

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

In re

PGX HOLDINGS, INC., *et al.*,¹

Debtors.

Chapter 11

Case No. 23-10718 (CTG)

(Jointly Administered)

Related D.I. No. 124

**PRELIMINARY OBJECTION AND RESERVATION OF RIGHTS
OF OFFICIAL COMMITTEE OF UNSECURED CREDITORS
TO RETENTION APPLICATION FOR GREENHILL & CO., LLC**

The Official Committee of Unsecured Creditors (the “Committee”) appointed pursuant to section 1102 of Title 11 of the United States Code (the “Bankruptcy Code”) in the chapter 11 cases (the “Chapter 11 Cases”) of PGX Holdings, Inc., *et al.* (collectively, the “Debtors”), by and through its undersigned proposed counsel, hereby files this preliminary protective objection and reservation of rights (the “Preliminary Objection”) to the *Debtors’ Application for Entry of Order (I) Authorizing the Employment and Retention of Greenhill & Co., LLC as Financial Advisor and Investment Banker to the Debtors and Debtors in Possession, Effective as of Petition Date, and (II) Granting Related Relief* (Docket No. 124) (the “Greenhill Application”)². In support of this Preliminary Objection, the Committee respectfully states as follows:

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 not otherwise defined herein shall have the meanings ascribed to them in the Greenhill Application or the engagement letter attached to the Greenhill Application as Exhibit C (the “Engagement Letter”), or where otherwise noted.



PRELIMINARY OBJECTION

1. These Chapter 11 Cases present unique circumstances, an unusual posture, and numerous other areas of concern for the Committee regarding the cases as a whole and the strategy developed by the lenders and insiders and presented to the Court by the Debtors—including the proposed insider financing, asset sales, and releases of claims related to prepetition conduct. At this juncture in the Committee’s ongoing investigation, it is unclear whether the retention of an investment banker is necessary or appropriate in these Chapter 11 Cases.

2. Moreover, even if the retention of an investment banker were beneficial, it is unclear that the proposed terms and costs of retaining Greenhill & Co., LLC (“Greenhill”) – which appear to indicate fees in excess of \$4.5 million (prefunded prior to being earned) for insider financing and sale transactions – are warranted and aligned with the objectives of the Debtors, their estates and creditors. The compensation designed by Greenhill and accepted by the Debtors appears to be at odds with the fact that the sale of the Heath Law Firm is to Heath himself, the primary shareholder of the firm, for no apparent consideration or value to the Debtors or their estates, and the financing is provided by the existing lenders (one of whom is an insider) and purchasers of PGX. There was no prepetition sale process and the post-petition sale and marketing process has only recently begun. At this time, the Debtors have not met their burden of establishing the need to retain Greenhill as investment banker and additional financial advisor.³ In light of the Committee’s ongoing and continuing diligence, evaluation, and discussions with the Debtors and other constituencies, the Committee files this Preliminary Objection to the Debtors’ proposed retention of Greenhill.

³ The Debtors seek to retain Greenhill as financial advisor in addition to investment banker, while also seeking to retain Alvarez & Marsal as financial advisor. Greenhill’s retention as a secondary financial advisor is unnecessary.

RESERVATION OF RIGHTS

3. The Committee is hopeful that the parties will be able to resolve the outstanding issues prior to the hearing on the Greenhill Application, including defining Greenhill's purpose, limiting the scope of the engagement and a reduction of the fees. In the event the parties are unable to reach an agreement, the Committee reserves all rights to address such issues and concerns either by further submission to the Court or at oral argument or testimony at the hearing on the Greenhill Application.

Dated: July 17, 2023
Wilmington, Delaware

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