



**IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE**

IN RE:

WWL DHOTEL INVESTORS, LLC,  
a Delaware limited liability company,

Assignor,

To:

DUCK (ABC), LLC,  
a Delaware limited liability company,

Assignee.

Consolidated

C.A. No. 2020-1087-JTL

**PETITION OF FINAL ACCOUNTING PURSUANT  
TO 10 *DEL. C.* § 7385 AND *EX PARTE* MOTION  
FOR APPROVAL OF DISTRIBUTIONS, DISCHARGE OF  
ASSIGNEES, ORDER CLOSING CASES AND RELEASE OF BOND**

Duck (ABC), LLC (“Duck”), in its sole and limited capacity as assignee for the benefit of creditors of WWL DHotel Investors, LLC (“DHotel Investors Assignor”), and Quack (ABC), LLC (“Quack” and, together with Duck, the “Assignees”), in its sole and limited capacity as assignee for the benefit of creditors of WWL DHotel Land, LLC (“DHotel Land Assignor” and, together with DHotel Investors Assignor, the “Assignor Entities”) respectfully file this petition of a proposed final accounting pursuant to 10 *Del. C.* § 7385 and motion for discharge of Assignees, order closing case, and release of bond (together, the “Petition”). In support of this Petition, the Assignees respectfully represent as follows:

## **BACKGROUND**

1. On December 18, 2020, the Assignor Entities assigned (the “General Assignments”) all of their right, title, and interest in all of their respective assets to the respective Assignees for the purposes of liquidation so that the proceeds thereof could be fairly distributed to their creditors without any preference or priority, except such priority as established and permitted by applicable law. The execution of such General Assignments established the assignment estates for each of the Assignor Entities (together, the “Assignment Estates”), which included all of each of the Assignor Entities’ assets as of the date of the General Assignments.

2. On December 21, 2020, the Assignees filed their respective *Verified Petitions for Assignment for the Benefit of Creditors* (together, the “Petitions”), thereby commencing the above-captioned assignment for the benefit of creditor proceedings (together, the “ABC Proceedings”). On March 4, 2020, the Assignees filed respective *Amended Verified Petitions for the Assignment for the Benefit of Creditors* (together, the “Amended Petitions”).

3. Historically, DHotel Land Assignor was the owner of an interest in the property known as The Drake Hotel, a luxury hotel located in Chicago, Illinois (the “Property”). From the Property, the Assignor Entities generated all of their revenues. Specifically, prior to the assignment, DHotel Land Assignor owned approximately 30% of the Property via a lease from the landlord thereof

(the “Landlord”). In July 2020, however, DHotel Land Assignor surrendered its interest in the Property through a Deed in Lieu, and the ownership thereof reverted to the Landlord. As such, as of the date of the General Assignment, DHotel Land Assignor no longer retained an interest in the Property, which was its only asset.

4. Prior to the Assignor Entities’ execution of the General Assignments, each of the Assignor Entities’ boards of managers extensively explored—with the aid of seasoned professionals—options to maximize value for its constituents. For various reasons, none of these options were viable, and thus, each of the Assignor Entities determined that the filing of an assignment for the benefit of creditors was the most appropriate mechanism for acting in the best interests of its creditors and stakeholders. As such, the Assignees have commenced a liquidation process with respect to the Assignor Entities’ assets, to be followed by an expeditious claims administration process.

5. On December 23, 2020, the Assignees filed with the Court a *Joint Motion to Consolidate on an Ex Parte Basis* (the “Consolidation Motion”) the ABC Proceedings for administrative purposes only. The Court granted the Consolidation Motion on December 30, 2020.

6. On March 4, 2021, the Assignor Entities filed the *Affidavit of Inventory Pursuant to 10 Del. C. § 7381* of James E. Gansman for the estate of DHotel Investors Assignor’s estate as of the Petition Date (the “Investors Inventory

Affidavit”) and the *Affidavit of Inventory Pursuant to 10 Del. C. § 7381* of James E. Gansman for the estate of DHotel Land Assignor’s estate as of the Petition Date (the “Land Inventory Affidavit” and, together with the Investors Inventory Affidavit, the “Inventory Affidavits”). Each of the Inventory Affidavits included the inventories of the assets in each of the Assignment Estates.

7. On April 15, 2021, the Court entered the Ex Parte *Order Appointing Appraisers Pursuant to 10 Del. C. § 7282* (the “Appraisal Order”). The Appraisal Order approved the appointment of Onyx Asset Advisors, LLC (“Onyx”), and Levato Consulting Group, LLC (“Levato” and, together with Onyx, the “Appraisers”) to make appraisements of the Assignment Estates and effects assigned pursuant to 10 *Del. C. § 7382*.

