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UNITED STATES BANKRUPTCY COURT

NORTHERN DISTRICT OF CALIFORNIA

SANTA ROSA DIVISION

In re: LEFEVER MATTSON, a California corporation, *et al.*,[1] Debtors.	Case No. 24-10545 (CN) (Jointly Administered) Chapter 11 [No Hearing Requested]

STIPULATION GRANTING THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS STANDING TO PURSUE ESTATE CAUSES OF ACTION AGAINST SOCOTRA CAPITAL, INC. AND ITS AFFILIATES

The Official Committee of Unsecured Creditors (the "Committee") and the above-captioned debtors and debtors-in-possession (collectively, the "Debtors" and together with the Committee, the "Parties") hereby stipulate and agree ("Stipulation") as follows:

[1] The last four digits of LeFever Mattson's tax identification number are 7537. Due to the large number of debtor entities in these Chapter 11 Cases, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors' claims and noticing agent at https://veritaglobal.net/LM. The address for service on the Debtors is 6359 Auburn Blvd., Suite B, Citrus Heights, CA 95621.

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RECITALS

I. Appointment of the Committee

A. On September 12, 2024 (the "Petition Date"), each of the Debtors filed a voluntary petition for relief under chapter 11 of Title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Northern District of California (the "Bankruptcy Court").[2] The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

B. On October 9, 2024, the Office of the United States Trustee appointed the Committee in the above-captioned chapter 11 cases [Docket No. 135] and amended the appointment on November 25, 2024 [Docket No. 368]. The Committee is comprised of the following members: (i) Lull Family Living Revocable Trust; (ii) Mullin Family Trust, (iii) Charles Edgar; (iv) Umbriac & Tubley Family Trust; (v) Walter Schenk; (vi) Manfred K. Fischer Trust; (vii) Hayes 2004 Family Trust; and (viii) The Anderson 2001 Revocable Trust.

II. Socotra Claims

C. On November 15, 2024, the Debtors filed their schedules of assets and liabilities, statements of financial affairs, and list of equity security holders [Docket Nos. 292-353] (collectively, the "Schedules and Statements").[3]

D. On December 14, 2024, the Bankruptcy Court entered its *Order (1) Establishing Bar Date; (2) Approving Form and Manner of Notice of Bar Date and Procedures With Respect Thereto; and (3) Approving Confidentiality Protocols* [Docket No. 459] (the "Bar Date Order"). Pursuant to the Bar Date Order, the Bankruptcy Court established February 14, 2025 (the "Bar Date") as the last day for all creditors to file proofs of claim against the Debtors arising prior to the Petition Date.

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[2] One Debtor, Windscape Apartments, LLC, filed its chapter 11 petition in the Bankruptcy Court on August 6, 2024. Two Debtors, Pinewood Condominiums, LP, and Ponderosa Pines, LP, filed their chapter 11 petitions on October 2, 2024.

[3] The Schedules and Statements do not include the bank account in LeFever Mattson's name held at Bank of the West (subsequently acquired by BMO) ending in -1059 (the "BMO Account").

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E. On January 30, 2025, Socotra Capital, Inc. and certain of its affiliates (collectively, "Socotra") filed 13 proofs of claim in these Chapter 11 Cases (collectively, the "Socotra Claims"),[4] asserting more than $100 million in secured claims against certain of the Debtors.

III. The Committee's Investigation

F. A critical objective of the Committee is to investigate the Debtors' claims and causes of action against non-debtors, including any claims and causes of action arising from the prepetition conduct of the Debtors, Kenneth Mattson, and his affiliated entities. This is a complex investigation involving more than 60 entities, hundreds of real estate transactions often involving a series of 1031 tax exchanges, and hundreds of millions of dollars of third-party investor funds. In furtherance of the Committee's investigation, the Committee has, among other things: (a) served more than fifteen subpoenas, (b) issued informal discovery to the Debtors and third parties, and (d) obtained chain of title reports and publicly-filed documentation with respect to hundreds of parcels of real property.

