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9 **UNITED STATES BANKRUPTCY COURT**
10 **CENTRAL DISTRICT OF CALIFORNIA**
11 **LOS ANGELES DIVISION**

12 In re:

13 CARTEL MANAGEMENT, INC.

14 Debtor.

Lead Case No. 2:17-bk-11179-DS

Jointly administered with:

Case No. 2:17-bk-11181-DS
(Titans of Mavericks, LLC)

15
16 In re:

17 TITANS OF MAVERICKS, LLC,

18 Debtor.

Chapter 11

- 19 Affects Both Debtors
20 Affects Cartel Management, Inc. only
21 Affects Titans of Mavericks,
22 LLC only

**DEBTORS' NOTICE OF MOTION AND
MOTION TO EXTEND THE
EXCLUSIVITY PERIODS FOR THE
DEBTORS TO FILE A PLAN OF
REPRGANIZATION AND OBTAIN
ACCEPTANCE THEREOF;
MEMORANDUM OF POINTS AND
AUTHORITIES; DECLARATION OF
GRIFFIN GUESS IN SUPPORT THEREOF**

Hearing Schedule:

Date: September 13, 2017
Time: 2:00 p.m.
Place: Courtroom 1639
255 East Temple Street
Los Angeles, CA 90012

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OTHER AUTHORITIES

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1 **PLEASE TAKE NOTICE THAT**, on September 13, 2017, at 2:00 p.m., in Courtroom
2 1639 located at 255 East Temple Street, Los Angeles, California 92701, the Court will hold a
3 hearing to consider this motion (“Motion”) filed by Cartel Management, Inc. (“CMI”) and Titans
4 of Mavericks, LLC (“Titans”, and collectively with CMI, the “Debtors”), Chapter 11 debtors and
5 debtors in possession in the above-entitled, jointly-administered, Chapter 11 bankruptcy cases, for
6 the entry of an order extending the exclusivity periods for the Debtors to file a plan of
7 reorganization and obtain acceptance thereof, respectively, to and including December 29, 2017,
8 and to and including February 28, 2018, respectively.¹

9 **PLEASE TAKE FURTHER NOTICE** that this Motion is based upon applicable Local
10 Bankruptcy Rules, 11 U.S.C. §§ 105(a) and 1121, this Motion, the supporting Memorandum of
11 Points and Authorities, the Declaration of Griffin Guess (the “Declaration”), the arguments and
12 statements of counsel to be made at the hearing on this Motion, and other admissible evidence
13 properly brought before the Court.

14 **PLEASE TAKE FURTHER NOTICE** that, pursuant to Local Bankruptcy Rule 9013-1
15 (f), any opposition to this Motion must be filed with the Clerk of the United States Bankruptcy
16 Court and served upon the United States Trustee as well as counsel for the Debtors at the address
17 located in the upper left-hand corner of the first page of this Notice and Motion by no later than
18 14 days before the hearing on this Motion.

19 **PLEASE TAKE FURTHER NOTICE** that the failure to file and serve a timely
20 response to this Motion may be deemed by the Court to be consent to the granting of the relief
21 requested in this Motion.

22 The Debtors believe that “cause” exists to extend their exclusivity periods to file a plan
23 and obtain acceptance thereof in this case for the following reasons:

24 **First**, during the past several months, the Debtors have engaged in extensive marketing
25 efforts of their business and assets. The Debtors are in the process of negotiating a sale of certain

26
27 ¹ The requested extensions are for a period of approximately, but not exactly, ninety (90) days
28 each.

1 of their assets – while agreements in principal have been reached with the buyer, the Debtors and
2 the buyer continue to negotiate the specific terms of an asset purchase agreement. The Debtors
3 anticipate filing a sale motion concurrently with, or soon after, the filing of this Motion. The
4 potential sale, if approved by the Court and ultimately successful, will likely close in late-
5 September to early October 2017. The Debtors believe that during the next approximate 90 days,
6 and once the potential sale closes, the Debtors will be in a position to present to the Court a plan
7 of reorganization. However, at this time, there are simply too many contingencies and “moving
8 pieces” for the Debtors to be able to propose, or proceed with, a plan of reorganization, since the
9 actual terms of any plan will in substantial part depend on whether the Debtors are actually able to
10 finalize sale terms and obtain Court approval of a sale.

