

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
CORPUS CHRISTI DIVISION

IN RE:) CASE NO: 07-20027
)
)
) Corpus Christi, Texas
SCOTIA DEVELOPMENT, LLC,)
) Thursday, May 29, 2008
) (2:07 p.m. to 2:32 p.m.)
)
Debtor.)

JOINT MOTION TO APPROVE SETTLEMENT;

MOTION TO ENTER INTO NEGOTIATION

BEFORE THE HONORABLE RICHARD S. SCHMIDT,
UNITED STATES BANKRUPTCY JUDGE

Appearances: See next page
Case Manager: Frenchie Carbia
Court Recorder: Grace Lerma
Transcribed by: Exceptional Reporting Services, Inc.
14493 S. Padre Island Drive
Suite A-400
Corpus Christi, TX 78418-5940
361 949-2988

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APPEARANCES FOR:

Debtor: NATHANIEL PETE HOLZER, ESQ.
Jordan Hyden Womble and Culbreth
500 N Shoreline
Suite 900 N
Corpus Christi, Texas 78471

Scotia Pacific Company: KATHRYN COLEMAN, ESQ.
Gibson Dunn, et al
200 Park Avenue
New York, NY 10166

TELEPHONIC APPEARANCES FOR:

KYUNG SHIK LEE, ESQ.
Diamond McCarthy Taylor and Finley
909 Fannin
Suite 1500
Houston, Texas 77010

Angelo Gordon & Co: ERIC D. WINSTON, ESQ.

Lehman Brothers: DAN KAMENSKY, ESQ.

Mendocino Redwood Co.: CRAIG P. DRUEHL, ESQ.

John Young: JOHN YOUNG

Scotia Pacific Co.: ERIC J. FROMME, ESQ.
Gibson Dunn and Crutcher, LLP
3161 Michelson Drive
Irvine, CA 92612

Marathon Structured
Finance Fund, LP: DAVID NEIER, ESQ.
STEVEN M. SCHWARTZ, ESQ.
Winston and Strawn, LLP
200 Park Avenue
New York, NY 10166

JOHN DAVID PENN, ESQ.
Haynes and Boone, LLP
201 Main Street
Suite 2200
Fort Worth, Texas 76102

TELEPHONIC APPEARANCES FOR: (Cont'd)

Angelo Gordon & Co.,
et al.: K. JOHN SHAFFER, ESQ.
Stutman Treister & Glatt

Official Unsecured
Creditor's Committee: JOHN D. FIERO, ESQ.
MAXIM BORIS LITVAK, ESQ.
Pachulski Stang Ziehl and Jones, LLP
150 California Street
15th Floor
San Francisco, CA 94111

Bank of New York Trust
Company: WILLIAM GREENDYKE, ESQ.
MARK A. WORDEN, ESQ.
ZACK A. CLEMENT, ESQ.
Fulbright and Jaworski, LLP
Fulbright Tower
1301 McKinney
Suite 5100
Houston, Texas 77010

ROBERT L. PADDOCK, ESQ.
Thompson and Knight, LLP
33 Clay Street
Suite 3300
Houston, Texas 77002

EVAN M. JONES, ESQ.
O'Melveny and Myers
400 S. Hope Street
Los Angeles, CA 90071

Maxxam, Incorporated: BASIL UMARI (Listen only)
Andrews Kurth, LLP
600 Travis
Suite 4200
Houston, Texas 77002

AG CA Resources Agency: PAUL PASCUZZI, ESQ.
Felderstein Fitzgerald et al
400 Capitol Mall
Suite 1450
Sacramento, CA 95814

TELEPHONIC APPEARANCES FOR: (Cont'd)

Maxxam, Incorporated: ALAN GOVER, ESQ.
White and Case, LLP

Bank of America: Clara Strand (Client) (Listen only)

Murray Capital Management, Inc.: FRANCINE MONTAGNA (Listen only)
Murray Capital Management, Inc.

CSG Investments: JACOB CHERNER (Listen only)
CSG Investments

Maxxam, Inc.: JOLI PECHT (Listen only)
Maxxam, Inc.

