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11 **UNITED STATES BANKRUPTCY COURT**

12 **CENTRAL DISTRICT OF CALIFORNIA, LOS ANGELES DIVISION**

13 In re
14 COLDWATER DEVELOPMENT, LLC,
15
16 Debtor.

Case No. 2:21-bk-10335-BB

Chapter 11

Jointly Administered With:
Case No. 2:21-bk-10336-BB

17 **GIVE BACK LLC'S RESPONSE TO**
18 **STATUS REPORT AND REQUEST TO**
19 **SCHEDULE THE AUCTION AND**
20 **HEARING WITH RESPECT TO SALE OF**
21 **DEBTORS' SIX LOTS**

DATE: September 1, 2021

TIME: 11:00 a.m.

PLACE: Courtroom "1539"

22
23
24 In re
25 LYDDA LUD, LLC,
26
27 Debtor.

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- 1 Affects Both Debtors
- 2
- 3 Affects Coldwater Development,
LLC only
- 4 Affects Lydda Lud, LLC only
- 5

6
7 Give Back, LLC (“Give Back”) hereby submits “Give Back LLC’s Response
8 to Status Report and Request to Schedule the Auction and Hearing With Respect to Sale
9 of Debtors’ Six Lots” (the “Response”), in response to the “Status Report and Request to
10 Schedule the Auction and Hearing With Respect to Sale of Debtors’ Six Lots” (the “Status
11 Report”), filed by the jointly administered debtors Coldwater Development, LLC
12 (“Coldwater”) and Lydda Lud, LLC (“Lydda” and together with Coldwater, the “Debtors”),
13 and represents as follows:

14 I.

15 **PREFATORY STATEMENT**

16 The Status Report reveals what Give Back has always known, Pacific
17 Green is a sham buyer who never had the intention of acquiring the two Coldwater lots.¹
18 As a reminder, when the sale motion was first filed on June 1, 2021, Give Back
19 immediately reached out to the Debtors to obtain the basic information it needed to
20 decide whether to credit bid, or whether to consent to or oppose the sale. In response,
21 the Debtors and Pacific Green repeatedly stonewalled Give Back, other creditors, and
22 this Court, in the process violating court orders, as well as the Court’s most recent July 7
23 edict where it again directed that certain fact specific disclosures be made.

24 Now, despite being afforded months to comply with the Court’s “Order:
25 Denying Application for Order Setting Hearing On Shortened Notice; Directing Debtor to

26
27 ¹ Unless otherwise stated, the use of capitalized terms herein shall have the meaning ascribed to them in
28 the “Status Report and Request to Schedule the Auction and Hearing With Respect to Sale of Debtors’ Six
Lots”.

1 Disclose Additional Information Concerning Proposed Buyer” entered on June 15, 2021
2 (the “June 15 Order”) [Docket No. 91], it is readily apparent that neither the Debtors nor
3 Pacific Green ever intended to comply with the court-ordered disclosures. The Debtors
4 actually concede that, on August 10, 2021, they were advised that Pacific Green would
5 not produce a witness to provide the required information.²

6 This was the “put up or shut up” moment for the Debtors and Pacific Green,
7 and their bogus sale has finally been exposed for the world to see. The Debtors and
8 Pacific Green have had months to supply the court-ordered information and the excuses
9 for their ongoing delays and refusals ring hollow. Sophisticated and legitimate buyers
10 investing \$33.5 million in real estate do not act this way, only sham buyers who have not
11 acted at arms’ length and in good faith do.

12 From day one, the proposed sale to Pacific Green has been shrouded in
13 mystery and a complete lack of transparency, and with each passing day and pleading it
14 becomes clearer and clearer that this sale process has reached its predicted end and
15 cannot be allowed to proceed a single day longer. To this day, the Debtors have never
16 explained why an outright fraud was allowed to be perpetrated on this Court by a buyer
17 who intentionally provided a fake business address to an apartment complex in Glendale.
18 This should trouble the Court as much as it troubles Give Back. Thus, any belated
19 attempt by the Debtors or Pacific Green to comply with the June 15 Order must be
20 rejected.³

21 There simply is no way on this vacuous record for the Court to make any
22 good faith findings or find a lack of connections with Mohamed Hadid. What is comforting

23 _____
24 ² The Debtors and Pacific Green continue to push the false narrative that their failure and unwillingness to
25 comply with the June 15 Order is due to concerns over what Give Back would do with the information even
26 if there was a confidentiality agreement in place. This repeated falsehood must be rejected by the Court.
There is no evidence that Give Back has done anything other than try to bring some semblance of
transparency to the sale process or that it would use any information, even information disclosed under a
confidentiality agreement, for nefarious purposes.

