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From: **Nicholas Ribis** <[REDACTED]>  
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## **Judge slows Caesars' bankruptcy plan, warns of looming legal war**

CHICAGO | BY [TRACY RUCINSKI](#)

Business | Tue Jun 7, 2016 6:28pm EDT

A U.S. bankruptcy judge on Tuesday pushed back a decision until later this month on whether to allow the operating unit of Caesars Entertainment Corp ([CZR.O](#)) to move forward with a restructuring plan vigorously opposed by some creditors.

The casino unit has presented a reorganization plan that includes a \$4 billion contribution from its nonbankrupt parent to settle allegations of asset-stripping prior to the unit's bankruptcy filing in January 2015, with \$18 billion in debt.

Junior creditors have said the parent could be on the hook for as much \$12 billion in claims. Caesars has denied the allegations.

A mediation meant to help the feuding camps reach a settlement broke down on Monday.

Various groups of creditors said in court on Tuesday that the plan was incomplete, particularly regarding protections from lawsuits it provided to Caesars and its private equity sponsors, Apollo Global Management ([APO.N](#)) and TPG Capital [[TPG.UL](#)].

Lawyers for the bankrupt unit said that negotiations with creditor groups were continuing and that they would present a new plan by June 15. A description of the plan, known as a disclosure statement, will be presented to

the court on June 22, and if approved the bankrupt unit could begin seeking creditor votes.

That will be followed by a confirmation trial later this year. It is unclear whether that process would be "short and sweet or World War III," Judge Benjamin Goldgar said in U.S. Bankruptcy Court in Chicago on Tuesday.

The restructuring plan envisions splitting the bankrupt unit into an operating company and a real estate investment trust (REIT). While creditors broadly support the essence of the plan, it is opposed by a casino union and lawmakers.

"Our analysis of Caesars' bankruptcy plan is that it doesn't fix the underlying structural problems and may wind up with another trip to the bankruptcy court," said Ben Begleiter of Unite Here, a union for thousands of Caesars staff.

Last week, members of U.S. Congress urged Treasury Secretary Jack Lew to deny Caesars a favorable tax ruling relating to the proposed REIT, a move that would undermine the plan.

The parent is also facing lawsuits in New York and Delaware by hedge fund bondholders over guarantees on the bankrupt unit's debt, with judgments worth a combined \$11.4 billion expected between this month and next.

Goldgar will decide on Wednesday whether to grant the operating unit's request to halt those lawsuits temporarily.

(Editing by Tom Hals and Matthew Lewis)

### **Caesars Fights for Creditor Support for Restructuring Plan**

*Casino operator says it is near deal with senior bondholders; senior bank lenders, junior bondholders don't back plan*

By JACQUELINE PALANK

June 7, 2016 6:00 p.m. ET

CHICAGO— [Caesars Entertainment](#) Operating Co. returned to bankruptcy court Tuesday where the casino operator's lawyers sought to rally support for its \$18 billion restructuring plan despite a notable lack of support from some key creditor constituencies.

In bankruptcy court Tuesday, CEO's lawyer Nicole Greenblatt said the company has an "agreement in principle" to secure the support of its official committee of unsecured creditors for its restructuring plan and is

“very close” to reaching a deal with senior bondholders. Senior bank lenders don’t support the plan, she added, nor do junior bondholders.

“I think we are finally in a place where we are in agreement with people other than ourselves,” Ms. Greenblatt said.

CEOC, the largest operating unit of publicly traded Caesars Entertainment Corp., was scheduled Tuesday to ask Judge A. Benjamin Goldgar to let it put its restructuring plan to a creditor vote.

But the work-in-progress nature of the plan drew objections from creditors and a federal bankruptcy watchdog, who said creditors can’t vote on a plan that revolves around a settlement of multibillion-dollar legal claims that hasn’t yet been inked.

“We don’t even have a deal. I think in no way today should this disclosure statement be deemed adequate. You can’t even understand what the deal is because the deal’s not done yet,” said Denise DeLaurent, a lawyer for the U.S. Trustee’s office, an arm of the Justice Department that monitors the nation’s bankruptcy courts.

An outline of the plan, called a disclosure statement, must pass muster with a bankruptcy judge before creditors can vote on the proposal. Judge Goldgar will now consider allowing creditors to vote on the restructuring plan at a June 22 hearing.

Uncertainty surrounding CEOC’s fate is tied to the elusive settlement that would form the backbone of the unit’s chapter 11 exit plan. Such a deal would see Caesars, which isn’t in bankruptcy, contribute an estimated \$4 billion to help fund CEOC’s restructuring in return for broad liability releases.

Two separate investigations—one by a special committee of CEOC’s directors and the other by an independent, court-appointed examiner—have concluded that CEOC [has potential legal claims](#) against its parent and its parent’s private-equity owners, [Apollo Global Management](#) and TPG.

The potential legal claims, which the examiner said could be worth up to \$5.1 billion but which junior bondholders value at up to \$12.6 billion, relate to a series of deals orchestrated by Caesars, Apollo and TPG that moved valuable assets away from the troubled CEOC to other Caesars affiliates.

The shuffling of assets was meant to protect Apollo and TPG’s stakes in Caesars but hurt CEOC and its creditors, the examiner concluded. Caesars and its owners have disputed the allegations and said the deals were proper and necessary to shore up the struggling unit.

Throughout the case, which was filed in January 2015, creditors have battled over whether the amount Caesars is contributing to settle the claims is enough. Lawyers in the case, as well as the judge, are preparing for a showdown over the deal in connection with CEOC's quest to exit chapter 11 protection.

"I sort of envisioned World War III myself, but hope springs eternal," Judge Goldgar said.

CEOC is due back before Judge Goldgar Wednesday to seek an injunction to halt bondholder lawsuits pending in New York and Delaware courts that could see Caesars held liable for more than \$11 billion of the operating unit's debt. CEOC says such rulings would threaten Caesars' financial health as well as its ability to contribute to CEOC's restructuring.

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