Scotia Pacific Company, LLC: WENDY K. LAUBACH, ESQ.
Diamond McCarthy Taylor and Finley
909 Fannin
Suite 1500
Houston, Texas 77010

DK Partners: EPHRAIM DIAMOND (Listen only)
DK Partners

Lehman Brothers: DAN KAMINSKY, ESQ.
Lehman Brothers

PALCO: FRANK BACIK, ESQ.
PALCO/The Pacific Lumber Company

Houlihan Lokey Howard And Zukin: TODD HANSON (Listen only)
Houlihan Lokey Howard and Zukin

Aurelius Capital Management: WEI WANG (Listen only)
Aurelius Capital Management

1 Corpus Christi, Texas; Thursday, May 29, 2008; 2:07 p.m.

2 (Courtroom and telephonic appearances)

3 (Call to Order)

4 **THE COURT:** Hello. Robert Paddock. Robert Paddock?
5 David Neier.

6 **MR. NEIER:** Here, your Honor.

7 **THE COURT:** Kyung Lee.

8 **MR. LEE:** Present, your Honor.

9 **THE COURT:** Mark Worden.

10 **MR. WORDEN:** Good afternoon, your Honor. Zack
11 Clement is also on the line.

12 **MR. CLEMENT:** Your Honor, Zack Clement and Bill
13 Greendyke, both here.

14 **THE COURT:** Excellent. Eric Winston.

15 **MR. SHAFFER:** Your Honor, this is John Shaffer of
16 Stutman, and I will be appearing for our firm.

17 **THE COURT:** Thank you. Maxim Litvak.

18 **MR. LITVAK:** Here, your Honor.

19 **THE COURT:** Frank Bacik.

20 **MR. BACIK:** Good afternoon, your Honor.

21 **THE COURT:** Evan Jones.

22 **MR. JONES:** Present, your Honor.

23 **THE COURT:** Dan Kamensky. Paul Pascuzzi.

24 **MR. PASCUZZI:** Present, your Honor.

25 **THE COURT:** Craig Druehl.

1 **MR. BRILLIANT:** Your Honor, Allan Brilliant and Brian
2 Hale here for Mendocino, your Honor.

3 **THE COURT:** Thank you. Steven Schwartz.

4 **MR. SCHWARTZ:** Present, your Honor.

5 **THE COURT:** John Penn.

6 **MR. PENN:** Present, your Honor.

7 **THE COURT:** John Young.

8 **MR. YOUNG:** Here, your Honor.

9 **THE COURT:** Eric Fromme.

10 **MR. FROMME:** Present, your Honor.

11 **THE COURT:** Wendy Laubach.

12 **MS. LAUBACH:** Present, your Honor.

13 **THE COURT:** John Shaffer.

14 **MR. SHAFFER:** Present, your Honor.

15 **THE COURT:** Alan Gover.

16 **MR. GOVER:** Present, your Honor.

17 **THE COURT:** John Fiero.

18 **MR. FIERO:** Good afternoon, your Honor.

19 **THE COURT:** Jacob Cherner. Joli Pecht.

20 **MS. PECHT:** Present, your Honor.

21 **THE COURT:** Francine Montagna or Montona, or
22 whatever. I probably pronounced it horribly. They're not
23 there, so I guess, you know, like a tree in a forest.

24 **MS. MONTAGNA:** Present, your Honor. I'm here.

25 **THE COURT:** You are? Okay. Clara Strand.

1 **MS. STRAND:** Here, your Honor.

2 **THE COURT:** And Basil Umari.

3 **MR. UMARI:** Present, your Honor.

4 **THE COURT:** Ephraim Diamond. Wei Wang.

5 **MR. WANG:** Present, your Honor.

6 **THE COURT:** Todd Hanson.

7 **MR. HANSON:** Present, your Honor.

8 **THE COURT:** Is there anyone I didn't call?

9 **MR. BARR:** Your Honor, this is Matt Barr from Milbank
10 Tweed on behalf of Lehman Brothers. And Dan Kamensky is with
11 me here.

12 **THE COURT:** All right. Thank you. All right. In
13 the courtroom, Mr. Holzer.

14 **MR. HOLZER:** Pete Holzer, your Honor, for the Palco
15 debtors.

16 **THE COURT:** And for the ScoPac?

17 **MS. COLEMAN:** Good afternoon, your Honor, Kathryn
18 Coleman, Gibson, Dunn, and Crutcher for ScoPac. And my
19 colleague, Eric Fromme, is on the phone.

20 **THE COURT:** All right. What do we have today?

