.

However, as clients of a law firm that is expected to be sold, we also wanted to make you aware of your rights in connection with such a sale:

PLEASE TAKE NOTICE OF THE FOLLOWING:

- **Lexington Law will be sold to a new law firm owned by the current owners of Lexington Law or to another buyer approved by the Bankruptcy Court (the “Buyer”). The Buyer will continue to provide the same legal services as Lexington Law currently provides to customers.**
- **As a Lexington Law client, you have the right to retain another law firm or counsel, or to take possession of your client file that is currently held by Lexington Law.**
- **You may also agree to have your client file transferred from Lexington Law to the Buyer, in which case you will become a client of the Buyer.**
- **If you plan to retain another law firm or counsel, or want to take possession of your client file, you MUST visit www.kccllc.net/PGX and complete the opt-out form available on that page.**
 - **The deadline by which you must complete this form if you wish to opt out is [●], 2023.**
- **If Lexington Law does not receive your completed opt-out form by [●], 2023, your client file will automatically be transferred from Lexington Law to the Buyer. Even if transferred, however, your rights under your engagement letter continue.**

Exhibit B

Proposed Final Order

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

In re:)	
)	Chapter 11
PGX HOLDINGS, INC., <i>et al.</i> , ¹)	Case No. 23-10718 (CTG)
)	
Debtors.)	(Joint Administration Requested)
)	Re: Docket No. ___

FINAL ORDER

(I) AUTHORIZING THE DEBTORS TO (A) FILE A CONSOLIDATED LIST OF CREDITORS IN LIEU OF SUBMITTING A SEPARATE MAILING MATRIX FOR EACH DEBTOR, (B) FILE A CONSOLIDATED LIST OF THE DEBTORS’ THIRTY LARGEST UNSECURED CREDITORS, (C) SERVE CERTAIN PARTIES IN INTEREST BY EMAIL, (D) APPROVE THE FORM AND MANNER OF SERVICE OF THE NOTICE OF COMMENCEMENT, (E) REDACT OR WITHHOLD CERTAIN CONFIDENTIAL INFORMATION, AND (F) REDACT CERTAIN PERSONALLY IDENTIFIABLE INFORMATION AND (II) GRANTING RELATED RELIEF

Upon the motion (the “Motion”)² of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) for the entry of a final order (this “Final Order”), (a) authorizing the Debtors to (i) file a consolidated list of creditors in lieu of submitting a separate mailing matrix for each Debtor, (ii) file a consolidated list of the Debtors’ thirty largest unsecured creditors in lieu of filing lists for each Debtor, (iii) serve certain parties in interest by email, (iv) approve the form and manner of service of the notice of commencement of these chapter 11 cases, (v) redact or withhold certain confidential information of customers, and (vi) redact certain personally identifiable information and (b) granting related relief, all as more fully set forth in the Motion; and upon the

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: PGX Holdings, Inc. (2510); Credit Repair UK, Inc. (4798); Credit.com, Inc. (1580); Creditrepair.com Holdings, Inc. (7536); Creditrepair.com, Inc. (7680); eFolks Holdings, Inc. (5213); eFolks, LLC (5256); John C. Heath, Attorney At Law PC (8362); Progrexion ASG, Inc. (5153); Progrexion Holdings, Inc. (7123); Progrexion IP, Inc. (5179); Progrexion Marketing, Inc. (5073); and Progrexion Teleservices, Inc. (5110). The location of the Debtors’ service address for purposes of these chapter 11 cases is: 257 East 200 South, Suite 1200, Salt Lake City, Utah 84111.

² Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Motion.

