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**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:

COTTONWOOD FINANCIAL LTD., *et al.*,¹

Debtors.

§

§ Chapter 11

§

§ Case No. 24-80035 (SWE)

§

§ (Jointly Administered)

§

**DEBTORS' MOTION FOR ENTRY
OF FINAL DECREE AND ORDER CLOSING THE CHAPTER 11 CASES**

IF YOU OBJECT TO THE RELIEF REQUESTED, YOU MUST RESPOND IN WRITING. UNLESS OTHERWISE DIRECTED BY THE COURT, YOU MUST FILE YOUR RESPONSE ELECTRONICALLY AT [HTTPS://ECF.TXNB.USCOURTS.GOV/](https://ecf.txnb.uscourts.gov/) NO MORE THAN FOURTEEN (14) DAYS AFTER THE DATE THIS MOTION WAS FILED. IF YOU DO NOT HAVE ELECTRONIC FILING PRIVILEGES, YOU MUST FILE A WRITTEN OBJECTION THAT IS ACTUALLY RECEIVED BY THE CLERK AND FILED ON THE DOCKET NO MORE THAN FOURTEEN (14) DAYS AFTER THE DATE THIS MOTION WAS FILED. OTHERWISE, THE COURT MAY TREAT THE PLEADING AS UNOPPOSED AND GRANT THE RELIEF REQUESTED.

¹ The Debtors in these chapter 11 cases and the last four digits of each Debtors' federal tax identification number are as follows: Cottonwood Financial Ltd. (1001); Cottonwood Financial Administrative Services, LLC (7228); Cottonwood Financial Texas, LLC (9059); Cottonwood Financial Idaho, LLC (5651); Cottonwood Financial Wisconsin, LLC (7075). The Debtors' principal offices are located at 2100 W Walnut Hill Lane, Suite 300, Irving, TX 75038.

The above-captioned debtors and debtors in possession (collectively, the “Debtors”) respectfully state as follows in support of this motion (this “Motion”):

Jurisdiction and Venue

1. The Court has jurisdiction over this Motion pursuant to 28 U.S.C. § 1334. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).

2. Venue in this Court is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

3. The bases for the relief requested herein are section 350(a) of chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”), Rule 3022 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and Rule 3022-1 of the Bankruptcy Local Rules for the Northern District of Texas (the “Bankruptcy Local Rules”).

Relief Requested

4. The Debtors seek entry of an order, substantially in the form attached hereto as **Exhibit A**, (a) approving the entry of a final decree (the “Final Decree”), (b) closing these chapter 11 cases, and (c) granting related relief.

Background

5. The Debtors operated one of the largest privately held retail consumer finance companies in the United States. Through its Cash Store® brand, the Debtors offered their customers an array of financial products and consumer-lending services, including single payment cash advances, installment cash advances and title loans. The Debtors utilized an innovative mix of financial technology (fintech) through its online customer portal and brick-and-mortar financial products and services through its 181 retail locations across Texas, Idaho and Wisconsin.

6. On February 25, 2024 (the “Petition Date”), each Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Debtors are operating as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No request for the

appointment of a trustee or examiner was made in these chapter 11 cases, and no committees were appointed.

7. A detailed description of the Debtors and their businesses, and the facts and circumstances regarding the Debtors' chapter 11 cases, are set forth in the *Declaration of Karen Nicolaou, Chief Restructuring Officer, in Support of Chapter 11 Petitions and First Day Motions* [Docket No. 19] (the "First Day Declaration").

8. On August 7, 2024, the Bankruptcy Court entered its *Findings of Fact, Conclusions of Law, and Order (I) Approving Disclosure Statement on a Final Basis and (II) Confirming Debtors' Joint Chapter 11 Plan of Liquidation* [Docket No. 414] (the "Confirmation Order"), which confirmed the Joint Chapter 11 Plan of Liquidation [originally appearing at Docket No. 353, with final solicitation version appearing at Docket No. 375] (as amended, modified, or supplemented from time to time, the "Plan").² The Effective Date of the Plan occurred on August 22, 2024. *See* Docket No. 432. The Plan has been substantially consummated, as further explained below.

9. On September 19, 2024, the professionals retained pursuant to section 327 of the Bankruptcy Code (the "Debtors' Professionals") filed fee applications for fees and expenses incurred from the Petition Date through the Effective Date (the "Final Fee Applications") [Docket Nos. 437, 438 & 440]. On October 18, 2024 and October 22, 2024, the Court entered orders granting the Final Fee Applications (the "Final Fee Orders") [Docket Nos. 463, 464, & 465].