21 **MR. HOLZER:** Judge, there's two matters on the
22 docket. The first one is Docket Number 3008. It's a joint
23 motion by Palco and ScoPac to approve a settlement pursuant to
24 Rule 919. This has to do with log purchases and sales.

25 There is an objection filed by Mr. Clement on behalf

1 of the noteholders. What we would like to do is, I have
2 confirmed with my client that Palco can survive until Monday
3 without having this approved. So, as an accommodation to
4 Mr. Clement and his folks so they can get their arms around
5 what we're doing here, we would like to pass that to Monday and
6 at the same time, talk about it today and what's going on, and
7 so the Court will understand what we're doing.

8 **THE COURT:** Okay. Mr. Clement, is that what you had
9 thought was going to happen?

10 **MR. CLEMENT:** Your Honor, they have accommodated our
11 request. We are hopeful in the intervening 48 hours of so to
12 get comfortable, as comfortable with this as ScoPac has become.
13 We understand, your Honor, that for logs shipped through this
14 Saturday, ScoPac is going to be paid for them next Thursday.
15 We certainly don't object to that, and hence we think what has
16 been offered both meets our procedural needs and also lets the
17 two debtors keep operating satisfactorily in the meantime.

18 So we appreciate it, and look forward to a possible
19 agreement on this, and if not, a hearing on Monday.

20 **THE COURT:** All right.

21 **MR. HOLZER:** And your Honor, so I guess the question
22 is, I know that you already have a ripened matter at 2:00
23 o'clock on Monday, what time I'd be available on Monday, June
24 the 2nd.

25 **THE COURT:** Well, let's see. Is there anybody --

1 there's nobody from Thompson Knight.

2 **MR. HOLZER:** Not -- there's no crossover on these two
3 cases that I'm aware of.

4 **THE COURT:** No crossover. Okay.

5 **MR. HOLZER:** So could we do 4:00 o'clock on Monday?

6 **THE COURT:** Let's do 4:00 o'clock on Monday.

7 **MR. HOLZER:** All right.

8 **MR. CLEMENT:** That would be great.

9 **MR. HOLZER:** Ms. Coleman is going to walk the Court
10 through what the motions about --

11 **THE COURT:** All right. Go ahead, Ms. Coleman.

12 **MR. HOLZER:** -- but the other matter on the docket is
13 Docket 3009, and that's the Scotia Pacific motion to do a
14 negotiants for a DIP financing agreement. I guess, let's let
15 her talk about the intercompany agreement first, and then go on
16 to that.

17 **THE COURT:** All right.

18 **MS. COLEMAN:** Thank you, your Honor. I'll be very
19 brief, but I would like, so that when we come back on Monday,
20 the Court will have an appreciation, I hope, of what we're
21 trying to do here.

22 The genesis of this settlement is the ongoing master
23 purchase agreement by which Palco purchases logs from ScoPac,
24 and this is an agreement that has not been assumed and not been
25 rejected by either of the two debtors, but everybody's been

1 complying with it throughout the case. And plans to continue
2 to do so.

3 ScoPac's board became concerned recently about
4 Palco's liquidity and about whether Palco would be able to
5 continue to pay for logs, because, as the Court recalls, logs
6 are shipped in one month and then they're not paid for until
7 the 20th of the next month. So, ScoPac is effectively
8 extending credit for anywhere between 20 days and 50 days,
9 depending on when in the month the logs are sold.

10 So, Palco paid ScoPac for April logs on May 20th, and
11 shortly thereafter ScoPac's board started asking questions
12 about, well, Palco, can you ensure that you'll be able to pay
13 for logs on June 20th that we're shipping during May, and on
14 July 20th that we're shipping during June.

15 And as a result of those questions, ScoPac and Palco
16 entered into a number of discussions. Palco provided ScoPac
17 with various information showing that it would have a liquidity
18 in order to make those payments, and as an additional, I guess
19 support for ScoPac, Marathon has also agreed that it will agree
20 to certain limited carve outs from its security interest in
21 order to ensure that ScoPac gets paid.

22 So, the three tenets of the agreement that we have
23 now are that for logs shipped from May 1st until May 22nd, those
24 logs will still be paid for on June 20th, but Marathon has
25 agreed that as for further support of ScoPac it's going to

1 carve out from its security interest for its DIP the amount of
2 the SPE price for those logs that Palco is going to be
3 obligated to pay.