11 **Second**, the Debtors have properly administered their cases and the Debtors are
12 compliant with the requirements and obligations of chapter 11 debtors in possession. The
13 Debtors have attended and completed their initial debtor interviews and section 341(a) meetings
14 of creditors. The Debtors have timely filed their Schedules of Assets and Liabilities and
15 Statement of Financial Affairs. The Debtors have complied with all of the Court’s orders. The
16 Debtors have obtained Court approval of their professionals. The Debtors are requesting an
17 extension of their respective exclusivity periods in good faith for the purpose of designing an
18 appropriate exit strategy after the Debtors obtain Court approval of, and close, a sale of certain of
19 their assets. The Debtors are not seeking an extension of exclusivity in order to exert undue
20 influence in their negotiations with creditors.

21 **WHEREFORE**, the Debtors respectfully request that this Court enter an order:

- 22 (a) granting the Motion;
- 23 (b) affirming the adequacy of the notice given;
- 24 (c) extending the exclusivity period for each of the Debtors to file a plan of
25 reorganization to and including December 29, 2017;
- 26 (d) extending the exclusivity period for each of the Debtors to obtain acceptance of a
27 plan of reorganization, to and including February 28, 2018; and
28

1 (e) granting such other and further relief as the Court deems just and proper.

2 Dated: August 23, 2017

CARTEL MANAGEMENT, INC.; TITANS OF
3 MAVERICKS, LLC

4 By: /s/ Krikor J. Meshefejian

5 DAVID L. NEALE

KRIKOR J. MESHEFEJIAN

6 LEVENE, NEALE, BENDER, YOO & BRILL L.L.P.
7 Counsel for Chapter 11 Debtors and Debtors in
8 Possession

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1 **MEMORANDUM OF POINTS AND AUTHORITIES**

2 **I. STATEMENT OF FACTS**

3 **A. Brief Description Of The Debtors' Business And Operations.**

4 CMI and Titans together promote, organize, and host one of the most famous sporting
5 events in "big wave" surfing, known as "Titans of Mavericks" at the Pacific Ocean surf break
6 popularly known as "Mavericks" located near Half Moon Bay, California, just south of San
7 Francisco. This one-day, invitation only, surfing competition attracts professional big wave
8 surfers from across the globe. The competition is limited to twenty four of the world's best male
9 surfers, and six of the world's best female surfers, challenging the massive swells and each other
10 on the biggest and best surf days every winter. It is not uncommon for competition waves to be in
11 excess of fifty feet. The current competition date generally spans from November through March
12 31 each year. When weather and surf conditions are determined to be satisfactory, notice is
13 provided to the contestants of the commencement of the event. The event does not necessarily
14 occur every year – if weather and wave conditions are not deemed satisfactory, the event is not
15 held.

16 CMI and Titans work collectively to promote, organize, and host the event. CMI
17 generally is in the business of event and brand management and media broadcast development to
18 promote, produce, develop and market intellectual properties to develop stronger media presence
19 and business models for the exploitation of such intellectual properties. CMI is wholly owned by
20 Griffin Guess. Mr. Guess is also the President and sole member of the Board of Directors of
21 CMI.

22 In 2015, Mr. Guess created Titans to hold the intellectual properties and handle the actual
23 day to day tasks related to the organization of the Titans of Mavericks surf event. Mr. Guess is
24 the sole manager and member of Titans. CMI and Titans therefore work hand in hand to promote,
25 organize, and host the event. CMI has no secured debt and approximately \$1.232 million of
26 general unsecured debt. Titans has no secured debt and approximately \$1.532 million of general
27 unsecured debt. The Debtors and their principal have spent in excess of \$3 million developing
28

1 and marketing the Titans of Mavericks brand, paying operating expenses, and obtaining the
2 intellectual property and permits in connection with the surf event.

3 **B. Events Leading To The Debtors' Bankruptcy Cases.**

4 The primary source of income for the Debtors is revenue generated from sponsorship and
5 media agreements between CMI and third parties such as Red Bull, Clif Bar, Fox Sports and
6 Pandora. The Debtors also generate revenue from the sale of products such as clothing, hats,
7 posters, and stickers associated with the surfing event.