27 ³ Give Back takes no position on whether the so-called deposit made by Pacific Green should be returned
28 or forfeited to the estates.

1 is the knowledge that this Court has repeatedly stated it would not allow a two lot sale
2 unless its orders were complied with, among other conditions. The Court, therefore, is
3 left with only choice - deny the proposed sale of the Coldwater lots to Pacific Green, or
4 any other prospective buyer who miraculously pops up to do Mohamed Hadid's bidding.⁴

5 With respect to the Debtors' secondary request that the Court schedule an
6 auction sale of the six lots for October 27, 2021, Give Back has no objection, provided
7 that it reserves all rights with respect to the sale, including whether any identified "stalking
8 horse" buyer or overbidder satisfies the factors for a good faith finding under 11 U.S.C. §
9 363(m), and whether the proposed bidding procedures are sufficient to encourage, not
10 chill, bidding. For example, if, in the absence of an actual bona fide offer, the minimum
11 bid is anything over \$10,000,000, Give Back intends to renew its objection that the
12 establishment of an artificially high floor is meant to prejudice Give Back and other
13 potential bidders.

14 To this end, as indicated in past hearings, Give Back is entitled to credit bid
15 up to the full face value of its secured claim pursuant to 11 U.S.C. § 363(k), which must
16 be accounted for in any bidding procedures. RadLAX Gateway Hotel, LLC v.
17 Amalgamated Bank, 566 U.S. 639, 132 S. Ct. 2065, 182 L. Ed. 2d 967 (2012) (debtor
18 could not preclude a lienholder from credit bidding pursuant to Section 363(k) in
19 connection with plan that provides for sale of collateral free and clear of secured
20 creditor's lien).⁵

21
22
23 ⁴ To date, Give Back has not been advised of the existence of a single overbidder for the Coldwater lots. In
24 the event one appears, Give Back will require that the same factual disclosures identified in the June 15
25 Order apply to any overbidder and that Give Back be permitted sufficient time to conduct discovery before
any sale or good faith finding is approved.

26 ⁵ In the event no bona fide buyer is approved at the October 27, 2021, auction, Give Back intends to
27 reiterate its request that immediate relief from stay be granted to permit Give Back the right to foreclose.
28 Mr. Hadid should not be permitted to create an artificial floor by putting up a couple of million dollars to
wash away a \$27,000,000 judgment. This would not only be unfair to Give Back, but any tax payer entity
or third party that wants to participate as a bidder by themselves or in conjunction with another bidder.

1 As the Court has witnessed, the auction of the six lots is of paramount
2 importance not only to Give Back, but to the residents who have been working to prevent
3 the Debtors' wholesale and wanton destruction of this prized vacant land. In fact,
4 recognizing the harm that any construction on these lots will have on the public and the
5 environment, the City of Beverly Hills adopted a resolution on August 17, 2021, which
6 unequivocally supports keeping the Hastain Trail and surrounding spaces, including
7 ridgelines, as open space for the benefit of the public and the environment.⁶

8 Since the Hastain Trail runs through both Coldwater lots, and three of the
9 four Lydda lots, a sale limited just to the Coldwater lots would lower the possibility of
10 maintaining the continuity of the trail and surrounding open space. The City of Beverly
11 Hills, therefore, opposes a sale of the two Coldwater lots, and, instead, supports an
12 auction for all six lots that will preserve the Hastain Trail and surrounding open space for
13 the public's ongoing use and enjoyment.

14 *[Remainder of page intentionally left blank]*
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27 ⁶ A true and correct copy of the City of Beverly Hills Resolution No. 21-R-13358, dated August 17, 2021, is
28 attached hereto as Exhibit "A" and incorporated herein by reference.

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II.