Basis for Relief

10. Section 350(a) of the Bankruptcy Code provides that "[a]fter an estate is fully administered and the court has discharged the trustee, the court shall close the case." Bankruptcy

² Capitalized terms not defined herein have the meaning as defined in the Plan.

Rule 3022, which implements sections 350 of the Bankruptcy Code, further provides that “[a]fter an estate is fully administered in a chapter 11 reorganization case, the court, on its own motion or on motion of a party in interest, shall enter a final decree closing the case.”

11. The term “fully administered” is not defined in the Bankruptcy Code, the Bankruptcy Rules, or the Bankruptcy Local Rules. The Advisory Committee Note to Bankruptcy Rule 3022 (the “Advisory Committee Note”), however, sets forth the following non-exclusive factors to be considered in determining whether a case has been fully administered:

- a. whether the order confirming the plan has become final;
- b. whether deposits required by the plan have been distributed;
- c. whether the property proposed by the plan to be transferred has been transferred;
- d. whether the debtor or the successor of the debtor under the plan has assumed the business or the management of the property dealt with by the plan;
- e. whether payouts under the plan have commenced; and
- f. whether all motions, contested matters, and adversary proceedings have been finally resolved.

Fed. R. Bankr. P. 3022 Advisory Committee Note; *see also In re Clayton*, 101 F.3d 697, at *1 (5th Cir. 1996) (unpublished) (noting that “[a]lthough rule 3022 does not define “fully administered,” the Advisory Committee Note provides some guidance, listing various factors a court should consider in determining whether an estate has been fully administered”); *In re JCP Props., Ltd.*, 540 B.R. 596, 605 (Bankr. S.D. Tex. 2015) (same). In addition, courts have considered whether the plan of reorganization has been substantially consummated. *See, e.g., JCP Props., Ltd.*, 540 B.R. at 606 (considering substantial consummation as a factor in determining whether to close a case). The elements of substantial consummation track the third, fourth and fifth factors set forth

in the Advisory Committee Note.³ Courts have recognized the forgoing factors are nonexclusive and are “plainly an aid or checklist that serves to ensure that there is no unfinished business before the Court or in the case.” *In re Kliegl Bros. Universal Elec. Stage Lighting Co., Inc.*, 238 B.R. 531, 542 (Bankr. E.D.N.Y. 1999).

12. Here, the relevant non-exclusive factors in the Advisory Committee Note have been met, the Debtors’ estates have been fully administered within the meaning of section 350(a) of the Bankruptcy Code, and the Debtors have substantially consummated their Plan within the meaning of section 1101(2) of the Bankruptcy Code.⁴ The Confirmation Order was entered on August 7, 2024, and the effective date of the Plan occurred on August 22, 2024. Pursuant to Article VIII of the Plan, all Estates’ Assets, other than the Retained Causes of Action transferred to the Prepetition Secured Lender pursuant to Articles IV.B and VI.E of the Plan, vested in the Debtors on the Effective Date or will be abandoned. Thus, all or substantially all of the property proposed by the Plan has been transferred. Additionally, all distributions under the Plan, if any, have been made by the Wind Down Officer or will be promptly paid following the closing of these chapter 11 cases. All fees due and payable to the U.S. Trustee pursuant to 28 U.S.C. § 1930(a)(6) for distributions made through September 2024 have been paid, and the Debtors have reserved for payment of final U.S. Trustee fees through December 2024. All motions, including the Final Fee Applications, have been resolved and there are no pending adversary proceedings. The Debtors have paid all Debtors’ Professionals the outstanding amounts set forth in the Final Fee Orders.

³ Section 1101(2) of the Bankruptcy Code defines substantial consummation as the: “(A) transfer of all or substantially all of the property proposed by the plan to be transferred; (B) assumption by the debtor or by the successor to the debtor under the plan of the business or of the management of all or substantially all of the property dealt with by the plan; and (C) commencement of distribution under the plan.”

⁴ The second factor in the Advisory Committee Note is irrelevant, since the Plan does not require any deposits be distributed.

13. The Debtors also request that the Court close the chapter 11 cases in light of section 1930 of title 28 of the United States Code, which requires quarterly fees be paid to the U.S. Trustee after confirmation and consummation of a chapter 11 plan until a debtor's case is closed.

14. Accordingly, the Debtors request that the Court enter the Final Decree, in accordance with section 350(a) of the Bankruptcy Code and Bankruptcy Rule 3022, closing the chapter 11 cases.