4 Then as to logs shipped between May 22nd and June 1st
5 -- I'm sorry, May 22nd and May 31st, Palco has agreed to deviate
6 from the terms of the master purchase agreement and pay for
7 those logs early. So those are the logs that are going to be
8 paid for on June 5th, and that's why we're here because we are
9 changing the terms of the master purchase agreement to that
10 extent.

11 And then finally, as to logs that are shipped in
12 June, so starting on Sunday, logs that Palco -- that ScoPac
13 ships to Palco will be paid for on July 20th, and Marathon is
14 agreeing to a carve out for that amount as well, but there's a
15 difference.

16 Although Palco will still be paying the SPE price as
17 it's supposed to under the agreement, the Marathon carve out is
18 limited, and so Marathon has agreed to a carve out that is
19 equal to the SPE price minus \$100 per thousand board fee. And
20 that is to accommodate the concern that SPE may be, and we
21 don't know because we don't have the market data yet, and there
22 will be a true up at the end, but SPE may be a little bit
23 higher than actual market, so that if Marathon were required to
24 liquidate its collateral, it would only get market price rather
25 than SPE price.

1 So that's the reason for the limitation on the carve
2 out. But I do want to stress that Palco is still paying the
3 higher SPE price. So, those are the features of the
4 settlement. With those further supports, ScoPac's board felt
5 very comfortable authorizing ScoPac to continue to sell logs to
6 Palco, and that is what keeps everything running together, and
7 that's why at least ScoPac believes it's a very good settlement
8 for both parties.

9 And I'll let Mr. Holzer speak with respect to Palco's
10 view of the settlement, but ScoPac thinks it's a great deal.

11 **MR. HOLZER:** We also think it's a good deal for us
12 primarily, Judge, because, I don't know if you recall that the
13 log sales from ScoPac or Palco are almost on a just in time day
14 to day cycle. So, if ScoPac did cut logs off because they were
15 -- they felt themselves insecure on their ability to get paid
16 in the next month, in just a day or so the mill would shut
17 down. So, it's a very close situation.

18 Like I said, we're okay through Monday, but in all
19 likelihood if this deal doesn't go through and we get this
20 resolved by that time, we're in trouble on Tuesday. So, it's
21 quite a close thing and we do think it's a good resolution, and
22 we were very pleased that Marathon was willing to offer the
23 carve out concessions it did.

24 You know, Palco does project enough money to make
25 these payments in the budgets that its circulated. One of the

1 reasons for that is, just in interest of candor to the Court
2 and full disclosure, there are certain deferrals of expenses
3 that Palco is doing currently. The interim payments to the
4 estate professionals have not been made for a couple of months.
5 The professionals have agreed to those deferrals. In addition,
6 Marathon has agreed to defer collection of the payments that it
7 asserts are due under the DIP order for its professionals.

8 So, those fees are accumulating and with those
9 deferrals, there's enough money to make the payments to ScoPac.
10 But, you know, things are fairly tight at Palco and we do think
11 this settlement is to our benefit.

12 **MR. CLEMENT:** Your Honor, this is Zack Clement again.

13 **THE COURT:** Yes, sir.

14 **MR. CLEMENT:** Again, our issue is primarily a
15 procedural issue. We only got the notice of the settlement at
16 about 10:00 o'clock on Tuesday night. We have appreciated the
17 manner in which Ms. Coleman and Mr. Holzer have worked with us
18 about the scheduling of the hearing on Monday, and we are
19 cognizant of their representation that they can deliver enough
20 logs through Saturday, that the mill will keep operating on
21 Monday.

22 And we are of course happy that those logs will be
23 paid for by next Thursday, and so as soon as we get the kind of
24 information we're hoping to get, we are hopeful that we all
25 show up Monday afternoon content with this transaction. But we

1 and both debtors have been very careful to maintain the status
2 quo in the meantime.

3 **THE COURT:** Okay. Thank you. Now the next issue.

4 **MS. COLEMAN:** Next, your Honor, I believe, is the
5 issue on Scopac's request for authority to pay a \$150,000 work
6 fee to Lehman Brothers -- I'm sorry; not to Lehman Brothers --
7 to Lehman Commercial Paper, which is the potential lender, for
8 a debtor in possession facility. We have Mr. Young, Scopac's
9 CFO, on the phone, and I'd like to hand up, if I might,
10 Mr. Young's signed affidavit. It's been filed, with a slash S,
11 but I've got the actual signed one here.