8 Despite revenue growth and significant increased attention for the event, the Debtors faced
9 operating difficulties arising from delayed sponsor payments, political complications, costly
10 litigation and the need to maintain their necessary permits in the face of continuing efforts by
11 certain third parties to negatively affect the Debtors. The Debtors were forced to file for
12 bankruptcy protection in order to obtain a breathing spell and hope to conduct either a sale of their
13 business and/or assets, or internally restructure their financial affairs with an infusion of new
14 equity.

15 **C. The Debtors' Efforts To Market And Sell The Debtors' Assets.**

16 Starting on approximately February 10, 2017, the Debtors' principal contacted marquee
17 parties in the following five sectors: television network groups, media and internet companies,
18 brand and product corporations, high net-worth individuals, and professional sports leagues and
19 teams. In total, the Debtors reached out to hundreds of parties and had direct communications
20 with approximately seventy parties. The Debtors created a substantive data room from which
21 prospectively interested buyers were granted access to extensive financial data and other
22 information about the Debtors' assets. The Debtors also assembled a substantial list of
23 approximately 71 prospective buyers, and approximately 11 buyers signed confidentiality
24 agreements and were provided with access to the data room. The opportunity to acquire the
25 Debtors' assets was widely broadcast, and the Debtors therefore believe that they reasonably
26 provided notice to the most likely candidates who would be interested in acquiring the Debtors'
27 assets.

28

1 On May 3, 2017, the Debtors filed that certain *Debtors' Motion For Entry Of An Order:*
2 *(1) Approving Auction Sale Format And Bidding Procedures; (2) Approving Form Of Notice To*
3 *Be Provided To Prospective Buyers; (3) Approving Form Of Asset Purchase Agreement For*
4 *Prospective Overbidders To Use; And (4) Scheduling A Hearing For The Court To Consider*
5 *Approval Of The Debtors' Asset Sale To The Highest And Best Bidder* (the "Bid Procedures
6 Motion"). On May 11, 2017, the Bankruptcy Court entered an order (the "Bid Procedures
7 Order") granting the Bid Procedures Motion.

8 On May 17, 2017, the Debtors filed that certain *Debtors' Motion For Entry Of An Order:*
9 *(1) Approving Sale Of Substantially All Of The Debtors' Assets Related To "Titans Of*
10 *Mavericks" Free And Clear Of All Liens, Claims And Interests; (2) Approving Debtors'*
11 *Assumption And Assignment Of Unexpired Leases And Executory Contracts And Determining*
12 *Cure Amounts; (3) Approving Debtors' Rejection Of Unexpired Leases And Executory Contracts*
13 *Which Are Not Assumed And Assigned; (4) Waiving The 14-Day Stay Periods Set Forth In*
14 *Bankruptcy Rules 6004(h) And 6006(d); And (5) Granting Related Relief* (the "First Sale
15 Motion").

16 Pursuant to the Bid Procedures Order, the deadline to submit a bid was May 25, 2017 and
17 an auction was scheduled to be conducted on June 1, 2017. Four parties expressed an interest in
18 submitting a bid to the Debtors and participating in an auction. None of those parties submitted a
19 qualified bid under the Bid Procedures Order, but one of the parties initially proposed an
20 alternative transaction involving a potential recapitalization of the Debtors as opposed to an asset
21 sale. As a result, the Debtors did not conduct an auction on June 1, 2017 and the Debtors
22 withdrew the First Sale Motion without prejudice. Additionally, two of the four parties continued
23 to express an interest in submitting a bid for the purchase of the Debtors' assets related to "Titans
24 of Mavericks."

25 One of the parties has submitted a purchase offer to the Debtors. The Debtors and this
26 potential buyer are currently engaged in negotiations regarding the actual, written, terms and
27 conditions of the sale, and the Debtors are hopeful that they will be in a position to present the
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1 proposed sale to the Court concurrently with, or soon after, the filing of this Motion. The Debtors
2 anticipate filing a sale motion concurrently with, or soon after, the filing of this Motion. The
3 potential sale, if approved by the Court and ultimately successful, will likely close in late-
4 September to early October 2017. The Debtors believe that during the next approximate 90 days,
5 and once the potential sale closes, the Debtors will be in a position to present to the Court a plan
6 of reorganization.

