

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

In re: CAESARS ENTERTAINMENT OPERATING COMPANY, INC., <u>et al.</u> , ¹ Debtors.	Chapter 11 Case No. 15-01145 (ABG) (Jointly Administered)
CAESARS ENTERTAINMENT OPERATING COMPANY, INC., <u>et al.</u> , Movants, -against- STATUTORY UNSECURED CLAIMHOLDERS' COMMITTEE, Respondent.	

**RESPONSE OF STATUTORY UNSECURED CLAIMHOLDERS'
COMMITTEE TO DEBTORS' MOTION TO FURTHER EXTEND EXCLUSIVE
PERIODS TO FILE A CHAPTER 11 PLAN AND SOLICIT ACCEPTANCES THEREOF**

To the Honorable A. Benjamin Goldgar, United States Bankruptcy Judge:

The statutory unsecured claimholders' committee (the "UCC") of Caesars Entertainment Operating Company, Inc., *et al.* (the "Debtors") respectfully submits this response (the "Response") to the *Debtors' Motion to Further Extend Their Exclusive Periods to File a Chapter 11 Plan and Solicit Acceptances Thereof* [ECF No. 3197] (the "Exclusivity Motion"),² as follows:

¹ A complete list of the Debtors and the last four digits of their federal tax identification numbers may be obtained at <https://cases.primeclerk.com/CEOC>.

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

RESPONSE

1. The UCC does not oppose the Debtors' request for a four-month extension of the Exclusivity Periods. Prior causes to extend exclusivity remain valid as we await the filing of the Examiner's report, but that report will not provide sunlight until cleared of redactions. *See Amended Order Temporarily Authorizing the Filing of Redacted Versions of the Examiner's Report and Certain Documents and Related Procedures*, ECF No. 3187. Competing plans would serve no valid purpose at present and would be premature prior to all creditors having the opportunity to negotiate with the benefit of the Examiner's report.

2. That said, the UCC does not support a rush to confirmation of the proposed plan on file simply because the eighteen- to twenty-month statutory maximums are within sight. Any delay to confirmation is largely of the Debtors' and its non-debtor affiliates' own making by impeding the Examiner's investigation through slow production of documents and over-inclusive designations of privilege and confidentiality. *See* Jan. 20, 2016 Hr'g Tr. 6:10–12 (Mr. McGuire: "The examiner's eyes-only designations, which are really the privilege designations, come largely from CEOC and CEC."); *Examiner's Motion for Order Temporarily Authorizing the Filings of the Examiner's Report and Certain Documents Under Seal and Related Procedures* ¶ 11, ECF No. 2834 ("As of December 21, 2015, close to 99% of the documents produced have been marked with varying levels of confidentiality and privilege designations, including Confidential, Attorney's Eyes Only, and Examiner's Eyes Only"); *Examiner's Fifth Interim Report* ¶ 16, ECF No. 2535 ("As previously mentioned in the Prior Interim Reports, there was, and in some cases continues to be, substantial delay in the production of documents to the Examiner from certain key parties.").

3. This is a complex and difficult case with many contingencies still to be resolved before a confirmation process can begin. They may, however, continue beyond the Exclusive

Periods, and if so, they will still, as this Court has noted, “counsel against setting a disclosure statement hearing” (*see* Nov. 18, 2015 Hr’g Tr. 37:14–18) or otherwise commencing the confirmation process. Indeed, the proposed plan on file embeds a global settlement, which was not negotiated at arms’ length. That alone renders its confirmation problematic, in addition to its discharge of bond-guaranty claims against third parties, which has never before been granted in chapter 11. And, the UCC will seek derivative standing so it can prosecute and/or negotiate an arms’ length global settlement.

4. Accordingly, the UCC supports the Debtors’ requested extension of exclusivity, but not any attempts to sprint to a confirmation hearing on the currently proposed plan.

[Remainder of Page Intentionally Left Blank]

Dated: February 10, 2016
Chicago, Illinois

By: /s/ Paul V. Possinger
One of its attorneys

Martin J. Bienenstock (*admitted pro hac vice*)
Judy G.Z. Liu (*admitted pro hac vice*)
Philip M. Abelson (*admitted pro hac vice*)
Vincent Indelicato (*admitted pro hac vice*)
PROSKAUER ROSE LLP
Eleven Times Square
New York, New York 10036
Tel: (212) 969-3000
Fax: (212) 969-2900

-and-

Jeff J. Marwil (IL #6194054)
Mark K. Thomas (IL #6181453)
Paul V. Possinger (IL #6216704)
Brandon W. Levitan (IL #6303819)
PROSKAUER ROSE LLP
70 W. Madison St.
Chicago, Illinois 60602-4342
Tel: (312) 962-3550
Fax: (312) 962-3551

*Attorneys for the Statutory Unsecured
Claimholders' Committee of Caesars
Entertainment Operating Company, Inc., et al.*