12 May I approach?

13 **THE COURT:** Okay. Scopac is seeking -- you may hand
14 it forward, but -- you're seeking to do a DIP financing of how
15 much money for what period of time?

16 **MS. COLEMAN:** Your Honor, the facility that has been
17 proposed by Lehman is the same facility that already was
18 offered to the plan agent a couple of weeks ago, and Lehman
19 filed a term sheet and a notice that it was offering DIP
20 financing to the plan agent in the event that the noteholder
21 plan was confirmed. Lehman has now offered that same
22 \$20 million six-month facility to Scopac as the debtor in
23 possession in the event that the plan agent doesn't get
24 appointed or it doesn't happen soon.

25 The genesis of all of this, your Honor, is the

1 auction rate securities issue.

2 **THE COURT:** Right.

3 **MS. COLEMAN:** We thought we might have heard the last
4 of that, but we have not. And, as set forth in our motion,
5 after we found out about the auction rate securities issue,
6 Scopac made a request of the indentured trustee, the Bank of
7 New York, to purchase the auction rate securities and to
8 essentially fix the problem by taking that risk away from
9 Scopac. The indentured trustee has declined for now, at least,
10 to do that, and, so, Scopac is in a position where it really
11 only has about \$3.7 million of liquidity.

12 **THE COURT:** Okay. So, has somebody objected to this?

13 **MS. COLEMAN:** Not that I am aware of, your Honor.

14 **THE COURT:** Okay. So, what does the noteholder think
15 about this?

16 Mr. Clement?

17 **MR. CLEMENT:** Your Honor, Zack Clement on behalf of
18 the noteholders.

19 We are happy to see that Scopac is making progress in
20 obtaining financing that will ensure its viability well into
21 the future. We hope that future includes the appointment of
22 the plan agent, and in which case this will simply be the
23 arrival of that DIP financing a little sooner than it would
24 have been otherwise. But, regardless, your Honor, we're happy
25 to see that Scopac is ensuring its going-concern viability well

1 into the future.

2 **THE COURT:** Okay. What --

3 **MR. JONES:** Your Honor, this is Evan Jones for Bank
4 of America, if I could be heard at an appropriate point.

5 **THE COURT:** Sure. Go right ahead.

6 **MR. JONES:** Thank you, your Honor. And I'm told we
7 need to identify ourselves, that you have a new reporter today.
8 It's Evan Jones of O'Melveny and Myers on behalf of Bank of
9 America.

10 **MR. CLEMENT:** Evan, if there is one other thing I
11 could add before you begin.

12 And, your Honor, in particular --

13 **THE COURT:** And I would note this is Zack Clement.

14 **MR. CLEMENT:** Yes.

15 **THE COURT:** We do have a new reporter today.

16 **MR. CLEMENT:** All right. In particular, your Honor,
17 we're happy that the only issue before the Court today is the
18 mere payment of a \$150,000 work fee.

19 That said, Evan, it's your turn.

20 **THE COURT:** All right. Now Evan Jones.

21 **MR. JONES:** Thank you, your Honor.

22 Your Honor, we don't oppose paying the work fee, if
23 that's what the debtor believes it needs to do to ensure the
24 cash flow. As your Honor knows, we are quite concerned about
25 that issue.

1 We do find it a bit strange, though; as your Honor
2 knows, Bank of America has delivered three different DIP
3 financing commitment letters to this debtor, two of them pre-
4 petition, and one, as your Honor will recall -- and I
5 apologize; I've forgotten the dates -- I think it was in
6 January, we actually got -- you know, I want to say we got to
7 the altar with agreed-upon documents, we had a hearing set to
8 approve the DIP, and then it worked out that it wasn't
9 necessary because a deal was worked out on cash collateral,
10 which we were all in favor of, but what we find a little odd is
11 that, having found it needs DIP financing, no one from the
12 debtor has contacted B of A to see whether we're still
13 interested. And I want to make real clear I do not have
14 authority from my client to say we're interested or anything.
15 They were stood up at the altar last time, and they may not be
16 interested, but I do note that the rates that B of A was
17 offering when it did have loan documents agreed with the debtor
18 are lower than these rates; the fees are lower, as your Honor
19 will recall, because, frankly, we gave it up in the courtroom.
20 Our work fee was only to be -- or was to be refunded if we
21 didn't issue a commitment letter. I don't see that in the
22 Lehman letter.