Notice

15. The Debtors will provide notice of this Motion to the following parties or their counsel: (a) the U.S. Trustee for the Northern District of Texas; (b) the holders of the 30 largest unsecured claims against the Debtors; (c) the lenders under the Debtors' prepetition term loan agreement; (d) United States Attorney's Office for the Northern District of Texas; (e) the Internal Revenue Service; (f) the state attorneys general for states in which the Debtors conduct business; and (g) any party that has requested notice pursuant to Bankruptcy Rule 2002. In light of the nature of the relief requested, the Debtors submit that no other or further notice is needed.

[Remainder of page intentionally left blank.]

WHEREFORE, the Debtors respectfully request that the Court enter the Order, substantially in the form attached hereto as **Exhibit A**, granting the relief requested herein and such other relief as the Court deems appropriate under the circumstances.

Respectfully submitted this 5th day of December, 2024.

GRAY REED

By: /s/ Lydia R. Webb

Jason S. Brookner (TX Bar No. 24033684)

Aaron M. Kaufman (TX Bar No. 24060067)

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*Counsel to the Debtors
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Certificate of Service

I certify that on December 5th, 2024, I caused a copy of the foregoing document to be served by the Electronic Case Filing System for the United States Bankruptcy Court for the Northern District of Texas.

/s/ Lydia R. Webb

Lydia R. Webb

Exhibit A

Proposed Order

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:	§	
	§	Chapter 11
	§	
COTTONWOOD FINANCIAL LTD., <i>et al.</i> , ¹	§	Case No. 24-80035 (SWE)
	§	
Debtors.	§	(Jointly Administered)
	§	

FINAL DECREE AND ORDER CLOSING THESE CHAPTER 11 CASES

Upon the motion (the “Motion”)² of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) for entry of an order (this “Order”) (a) approving the entry of a final decree (the “Final Decree”), (b) closing these chapter 11 cases, and (c) granting related relief; and this Court having jurisdiction to consider the Motion pursuant to 28 U.S.C. § 1334; and consideration of the Motion being a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and this

¹ The Debtors in these chapter 11 cases and the last four digits of each Debtors’ federal tax identification number are as follows: Cottonwood Financial Ltd. (1001); Cottonwood Financial Administrative Services, LLC (7228); Cottonwood Financial Texas, LLC (9059); Cottonwood Financial Idaho, LLC (5651); Cottonwood Financial Wisconsin, LLC (7075). The Debtors’ principal offices are located at 2100 W Walnut Hill Lane, Suite 300, Irving, TX 75038.

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Motion.

Court finding that the relief requested in the Motion is in the best interests of the Debtors and their estates; and it appearing that due and sufficient notice of the Motion has been provided by the Debtors and that no other or further notice is required; and after due deliberation and good cause appearing therefor, it is HEREBY ORDERED THAT:

1. The Motion is GRANTED as set forth herein.
2. Pursuant to section 350(a) of the Bankruptcy Code and Bankruptcy Rule 3022, the Debtors' chapter 11 cases are hereby closed by this Final Decree.
3. The Wind Down Officer shall make all payments and distributions as required under the Plan and Confirmation Order.
4. Entry of this Final Decree is without prejudice to the rights of the Debtors or any other party in interest to seek to reopen these cases for good cause shown pursuant to section 350(b) of the Bankruptcy Code, which shall include any dispute in connection with the payments and distributions as required under the Plan and Confirmation Order.
5. The Debtors shall pay, when due, any fees accrued and owing under 28 U.S.C. § 1930 with respect to any disbursements made in the Debtors' chapter 11 cases through the date of this Final Decree.
6. The services (the "Services") provided by Epiq Corporate Restructuring, LLC ("Epiq") for the chapter 11 cases of the Debtors pursuant to the *Order Authorizing the Retention and Employment of Epiq Corporate Restructuring, LLC as Claims, Noticing, and Solicitation Agent* [Docket No. 69] (the "Epiq Retention Order") are terminated and Epiq shall have no further obligations to this Court, the Debtors, or any other party in interest with respect to the Services in these chapter 11 cases.
7. Following entry of this Order, consistent with the Epiq Retention Order, Epiq shall deliver to the Clerk of the Bankruptcy Court (the "Clerk") an electronic copy in pdf format of all proofs of claim. Once the electronic copy has been received by the Clerk, Epiq may destroy all

proofs of claim in its possession sixty (60) days after filing a Notice of Intent to Destroy on the Court's docket.

8. The Court shall retain jurisdiction over the Debtors' chapter 11 cases to the extent permitted under the Plan.

9. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Final Decree in accordance with the Application.

10. Notwithstanding the possible applicability of Bankruptcy Rules 6004(h), 7062, and 9014 or otherwise, the terms and conditions of this Final Decree shall be immediately effective and enforceable upon its entry.

11. The Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Final Decree.

END OF ORDER

Submitted by:

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