CONCLUSION

Based on the foregoing, Give Back respectfully requests that the sale of the Coldwater lots to Pacific Green be denied in all respects, that the auction of the six lots be scheduled for October 27, 2021, that Give Back reserve all its rights, including seeking relief from stay, with respect to any continued sale, and for such other and further relief as the Court deems just and proper under the circumstances.

DATED: August 25, 2021

SulmeyerKupetz
A Professional Corporation

By: /s/ Daniel A. Lev
Daniel A. Lev
Attorneys for Give Back, LLC

DATED: August 25, 2021

Law Offices of Ronald Richards & Associates, APC

By: /s/ Ronald Richards
Ronald Richards
Attorneys for Give Back, LLC

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EXHIBIT A

RESOLUTION NO. 21-R- 13358

**RESOLUTION OF THE COUNCIL OF THE CITY OF
BEVERLY HILLS IN SUPPORT OF KEEPING THE HASTAIN
TRAIL OPEN AND IN SUPPORT OF AN AUCTION THAT
INCLUDES ALL PROPERTIES OWNED BY THE DEBTOR,
COLDWATER DEVELOPMENT LLC AND LYDDA LUD LLC**

WHEREAS, the Hastain Trail (the “Trail”) has been an established trail for at least 65 years in Franklin Canyon in West Los Angeles, beginning at Coldwater Canyon Drive and running south southwest before generally heading west to Lake Drive; and

WHEREAS, the Trail is approximately 1.5 miles in length and circuitous, rising from the trail head on Lake Drive in Franklin Canyon Park up approximately 600 to 700 feet to the “summit,” which has commanding panoramic views from downtown Los Angeles to the Santa Monica Bay; and

WHEREAS, the Trail has been frequently used by hikers, bicyclists, equestrians, and dog-walkers including many Beverly Hills residents; and

WHEREAS, the preservation of the Trail and surrounding open spaces, including ridgelines, promotes a significant public benefit in that it, among other things, offers the public access to safe, affordable, and healthy ways to experience and appreciate nature; contributes significantly to the economic well-being of communities through energy and resource conservation and providing many economic benefits to communities derived from outdoor recreation; and preserves natural resources and wildlife habitats, protects clean air, provides opportunities for recreation, and provides open space for current and future generations; and

WHEREAS, the majority of the Trail is on public property that runs through Franklin Canyon Park, but portions of it lie on private property owned by the predecessors of Coldwater Development LLC and Lydda Lud, LLC; and

WHEREAS, Mohamed Hadid is the sole member and 100% owner of Coldwater Development LLC (“Coldwater Debtor”) and AM Family Fund, LLC, which owns 100% of Lydda Lud, LLC (“Lydda Debtor” together with the Coldwater Debtor, collectively referred to as the “Debtors”); and

WHEREAS, the Debtors own six real estate parcels sitting atop a hillside adjacent to Franklin Canyon Park with the following Assessor Parcel Numbers: (i) as for the lots owned by Coldwater Debtor, Assessor’s Parcel Numbers: 4387-021-018 and 4387-021-019 (collectively, the “Coldwater Lots”); and (ii) as for lots owned by Lydda Debtor, Assessor’s Parcel Numbers: 4387-020-001, 4387-020-009, 4387-022-001, and 4387-022-002 (collectively, the “Lydda Lots”); and

WHEREAS, the Trail runs through both of the Coldwater Lots and three of the four Lydda Lots; and

WHEREAS, on or about September 1, 2021, there could be a sale and auction of the properties owned by the Debtors affecting the preservation of the Trail and surrounding open spaces, including ridgelines, as a result of a hearing in *In re: Coldwater Development LLC* and *In re: Lydda Lud, LLC* (United States Bankruptcy Court, Central District of California - Los Angeles Division (the “Court”)) concerning Case No. 2:21-bk-10335-BB, jointly administered with Case No. 2:21-bk-10336-BB (collectively, the “Bankruptcy Cases”); and

WHEREAS, on or about September 1, 2021, the Court for the Bankruptcy Cases could (1) approve the sale and bidding procedures for the two Coldwater Lots or, alternatively, (2) approve the sale and bidding procedures for all six of the Coldwater Lots and the Lydda Lots; and

WHEREAS, limiting the sale and bidding procedures to the two Coldwater Lots significantly lowers the possibility of maintaining the continuity of the Trail and surrounding open spaces, including ridgelines, because the Trail runs through both of the Coldwater Lots and three of the four Lydda Lots; and

WHEREAS, a Court order approving the sale and bidding procedures for all six of the Coldwater Lots and the Lydda Lots would allow a purchaser to preserve the Trail and surrounding open spaces, including ridgelines.