7 **D. The Debtors' Compliance With Their Duties.**

8 Since the bankruptcy filings, the Debtors and their principal have worked virtually around
9 the clock to ensure that the Debtors' are in compliance with their duties and obligations. The
10 Debtors have submitted a substantial amount of information to the United States Trustee, and the
11 Debtors have submitted monthly operating reports. The Debtors timely filed their Schedules of
12 Assets and Liabilities, Statement of Financial Affairs, and other required documents, on February
13 28, 2017. The Debtors also attended their respective initial debtor interviews, and attended and
14 completed their respective meetings of creditors under 11 U.S.C. § 341(a). The Debtors also
15 submitted a status report to this Court and attended a status conference. The Debtors have also
16 filed applications to employ three professionals, all of which have been approved.

17 **II. DISCUSSION**

18 **A. The Court Has Authority To Extend the Debtors' Exclusivity Periods for the Filing**
19 **of a Plan and Obtaining Acceptance Thereof.**

20 Pursuant to Sections 1121(b) and (c) of the Bankruptcy Code, a Chapter 11 debtor has the
21 exclusive right to file a plan of reorganization for a period of 120 days following the filing of the
22 petition and an additional 60 days thereafter to obtain acceptances to any plan so filed. 11 U.S.C.
23 §§ 1121(b) & (c).

24 Section 1121(d) of the Bankruptcy Code allows the Court to extend or reduce these time
25 periods "for cause." Section 1121(d) of the Bankruptcy Code provides, in pertinent part, as
26 follows:

27 (d)(1) Subject to paragraph (2), on request of a party in interest
28 made within the respective periods specified in subsections (b) and

1 (c) of this section and after notice and a hearing, the court may for
2 cause reduce or increase the 120-day period or the 180-day period
referred to in this section.

3 (2)(A) The 120-day period specified in paragraph (1) may not
4 be extended beyond a date that is 18 months after the date of the
order for relief under this chapter.

5 (B) The 180-day period specified in paragraph (1) may not be
6 extended beyond a date that is 20 months after the date of the order
for relief under this chapter.

7 11 U.S.C. § 1121(d)(1) & (2).

8 The decision of whether to grant a request to extend or shorten the exclusivity periods lies
9 within the sound discretion of the bankruptcy judge. *In re Gibson & Cushman Dredging Corp.*,
10 101 B.R. 405, 409 (E.D.N.Y. 1989). The “cause” standard referred to in Section 1121 has been
11 referred to as a general standard that allows the bankruptcy court “maximum flexibility to suit
12 various types of reorganization proceedings.” *In re Public Service Company of New Hampshire*,
13 88 B.R. 521, 534 (Bankr. D.N.H. 1988).

14 The Code does not define “cause” or establish formal criteria for an extension of the
15 exclusivity periods, but legislative history indicates that the term “cause” is to be viewed flexibly
16 “in order to allow the debtor to reach an agreement [with its creditors].” H.R. Rep. No. 95-595,
17 95th Cong., 1st Sess. 220, 231 (1977), U.S. Code Cong. & Admin. News 1978, pp. 5963, 6190
18 [hereinafter “House Report”]; *In Re McLean Industries, Inc.*, 87 B.R. 830, 833 (Bankr. S.D.N.Y.
19 1987); *In re Express One International, Inc.*, 194 B.R. 98, 100 (Bankr. E.D. Tex. 1996).
20 Consistent with a balanced, integrated approach to reorganizations under Chapter 11, Congress
21 contemplated that Bankruptcy Courts would apply the exclusivity provisions flexibly so as to
22 promote the orderly, consensual and successful reorganization of a debtor's affairs. *See House*
23 *Report, supra*, at 232.

24 Among the factors to be considered in finding “cause” to extend the exclusivity periods
25 are: (i) the size and complexity of the case (*Grand Traverse Devel. Co. Ltd. Partnership*, 147
26 B.R. 418, 420 (Bankr. W.D. Mich. 1992)); (ii) whether a debtor is attempting in good faith to
27 formulate a viable plan and the degree of progress that has been achieved by the debtor in the
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1 Chapter 11 process (*In re Jasick*, 727 F.2d 1379 (5th Cir. 1984), *reh'g denied*, 731 F.2d 888 (5th
2 Cir.)); and (iii) a debtor's satisfaction of its post-petition obligations as they come due (*In re*
3 *McLean Indus., Inc.*, 87 B.R. 830, 834 (Bankr. S.D.N.Y. 1987)). While the foregoing are some
4 of the most common factors, a court has discretion to consider others. *See, e.g., Express One*,
5 194 B.R. at 100. For example, the diligence of management and proper administration of the
6 case is a factor that weighs in favor of an extension of the plan exclusivity periods. *See, In re*
7 *United Press International*, 60 B.R. 265 (Bankr. D.D.C. 1986); *In re Trainer's, Inc.*, 17 B.R. 246,
8 247 (Bankr. E.D. Pa. 1982).