First Day Declaration; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware, dated February 29, 2012; and this Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and this Court having found that this Court may enter a final order consistent with Article III of the United States Constitution; and this Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the relief requested in the Motion is in the best interests of the Debtors' estates, their creditors, and other parties in interest; and this Court having found that the Debtors' notice of the Motion and opportunity for a hearing on the Motion were appropriate and no other notice need be provided; and this Court having reviewed the Motion; and this Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and upon all of the proceedings had before this Court; and after due deliberation and sufficient cause appearing therefor, it is HEREBY ORDERED THAT:

1. The Motion is granted on a final basis as set forth herein.
2. The requirements of Local Rules 1007-2(a) and 2002-1(f)(v) that separate mailing matrices be submitted for each Debtor are permanently waived, and the Debtors are authorized, but not directed, to submit a consolidated Creditor Matrix, *provided* that if any of these chapter 11 cases converts to a case under chapter 7 of the Bankruptcy Code, the applicable Debtor shall file its own creditor mailing matrix.
3. The Debtors are authorized to file a consolidated list of their thirty largest unsecured creditors.
4. The Debtors are authorized to redact on the Creditor Matrix, Schedules and Statements, affidavits of service, or other document filed with the Court (a) the home and email

addresses of individual creditors and individual equity holders and (b) the names, home addresses, and email addresses of the clients of Lexington Law and the Debtors' customers. The Debtors shall provide an unredacted version of the Creditor Matrix, Schedules and Statements, and any other filings redacted pursuant to this Final Order to (a) the Court, (b) the U.S. Trustee, (c) counsel to any official committee appointed in these chapter 11 cases, (d) any party in interest upon a request to the Debtors (email to counsel is sufficient), or to the Court that is reasonably related to these chapter 11 cases, subject to the restrictions of the CCPA, UCPA, and applicable legal ethical rules, and (e) the Claims and Noticing Agent; *provided* that any receiving party shall not transfer or otherwise provide such unredacted document to any person or entity not party to the request. The Debtors shall inform the U.S. Trustee promptly after denying any request for an unredacted document pursuant to this Final Order. Nothing herein precludes a party in interest's right to file a motion requesting that the Court unseal the information redacted by this Final Order.

5. For the avoidance of doubt, the Debtors shall file an unredacted creditor matrix under seal with the Court.

6. The Debtors are authorized, pursuant to section 107(b)(1) of the Bankruptcy Code, to redact the names, addresses, and email address of their customers from any filings with the Court or made publicly available in these chapter 11 cases.

7. Nothing in this Final Order shall waive or otherwise limit the service of any document upon or the provision of any notice to any individual whose personally identifiable information is sealed or redacted pursuant to this Final Order. Service of all documents and notices upon individuals whose personally identifiable information is sealed or redacted pursuant to this Final Order shall be confirmed in the corresponding certificate of service.

8. To the extent a party in interest files a document on the docket in these chapter 11 cases that is required to be served on creditors whose information is under seal pursuant to this Final Order, such party in interest should contact counsel for the Debtors who shall work in good faith, with the assistance of KCC, to effectuate the service on such party's behalf.

9. The Debtors, through their Claims and Noticing Agent, are authorized to serve all pleadings and papers, via email service or mail service, as applicable, on all parties listed on the Creditor Matrix.

10. The service requirements of Bankruptcy Rule 2002(g) hereby are modified to permit email service to (a) current and former customers or clients with valid email addresses on file, unless such current or former customer or client requests to be served hard copies by mail, and (b) other creditors with valid email addresses on file that (i) have not designated a mailing address under Bankruptcy Rules 2002(g)(1) or 5003(e) and (ii) do not request to be served hard copies by mail.

11. When serving any notice in these chapter 11 cases on the Debtors' employees, the Claims and Noticing Agent, and, where applicable, the Clerk of the Court, shall use the employee's email address.

12. Notice of the Motion as provided therein shall be deemed good and sufficient notice of such Motion and the requirements of Bankruptcy Rule 6004(a) and the Local Rules are satisfied by such notice.

13. The Debtors are authorized to take all actions necessary to effectuate the relief granted in this Final Order in accordance with the Motion.

14. This Court retains jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Final Order.