G. The Committee's investigation has included analyzing potential claims and causes of action against Socotra. In furtherance of this targeted investigation, the Committee has discovered, among other things, that: (a) the relationship between the Debtors and Socotra spans more than a decade; (b) Socotra would routinely lend money to non-debtor KS Mattson Partners, LP to purchase or refinance real estate, which real estate would then be transferred to the Debtors at inflated prices and subject to Socotra's loan;[5] (c) the BMO Account was in the name of debtor LeFever Mattson, a California corporation ("LeFever Mattson"); (d) LeFever Mattson generally did not have a direct interest in the real estate encumbered by Socotra's loans; (e) LeFever Mattson was generally not the borrower on Socotra's loans; and (f) within the seven years prior to the Petition Date, Socotra received more than $20 million from the BMO Account.

[4] On February 13, 2025, Socotra filed two additional proofs of claim in these Chapter 11 Cases.

[5] For at least 19 of those properties, a Debtor first held fee ownership, but then Mr. Mattson would (a) cause the applicable Debtor to transfer the real estate to KSMP; (b) encumber the real property with the Socotra Loan; and (c) transfer the real estate back to the Debtors—often in a matter days or even hours.

IV. Committee Standing

H. The Debtors and Committee have engaged in discussions related to the investigation and pursuit of claims and causes of action against Socotra, and defenses to the claims asserted by Socotra against the Debtors. As a result of those discussions, the Debtors and Committee have determined it is in the best interests of the estates and their creditors for the Committee to be granted leave, standing, and authority to, in consultation with the Debtors, (a) investigate, assert, prosecute, and/or settle estate claims and causes of action against Socotra and (b) object, on behalf of the Debtors' estates on any and all grounds, to any claims asserted by Socotra against the Debtors.

STIPULATION

NOW THEREFORE, subject to approval of the Bankruptcy Court, it is hereby stipulated and agreed as follows:

1. The Committee is granted standing to, in consultation with the Debtors, prosecute, mediate, and/or settle on behalf of the Debtors' estates all claims and causes of action against Socotra (i) that are property of the Debtors' estates under section 541 of the Bankruptcy Code, (ii) that arise under sections 544, 546, 547, 548, 549, and 550 of the Bankruptcy Code, or (iii) that arise under section 510 of the Bankruptcy Code.

2. The Committee is granted standing to, in consultation with the Debtors, object on behalf of the Debtors' estates to the claims and interests asserted by Socotra in these Chapter 11 Cases on any and all grounds, including section 510 of the Bankruptcy Code.

3. The standing conferred herein is to the fullest extent permitted under the Bankruptcy Code, including sections 105 and 1103(c) thereof.

4. Nothing in this Stipulation or the order approving this Stipulation shall be deemed to waive, limit, impair, or otherwise prejudice the Committee's right to seek further leave, standing, and authority to assert, prosecute, and/or settle on behalf of the Debtors' estates any additional claims, causes of action, objections, and other rights of the Debtors' estates against any persons or entities. No claim, cause of action, or defense is released, impaired, or waived by this Stipulation or the order approving this Stipulation.

5. The Debtors and the Committee are pursuing a joint litigation strategy giving rise to a common interest privilege that shall apply to communications between Debtors and the Committee under applicable attorney-client, work-product, or any other applicable privilege. In the event of a dispute regarding the use, scope, or application of the privilege, the Parties shall petition the Bankruptcy Court to resolve such dispute.

6. Notwithstanding sections 1102(b)(3) and 1103(c) of the Bankruptcy Code, the Committee shall not disseminate to any third party, including to any creditor or creditor's representative: (1) without further order of the Bankruptcy Court, any confidential information; or (2) any other information or documents if the effect of such disclosure would constitute a general or subject matter waiver of the attorney-client, work-product, or other applicable privilege.

7. This Stipulation is subject to the approval of the Bankruptcy Court, and the Parties agree to present the Stipulation to the Bankruptcy Court for approval.

8. The Parties agree that the Debtors are authorized and empowered to take any and all actions necessary to implement the terms of the order approving this Stipulation.

9. The Parties agree that the Bankruptcy Court shall retain jurisdiction with respect to all matters arising under or related to the interpretation or implementation of this Stipulation.

10. This Stipulation shall be effective immediately upon entry of an order approving this Stipulation.

Dated: May 18, 2025

PACHULSKI STANG ZIEHL & JONES LLP

By: */s/ Jason H. Rosell*
Jason H. Rosell

Counsel to the Committee

Dated: May 18, 2025

KELLER BENVENUTTI KIM LLP

By: */s/ David A. Taylor*
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Counsel to the Debtors and Debtors-in-Possession

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