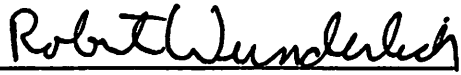
NOW, THEREFORE, the Council of the City of Beverly Hills resolves as follows:

Section 1. The City of Beverly Hills supports keeping the Hastain Trail and surrounding open spaces, including ridgelines, as open space for the benefit of the public and environment.

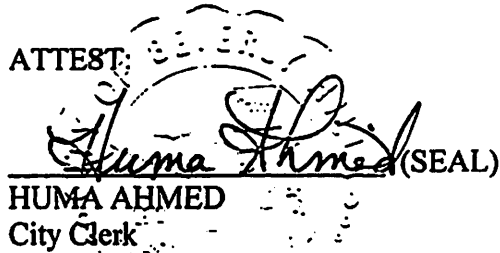
Section 2. The City of Beverly Hills hereby opposes any and all actions in the Bankruptcy Cases that would lead to the permanent closure of the Hastain Trail and surrounding open spaces, including ridgelines, including limiting the sale and bidding procedures to the two Coldwater Lots; and, instead, supports the sale and bidding procedures for all six of the Coldwater Lots and the Lydda Lots in order to preserve the Hastain Trail and surrounding open spaces, including ridgelines, as open space for the benefit of the public.

Section 3. The City Clerk shall certify to the adoption of this Resolution and shall cause this Resolution and her certification to be entered in the Book of Resolution of the Council of this City.


Adopted: August 17, 2021


ROBERT WUNDERLICH
Mayor of the City of
Beverly Hills, California

ATTEST:


HUMA AHMED (SEAL)
HUMA AHMED
City Clerk

APPROVED AS TO FORM:


LAURENCE S. WIENER
City Attorney

APPROVED AS CONTENT:


GEORGE CHAVEZ
City Manager

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is 333 South Grand Avenue, Suite 3400, Los Angeles, CA 90071.

A true and correct copy of the foregoing document entitled (*specify*): **GIVE BACK LLC'S RESPONSE TO STATUS REPORT AND REQUEST TO SCHEDULE THE AUCTION AND HEARING WITH RESPECT TO SALE OF DEBTORS' SIX LOTS** will be served or was served (a) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On (*date*) August 25, 2021 I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

- **Eryk R Escobar** eryk.r.escobar@usdoj.gov
- **M Douglas Flahaut** flahaut.douglas@arentfox.com
- **Eric J Fromme** efromme@tocounsel.com, stena@tocounsel.com
- **Asa S Hami** ahami@sulmeyerlaw.com, pdillamar@sulmeyerlaw.com;pdillamar@ecf.inforuptcy.com;cblair@sulmeyerlaw.com;ahami@ecf.inforuptcy.com
- **Christopher J Harney** charney@tocounsel.com, stena@tocounsel.com
- **Daniel A Lev** dlev@sulmeyerlaw.com, ccaldwell@sulmeyerlaw.com;dlev@ecf.inforuptcy.com
- **Aram Ordubegian** ordubegian.aram@arentfox.com
- **Ronald N Richards** ron@ronaldrichards.com, morani@ronaldrichards.com
- **Annie Y Stoops** annie.stoops@arentfox.com, yvonne.li@arentfox.com
- **United States Trustee (LA)** ustpregion16.la.ecf@usdoj.gov
- **Dylan J Yamamoto** dylan.yamamoto@arentfox.com

Service information continued on attached page.

2. SERVED BY UNITED STATES MAIL:

On (*date*) _____, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

Service information continued on attached page.

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (*state method for each person or entity served*): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on (*date*) _____, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

Service information continued on attached page.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

August 25, 2021

Date

Cheryl Caldwell

Printed Name

/s/Cheryl Caldwell

Signature