9 **B. Good Cause Exists To Grant the Debtors' Request To Extend the Exclusivity**
10 **Periods For the Debtors To File A Plan of Reorganization and Obtain Acceptance**
11 **Thereof.**

12 **1. The Debtors' cases present complexities which warrant an extension of the**
13 **exclusivity periods.**

14 While the Debtors' operations are not necessarily complex, the formulation and closing of
15 a sale for the benefit of the Debtors' creditors, which is the Debtors' primary focus and goal in
16 these cases, is a complex, delicate process being ably and diligently handled by the Debtors and
17 the Debtors' principal. It is critical that during this time the Debtors are able to preserve
18 flexibility in the manner of exiting these bankruptcy cases. An extension of the Debtors'
19 exclusivity periods will afford the Debtors the required flexibility during this time, so as to allow
20 the Debtors to be able to close a transaction with their exclusivity periods intact. The Debtors
21 submit that the complexities surrounding identifying and closing a transaction in these cases
22 warrants an extension of the Debtors' exclusivity periods.

23 **2. The Debtors are attempting in good faith to resolve their disputes and**
24 **formulate a plan of reorganization.**

25 The Debtors believe that proposing a plan and filing a disclosure statement now, without
26 more certainty with respect to the potential sale of some of their assets would not be beneficial to
27 the Debtors' bankruptcy estates
28

1 The Debtors believe that during the next approximate 90 days, and once the potential sale
2 closes, the Debtors will be in a position to present to the Court a plan of reorganization.
3 However, at this time, there are simply too many contingencies and “moving pieces” for the
4 Debtors to be able to propose, or proceed with, a plan of reorganization, since the actual terms of
5 any plan will in substantial part depend on whether the Debtors are actually able to finalize sale
6 terms and obtain Court approval of a sale.

7 The Debtors submit that these contingencies warrant an extension of the exclusivity
8 periods. *See In re Express One Intern., Inc.*, 194 B.R. 98, 100 (Bank. E.D. Tex. 1996) (existing
9 contingency is a factor to consider when determining whether to grant exclusivity).

10 The fact that the Debtors are engaged in the aforementioned considerations, analysis, and
11 efforts, demonstrates that the Debtors are engaged in taking steps towards the formulation of a
12 viable plan. The Debtors believe it would be premature to file a plan now, but believe that the
13 Debtors should be afforded the opportunity to have the “first-shot” at presenting a plan, as
14 debtors in possession and fiduciaries of these estates. As a result, this factor weighs in favor of
15 extending the Debtors’ plan exclusivity periods.

16 **3. The Debtors are current with their post-petition obligations.**

17 The Debtors have properly administered their cases, and are compliant with all
18 requirements and obligations of chapter 11 debtors in possession. The Debtors are generally
19 current with their post-petition financial obligations. The Debtors are requesting an extension in
20 good faith for the purpose of designating an appropriate exit strategy once an accurate purview of
21 this case as a whole is established.

22 **4. The Debtors have been diligent and have properly administered their**
23 **complex bankruptcy cases.**

24 As discussed above, the Debtors have properly administered their Chapter 11 cases in that
25 the Debtors have complied with all of the material requirements of the Bankruptcy Code, the
26 Federal Rules of Bankruptcy Procedure, and the Office of the United States Trustee. Under these
27 circumstances, an extension of the exclusivity periods for filing and obtaining confirmation of a
28

1 plan of reorganization can be granted with the confidence that the Debtors are in full compliance
2 with the requirements that are conditions to the Debtors maintaining their exclusive rights to file
3 a plan of reorganization and gain acceptance thereof. As a result, this factor weighs in favor of
4 extending the Debtors' plan exclusivity periods.