23 And the last point that jumps out at me -- and I
24 suspect this is simply because Lehman is not, you know, set up
25 to do revolving loans -- the Lehman proposal is apparently for

1 a term loan. I suspect that that means that the debtor would
2 end up drawing down a bunch of money that it really doesn't
3 need and it would lose interest unless it finds another really
4 fine investment to put that money into in the interim, but it
5 would have a carrying charge that it wouldn't otherwise face if
6 it filed on a revolving basis.

7 Again, your Honor, all that said -- you know, and I
8 understand there's been transition at the debtor -- they have a
9 new CFO; they have a new CEO; they've got a lot of things on
10 their mind -- but we do find it odd that no one bothered to
11 pick up the phone and call Bank of America on this issue.

12 Your Honor, there are two specific things I do want
13 to note, though. If the debtor does ultimately go forward with
14 a DIP from Lehman on the lines envisioned in this term sheet,
15 one we actually mentioned at the confirmation hearing, and that
16 is, the way the term sheet is written, it could be read to
17 indicate that the Lehman liens as granted would prime the Bank
18 of America lenders. Now, Lehman's representative at the
19 hearing assured us that that's not intended, and I accept that,
20 but that has not been fixed in the term sheet, and certainly
21 Bank of America would be very concerned if it weren't fixed in
22 any sort of final commitment letter or even loan documents, if
23 we reach that point.

24 The other issue is that the term sheet, I think,
25 has -- even if we fix the provision on the priming lien, it

1 has, in essence, a backdoor priming of the bank's lien in the
2 sense that there is a provision in the term sheet that would
3 require asset sale proceeds to be paid first to the DIP lender.
4 Now, I understand that makes sense if the DIP lender is, in
5 fact, a priming lender, but if he is to be behind the Bank of
6 America lenders, then it makes no sense to say we're not
7 primed, but proceeds of our collateral sale will go to Lehman.
8 And, again, we would hope that that could be fixed in any final
9 documents.

10 Frankly, your Honor, until this morning I had no idea
11 who was representing Lehman, so I have not had a chance to
12 discuss those directly with Lehman, but I do want to mention
13 those two things, because they are vitally important, and I
14 don't want to be accused of sandbagging down the road. But --

15 **THE COURT:** Okay. Does Lehman --

16 **MR. JONES:** -- your Honor, with those observations,
17 again, if the debtor believes it needs to pay this fee to make
18 sure it has financing, we do not object to that limited motion.

19 **THE COURT:** Does Lehman want to comment on what was
20 just said?

21 **MR. BARR:** Yes, your Honor. This is Matt Barr of
22 Milbank Tweed again on behalf of Lehman.

23 Your Honor, as counsel said, the only thing that's in
24 front of you today, obviously, is the work fee that's being
25 sought for approval. However, as I believe Mr. Kamensky

1 testified in front of your Honor last week or the week before,
2 it is not Lehman's intention to prime the B of A facility, and
3 we will make necessary changes and work with counsel for B of A
4 to make the necessary changes in the DIP loan documents to
5 effectuate that.

6 **THE COURT:** All right.

7 Creditors committee?

8 **MR. FIERO:** Your Honor, this is John Fiero for the
9 committee.

10 We've been around the block on the work fee question
11 before. We will reserve on the question of just how good an
12 idea it is for this borrowing to go forward on the proposed
13 terms when, in fact, there is a DIP motion pending. The
14 committee is not going to stand in the way of the payment of
15 the work fee, your Honor.

16 **THE COURT:** All right.

17 All right. Anyone else?

18 **(No audible response)**

19 **THE COURT:** Anybody else on the line?

20 **(No audible response)**

21 **THE COURT:** All right. I'll approve the work fee.

22 **MS. COLEMAN:** Thank you, your Honor.

23 Oh, did you need Mr. Young to be sworn?

24 **THE COURT:** Well, did anyone want to question
25 Mr. Young?

1 **MR. FIERO:** Well, your Honor, possibly at the hearing
2 next Monday, but not at this time, your Honor.

3 **THE COURT:** Okay. Well, this is just on the
4 borrowing.

5 **MR. FIERO:** Oh.

6 **THE COURT:** Mr. Young has -- is that his proffer on
7 the borrowing? That's not his proffer on --

8 **MS. COLEMAN:** Yes, your Honor. There is no proffer
9 on the 9019.

10 **THE COURT:** Okay. So, the proffer on -- Mr. Young,
11 you're there?

