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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re	:	
	:	Chapter 11
WEISS MULTI-STRATEGY ADVISERS	:	
LLC, <i>et al.</i> , ¹	:	Case No. 24-10743 (MG)
	:	
Debtors.	:	(Jointly Administered)
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**DEBTORS' REPLY TO OBJECTION OF JEFFERIES STRATEGIC INVESTMENTS,
LLC, LEUCADIA ASSET MANAGEMENT HOLDINGS LLC, AND JEFFERIES LLC
TO THE DEBTORS' MOTION FOR ENTRY OF ORDER, PURSUANT TO 11 U.S.C. §§
105, 363, 364, 503 AND 507 AND FED. R. BANKR. P. 4001 AND 6003, AUTHORIZING
CERTAIN DEBTORS TO BORROW PURSUANT TO A POST-PETITION FIRST
PRIORITY SECURED FINANCING FACILITY**

The above-captioned debtors and debtors-in-possession (collectively, the "Debtors"), through their undersigned counsel, file this Reply (this "Reply") to the Objection [Dkt. No. 165] (the "Objection") of Jefferies Strategic Investments, LLC, Leucadia Asset Management Holdings LLC, and Jefferies LLC (collectively, the "Jefferies Entities") to the Debtors' Motion for approval

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Weiss Multi-Strategy Advisers LLC (7518); GWA, LLC (7079); OGI Associates LLC (4493); Weiss Special Operations LLC (7626); and Weiss Multi-Strategy Funds LLC (8004). The location of Debtor Weiss Multi-Strategy Advisers LLC's former principal place of business is 320 Park Avenue, 20th Floor, New York, New York 10022 and the Debtors' service address in these Chapter 11 Cases is P.O. Box 2857, Meriden, Connecticut 06450.

of a post-petition first priority secured financing facility [Dkt. No. 156] (the “Motion”)² and respectfully state as follows:

The Jefferies Entities’ main objection to the Motion is that the DIP Facility – offered by the Debtors’ principal at a significantly below market interest rate of only 5% without any fees, milestones or financial covenants – is somehow unfair to the Debtors. As set forth in the Motion and supporting Declarations, the “process and price” of the proposed DIP Facility “not only appear fair but are fair” to the Debtors under even the highest level of scrutiny.³ The Jefferies Entities would have this Court believe that the Debtors’ founder sought, out of personal gain and self-interest, to lend \$1 million into a liquidating chapter 11 enterprise for the lucrative opportunity to take liens on speculative and illiquid receivables all for a possible 5% total return (i.e., money market rates). Rather, and more reasonably, the DIP Lender agreed to provide the DIP Facility because funds were necessary at a low cost to the Debtors to facilitate a winddown process consistent with the Debtors’ (1) fiduciary duties to hundreds of the Debtors’ investor clients, and (2) compliance with the Investment Advisers Act of 1940, the Commodity Exchange Act, the Investment Company Act of 1940, and the Internal Revenue Code, among other laws applicable to them. Although the Jefferies Entities unreasonably question the sworn statements in the Klestadt Declaration, the Debtors were in fact (and unsurprisingly) unable to secure financing on terms as

² Terms capitalized but not defined herein shall have the meanings ascribed to them in the Motion.

³ The Debtors disagree that the “entire fairness” standard necessarily applies under applicable corporate law where the Jefferies Entities have not shown or even alleged that the DIP Lender is not independent or is acting in his own self-interest. *See In re Los Angeles Dodgers LLC*, 457 B.R. 308, 313 (Bankr. D. Del. 2011) (“[T]he business judgment rule governs unless the opposing party can show one of four elements: (1) the directors did not in fact make a decision, (2) the directors' decision was uninformed; (3) the directors were not disinterested or independent; or (4) the directors were grossly negligent.”) (applying entire fairness where debtor principal sought court approval of a loan to existing lenders because he would otherwise personally owe \$5.25 million to such lender); *see also In re Neri Bros. Constr. Corp.*, 593 B.R. 100, 158 (Bankr. D. Conn. 2018) (applying Connecticut law and requiring self interest to apply entire fairness). Nevertheless, the DIP Facility meets this heightened standard.

least as favorable as those set forth in the Motion, particularly given the speculative nature of the collateral (subject to the vagaries of litigation and of unknown collectability). Unlike in the case cited by the Jefferies Entities, the objectors here have not offered to provide financing on better (or any) terms. *Cf. In re Los Angeles Dodgers LLC*, 457 B.R. 308, 314 (Bankr. D. Del. 2011) (“[H]ad Debtors negotiated with [the objector], a more economically viable loan may have developed—but at a high cost to the Debtors’ decision-maker, Mr. McCourt.”).

The Jefferies Entities additionally make wildly inaccurate statements that the Motion is an “about face” from the Debtors’ claim at the beginning of these cases that all regulatory and winddown tasks “would be completed by the end of July 2024.” No such claim was made. To the contrary, the Debtors have stressed in numerous filings with the Court that the services of the Debtors’ qualified staff and professionals will be vital to the Debtors’ ability to wind down their businesses efficiently and in compliance with regulatory obligations, specifically including tasks continuing past July 2024. *See, e.g.*, Decl. of Pierce Archer, Dkt. No. 6; Decl. of Michele Lanzoni, Dkt. No. 41; Status Report of Michele Lanzoni, Dkt. No. 113, Ex. A Timeline.

The Jefferies Entities’ feigned surprise at a so-called “unexplained” “cash crunch” is also disingenuous (even setting aside the fact that a significant portion of the Debtors’ legal expenses are a direct result of the roadblocks set up at every turn by the Jefferies Entities themselves). The Debtors explain in the Motion and supporting Declarations that “anticipated and estimated cash receipts” of over \$1.1 million were not timely received. With the Motion, the Debtors are requesting only the \$1 million currently necessary to get the Debtors over the liquidity hump until existing assets can be monetized, which may include the \$1.1 million receivable, the Visser Note, and/or the OGI Portuguese Bonds, all of which the Debtors are currently actively pursuing monetizing. Contrary to the Jefferies Entities’ implication that providing these receivables to the

DIP Lender as Collateral is akin to giving away the farm, each aspect of the Collateral is purely speculative, and these assets are pledged only to the extent of the DIP Lender's claim.

For the reasons set forth herein and in the Motion, the DIP Facility is the result of a fair process by which the Debtors negotiated and obtained only that financing currently necessary upon the most favorable terms available. The DIP Facility will allow the Debtors' staff and professionals to continue necessary efforts to maximize value for distribution to creditors under a plan of liquidation, including pursuing a sale of the OGI Portuguese Bonds at a reasonable price. As a result, the Debtors respectfully submit that obtaining the DIP Facility on the terms set forth in the Motion is reasonable, appropriate and fair under the circumstances and should be approved.

WHEREFORE, the Debtors respectfully request entry of the DIP Order and for such other and further relief as is just and proper.

Dated: New York, New York
August 9, 2024

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By: /s/ Tracy L. Klestadt

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