5 **5. The Debtors have made one prior request to extend its plan exclusivity**
6 **periods.**

7 This is the Debtors' second request to extend any of their plan exclusivity periods under
8 11 U.S.C. § 1121 and the requested extension is within the limits set forth in 11 U.S.C. §
9 1121(d)(2), since this request is being made to the Court prior to the plan exclusivity periods'
10 expiration. Courts commonly grant multiple extensions of the exclusivity periods.² Therefore,
11 this factor weighs in favor of extending the Debtors' plan exclusivity periods.

12 **6. The Debtors request an extension for the purpose of finalizing and closing a**
13 **sale of certain of their assets.**

14 The Debtors' request herein is being made in good faith and not for the purpose of
15 pressuring creditors into acceding to certain plan terms. On the contrary, the Debtors make this
16 request based upon the complexities of their cases, and the need for additional time to address
17 these complexities in as efficient a manner as possible. A comprehensive, less-contentious plan
18 and disclosure statement are more likely to be produced after the Debtors have sufficient time to
19 present a transaction to the Court for approval and close that transaction. The Debtors' goal is to
20 maximize distributions to all creditors pursuant to a plan but the Debtors do not believe that this
21 goal will be attained if the Debtors are required to file multiple plans without an accurate picture
22 of the overall landscape of these cases, or compete against other plans without first being
23 afforded an opportunity to present their plan exclusively. The Debtors are not aware of any
24 creditor whose claim or interest would be adversely affected or impaired by the granting of the

25 _____
26 ² It is even common for courts to grant more than one extension of the exclusive periods to file
27 and gain acceptance of chapter 11 plans. *See, e.g., In re Express One Int'l, Inc.*, 194 B.R. 98
28 (Bankr. E.D. Tex. 1996) (granting multiple extensions); *In re Pine Run Trust, Inc.*, 67 B.R. 432
(Bankr. E.D. Pa. 1986) (granting second exclusivity).

1 relief requested herein. Therefore, this factor weighs in favor of extending the Debtors' plan
2 exclusivity periods.

3 Thus, based on all of the foregoing, the Debtors submit that good cause exists for granting
4 the relief requested in the Motion.

5 **III. CONCLUSION**

6 **WHEREFORE**, the Debtors respectfully request that this Court enter an order:

- 7 (a) granting the Motion;
- 8 (b) affirming the adequacy of the notice given;
- 9 (c) extending the exclusivity period for the Debtors to file a plan of reorganization to
10 and including December 29, 2017;
- 11 (d) extending the exclusivity period for the Debtors to obtain acceptance of a plan of
12 reorganization, to and including February 28, 2018; and
- 13 (e) granting such other and further relief as the Court deems just and proper.

14 Dated: August 23, 2017

CARTEL MANAGEMENT, INC.; TITANS OF
MAVERICKS, LLC

15 By: /s/ Krikor J. Meshefejian

16 DAVID L. NEALE

KRIKOR J. MESHEFEJIAN

17 LEVENE, NEALE, BENDER, YOO & BRILL L.L.P.
18 Counsel for Chapter 11 Debtors and Debtors in
19 Possession
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DECLARATION OF GRIFFIN GUESS

I, Griffin Guess, hereby declare as follows:

1. I have personal knowledge of the facts set forth below and, if called to testify, would and could competently testify thereto.

2. I am the President, sole member of the Board of Directors, and authorized representative of Cartel Management, Inc. ("CMI"), and I am the sole member and managing member of Titans of Mavericks, LLC ("Titans" and collectively with CMI, the "Debtors").

A. Brief Description Of The Debtors' Business And Operations.

3. CMI and Titans together promote, organize, and host one of the most famous sporting events in "big wave" surfing, known as "Titans of Mavericks" at the Pacific Ocean surf break popularly known as "Mavericks" located near Half Moon Bay, California, just south of San Francisco. This one-day, invitation only, surfing competition attracts professional big wave surfers from across the globe. The competition is limited to twenty four of the world's best male surfers, and six of the world's best female surfers, challenging the massive swells and each other on the biggest and best surf days every winter. It is not uncommon for competition waves to be in excess of fifty feet. The current competition date generally spans from November through March 31 each year. When weather and surf conditions are determined to be satisfactory, notice is provided to the contestants of the commencement of the event. The event does not necessarily occur every year – if weather and wave conditions are not deemed satisfactory, the event is not held.

4. CMI and Titans work collectively to promote, organize, and host the event. CMI generally is in the business of event and brand management and media broadcast development to promote, produce, develop and market intellectual properties to develop stronger media presence and business models for the exploitation of such intellectual properties. CMI is wholly owned by me. I am also the President and sole member of the Board of Directors of CMI.