12 **MR. YOUNG:** I am, your Honor.

13 **THE COURT:** Would you raise your right hand?

14 I can see it through the miracle of -- I can't see
15 it. I'm just assuming you're raising it.

16 **MR. YOUNG:** Yes, sir.

17 **JOHN YOUNG, WITNESS, SWORN**

18 **THE COURT:** Okay. And is this your affidavit, true
19 and correct, to the best of your knowledge?

20 **MR. YOUNG:** Yes, your Honor.

21 **THE COURT:** Okay. It's admitted.

22 **(Affidavit of John Young was received in evidence)**

23 **THE COURT:** That will be his testimony.

24 Does anyone have any questions for Mr. Young?

25 **(No audible response)**

1 **THE COURT:** Okay. I'll ask you one.

2 Why didn't you call Bank of America?

3 **MR. YOUNG:** Your Honor, I became involved in this
4 process fairly late. The attorneys had been working directly
5 with Lehman. I actually, to this point in time, have not even
6 had discussions directly with Lehman. I would invite
7 discussions with Claire at any time if they would like to
8 engage in any.

9 **THE COURT:** Okay. Thanks.

10 Anything further?

11 **(No audible response)**

12 **THE COURT:** Okay. I hate to do this, but, you know,
13 I'm physically working as hard as I can on trying to come up
14 with the appropriate findings and conclusions and opinions with
15 respect to confirmation. And we argued for a long time about
16 whether or not a secured creditor can be cashed out and whether
17 or not that's fair and equitable. And we argued it in the
18 terms -- there were several ways we argued it, but perhaps the
19 most significant way it was argued was on the issue of whether
20 it is the indubitable equivalent; cash or the value of a -- you
21 know, notwithstanding what in the world "value" is, but
22 forgetting that issue, the legal issue: If value is determined
23 and the claim is the value of the collateral, can you cash it
24 out? And we argued for a long time about whether that's the
25 indubitable equivalent.

1 Nobody ever mentioned whether or not they're impaired
2 if they're paid cash of the full value of their claim. And, of
3 course, under the act you could pay cash. Klee, in his Law
4 Review article about cramming down, says that you can pay cash
5 and they're not impaired. There used to be a provision in
6 1124 -- I think it's three, or whatever it is -- that said you
7 could pay cash. That's been eliminated. However, it was
8 eliminated as a result of the case that said -- where somebody
9 said that you could pay cash to an unsecured creditor and not
10 have to pay the interest. And, so, they eliminated that
11 because if you want to pay an unsecured creditor and keep the
12 equity, you've got to pay them interest, too. And I don't
13 think anyone has ever said that the intent of that elimination
14 was to do away with the notion that you're not impaired if you
15 are paid the full amount of your claim in cash, all of your
16 legal and equitable claims, whether it be under that first
17 paragraph, 1124, or just under the case law as it used to be
18 and perhaps still is under the new code.

19 The only reason I bring that up is because I always
20 hate to ever go into an area where we never argued. And maybe
21 I'm missing something totally there, and, so, I would like
22 for -- since we've got Mr. Greendyke, who was handling that
23 issue on the phone, and we've got the other lawyers who were
24 handling that issue on the phone, if you would want to
25 submit -- really, I hate to -- I mean today is -- I know we've

1 got -- I'm trying to finish this by the end of next week. So,
2 if you want to submit something on that by Monday, I would
3 certainly appreciate it.

4 **MR. GREENDYKE:** Will do, Judge.

5 **THE COURT:** Okay. And I'm not asking you to argue it
6 now or even re-argue it; and I may be way off base, these
7 esoteric arguments. So, thank you; if you would.

8 Thank you. Anything further?

9 **(No audible response)**

10 **THE COURT:** And, so, I'm trying to tell you, also,
11 that you can try to expect by the end of next week my opinion.
12 Okay?

13 **MR. SPEAKER:** Thank you, your Honor.

14 **THE COURT:** Thank you, for planning purposes. Thank
15 you. Bye.

16 **MS. COLEMAN:** Thank you, your Honor.

17 **(This proceeding was adjourned at 2:32 p.m.)**

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CERTIFICATION

I certify that the foregoing is a correct transcript from the electronic sound recording of the proceedings in the above-entitled matter.

May 30, 2008

Signed

Dated

TONI HUDSON, TRANSCRIBER