5. In 2015, I created Titans to hold the intellectual properties and handle the actual day to day tasks related to the organization of the Titans of Mavericks surf event. I am the sole

1 manager and member of Titans. CMI and Titans therefore work hand in hand to promote,
2 organize, and host the event. CMI has no secured debt and approximately \$1.232 million of
3 general unsecured debt. Titans has no secured debt and approximately \$1.532 million of general
4 unsecured debt. The Debtors and I have spent in excess of \$3 million developing and marketing
5 the Titans of Mavericks brand, paying operating expenses, and obtaining the intellectual property
6 and permits in connection with the surf event.

7 **B. Events Leading To The Debtors' Bankruptcy Cases.**

8 6. The primary source of income for the Debtors is revenue generated from
9 sponsorship and media agreements between CMI and third parties such as Red Bull, Clif Bar, Fox
10 Sports and Pandora. The Debtors also generate revenue from the sale of products such as
11 clothing, hats, posters, and stickers associated with the surfing event.

12 7. Despite revenue growth and significant increased attention for the event, the
13 Debtors faced operating difficulties arising from delayed sponsor payments, political
14 complications, costly litigation and the need to maintain their necessary permits in the face of
15 continuing efforts by certain third parties to negatively affect the Debtors. The Debtors were
16 forced to file for bankruptcy protection in order to obtain a breathing spell and hope to conduct
17 either a sale of their business and/or assets, or internally restructure their financial affairs with an
18 infusion of new equity.

19 **C. The Debtors' Efforts To Market And Sell The Debtors' Assets.**

20 8. Starting on approximately February 10, 2017, I contacted marquee parties in the
21 following five sectors: television network groups, media and internet companies, brand and
22 product corporations, high net-worth individuals, and professional sports leagues and teams. In
23 total, the Debtors reached out to hundreds of parties and had direct communications with
24 approximately seventy parties. The Debtors created a substantive data room from which
25 prospectively interested buyers were granted access to extensive financial data and other
26 information about the Debtors' assets. The Debtors also assembled a substantial list of
27 approximately 71 prospective buyers, and approximately 11 buyers signed confidentiality
28

1 agreements and were provided with access to the data room. The opportunity to acquire the
2 Debtors' assets was widely broadcast, and I therefore believe that the Debtors reasonably
3 provided notice to the most likely candidates who would be interested in acquiring the Debtors'
4 assets.

5 9. On May 3, 2017, the Debtors filed that certain *Debtors' Motion For Entry Of An*
6 *Order: (1) Approving Auction Sale Format And Bidding Procedures; (2) Approving Form Of*
7 *Notice To Be Provided To Prospective Buyers; (3) Approving Form Of Asset Purchase Agreement*
8 *For Prospective Overbidders To Use; And (4) Scheduling A Hearing For The Court To Consider*
9 *Approval Of The Debtors' Asset Sale To The Highest And Best Bidder* (the "Bid Procedures
10 Motion"). On May 11, 2017, the Bankruptcy Court entered an order (the "Bid Procedures
11 Order") granting the Bid Procedures Motion.

12 10. On May 17, 2017, the Debtors filed that certain *Debtors' Motion For Entry Of An*
13 *Order: (1) Approving Sale Of Substantially All Of The Debtors' Assets Related To "Titans Of*
14 *Mavericks" Free And Clear Of All Liens, Claims And Interests; (2) Approving Debtors'*
15 *Assumption And Assignment Of Unexpired Leases And Executory Contracts And Determining*
16 *Cure Amounts; (3) Approving Debtors' Rejection Of Unexpired Leases And Executory Contracts*
17 *Which Are Not Assumed And Assigned; (4) Waiving The 14-Day Stay Periods Set Forth In*
18 *Bankruptcy Rules 6004(h) And 6006(d); And (5) Granting Related Relief* (the "First Sale
19 Motion").

20 11. Pursuant to the Bid Procedures Order, the deadline to submit a bid was May 25,
21 2017 and an auction was scheduled to be conducted on June 1, 2017. Four parties expressed an
22 interest in submitting a bid to the Debtors and participating in an auction. None of those parties
23 submitted a qualified bid under the Bid Procedures Order, but one of the parties initially proposed
24 an alternative transaction involving a potential recapitalization of the Debtors as opposed to an
25 asset sale. As a result, the Debtors did not conduct an auction on June 1, 2017 and the Debtors
26 withdrew the First Sale Motion without prejudice. Additionally, two of the four parties continued
27 to express an interest in submitting a bid for the purchase of the Debtors' assets related to "Titans
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1 of Mavericks.”

2 12. One of the parties has submitted a purchase offer to the Debtors. The Debtors and
3 this potential buyer are currently engaged in negotiations regarding the actual, written, terms and
4 conditions of the sale, and the Debtors are hopeful that they will be in a position to present the
5 proposed sale to the Court concurrently with, or soon after, the filing of this Motion. The Debtors
6 anticipate filing a sale motion concurrently with, or soon after, the filing of this Motion. The
7 potential sale, if approved by the Court and ultimately successful, will likely close in late-
8 September to early October 2017. The Debtors believe that during the next approximate 90 days,
9 and once the potential sale closes, the Debtors will be in a position to present to the Court a plan
10 of reorganization.

11 **D. The Debtors’ Compliance With Their Duties.**

12 13. Since the bankruptcy filings, the Debtors and I have worked virtually around the
13 clock to ensure that the Debtors’ are in compliance with their duties and obligations. The Debtors
14 have submitted a substantial amount of information to the United States Trustee, and the Debtors
15 have submitted monthly operating reports. The Debtors timely filed their Schedules of Assets and
16 Liabilities, Statement of Financial Affairs, and other required documents, on February 28, 2017.
17 The Debtors also attended their respective initial debtor interviews, and attended and completed
18 their respective meetings of creditors under 11 U.S.C. § 341(a). The Debtors also submitted a
19 status report to this Court and attended a status conference. The Debtors have also filed
20 applications to employ three professionals, all of which have been approved.

21 I declare under penalty of perjury that the foregoing is true and correct to the best of my
22 knowledge. Executed this 23rd day of August, 2017.

23 **DocuSigned by:**

24 

25 GRIFFIN GUESS

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PROOF OF SERVICE OF DOCUMENT

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I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is: 10250 Constellation Boulevard, Suite 1700, Los Angeles, CA 90067

A true and correct copy of the foregoing document entitled **DEBTORS' NOTICE OF MOTION AND MOTION TO EXTEND THE EXCLUSIVITY PERIODS FOR THE DEBTORS TO FILE A PLAN OF REPRGANIZATION AND OBTAIN ACCEPTANCE THEREOF; MEMORANDUM OF POINTS AND AUTHORITIES; DECLARATION OF GRIFFIN GUESS IN SUPPORT THEREOF** 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 **August 23, 2017**, 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:

- Lynn Brown notices@becket-lee.com
- Emily M Charley echarley@hansonbridgett.com, ihaas@hansonbridgett.com
- Stephen D Finestone sfinestone@fhlawllp.com
- Mary H Haas maryhaas@dwt.com, melissastrobel@dwt.com;laxdocket@dwt.com
- Jeffrey S Kwong jsk@lnbyb.com, jsk@ecf.inforuptcy.com
- Kenneth G Lau kenneth.g.lau@usdoj.gov
- Paul J Laurin plaurin@btlaw.com, slmoore@btlaw.com;jboustani@btlaw.com
- Krikor J Meshefejian kjm@lnbrb.com
- David L. Neale dln@lnbyb.com
- Adam M Satnick dmarioni@r2lawgroup.com
- Stewart K Schmella sschmella@lanzalawfirm.com, rbanda@lanzalawfirm.com
- United States Trustee (LA) ustpreion16.la.ecf@usdoj.gov
- Phillip K Wang phillip.wang@rimonlaw.com, david.kline@rimonlaw.com

2. SERVED BY UNITED STATES MAIL: On **August 23, 2017**, 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 **August 23, 2017**, 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.

1 **Served via Attorney Service**

Hon. Deborah J. Saltzman
2 United States Bankruptcy Court
Edward R. Roybal Federal Building
3 255 E. Temple Street, Suite 1334
Los Angeles, CA 90012

4
5 I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

6 August 23, 2017

Stephanie Reichert

/s/ Stephanie Reichert

7 *Date*

Type Name

Signature

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Cartel Management, Inc.
Titans of Mavericks, LLC
Master Mailing List & RSN

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