8. In accordance with the appraisements provided by the Appraisers, on April 23, 2021, the Assignees provided a bond in the amount of \$694,274.

9. Since the commencement of ABC Proceedings, the Assignees have worked diligently to investigate the assets of the Assignor Entities’ Assignment Estates, to respond to requests and inquiries from creditors, and to maintain the value of the Assignment Estates for the benefit of all interested parties. As reflected in the appraisements of the Appraisers, the Assignees have marshaled approximately \$694,000 of assets as part of the Assignment Estates. All such assets have been liquidated and are held in cash.

10. The Assignees have utilized the assets of the Assignment Estates in order to complete the administration thereof. During the course of the Assignees' administration of the Assignment Estates, the Assignees performed several wind-down activities, including analyzing and responding to litigation threats and requests, working with liability insurers related to the same, satisfying certain tax requirements and obligations, and coordinating with licensing agencies regarding the status of the Assignor Entities. Assignees also prepared and mailed Proof of Claim notices to interested parties after the filing of the ABC Proceedings and kept such parties apprised of developments in the ABC Proceedings through both formal and informal communications.

11. Part of the claims administration process included establishing and noticing the claims bar date of July 1, 2021, which was 180 days after the date of the General Assignments. In total, creditors filed 33 general unsecured claims representing approximately \$5,012,164.66 in aggregate claims against DHotel Investors Assignor's Assignment Estate at the time of the filing of the ABC Proceedings. Approximately 74.6% of the total amount of unsecured claims filed represented amounts due and owing to HLT Drake LLC (an affiliate of Hilton), which performed management services on behalf of the Assignor Entities at the Property prior to the commencement of the ABC Proceedings. In addition to the unsecured claims, one creditor filed a secured claim and one creditor filed a priority

claim, totaling, together, only \$29,135.57, both also against the DHotel Investors Assignor's Assignment Estate. There were no claims filed against DHotel Land Assignor's Assignment Estate, which also did not have any assets.

12. Considering these claims, the Assignees anticipate each creditor participating in the distribution to receive the dividend as proposed in Exhibit A (the dividend schedule for Duck) and Exhibit B (the dividend schedule for Quack), hereto (together, the "Dividend Schedules"). Each creditor is anticipated to receive a dividend of approximately 10.3% (such dividends, the "Distributions"). As of the date hereof, the Assignees have not yet made the Distributions; however, upon the expiration of 21 days after the date hereof, and if no objection or exception is filed to either Dividend Schedule or the Final Accounting (as defined below), the Assignees will render the Distributions within two business days thereof. Upon the issuance of the final Distribution, the Assignees will file a certification with the Court that they have made the Distributions in strict accordance with the Dividend Schedules and the Final Accounting and request the entry of the Proposed Order filed contemporaneously herewith.

13. Pursuant to 10 *Del. C.* § 7385, the Assignees submit the combined final accounting for the Assignment Estates, attached hereto as Exhibit C (the “Final Accounting”)<sup>1</sup>

### **RELIEF REQUESTED**

14. The Assignees believe that they have completed virtually all of the functions necessary to close this proceeding and discharge the Assignees. As reflected in the Affidavit of James E. Gansman, which will be filed shortly after the filing of this Petition, the Assignees have substantially administered their duties as Assignees of the Assignment Estates (pending the Distributions being completed as set forth above).

15. Therefore, upon the Assignees completing the Distributions detailed in the Dividend Schedules and Final Accounting, the Assignees respectfully request the entry of an *ex parte* order (a) approving the form, amount, and manner of the Distributions, (b) closing the cases related to each of the ABC Proceedings, (c) discharging the Assignees from any further obligations related to the General Assignments or these ABC Proceedings, and (d) releasing the bond.

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<sup>1</sup> As noted above, there were no assets in—and no creditors filed any claims against—the DHotel Land Assignor’s Assignment Estate, so the Final Accounting provides detail related to the joint expenses of administration and distribution for the Assignment Estates; however, the DHotel Land Assignor’s Assignment Estate generated little, if any, expenses. As such, the Assignees file a joint Final Accounting representing both Assignment Estates.

16. Upon the Court's entry of an order closing the cases related to these ABC Proceedings, discharging the Assignees, and releasing the bond, the Assignees do not anticipate any further need for Court oversight or involvement with respect to the administration of the Assignment Estates because all saleable assets have been liquidated and distributed.

WHEREFORE, the Assignees respectfully request the entry of an *ex parte* order: (i) approving the form, manner, and amount of the Distributions, (ii) closing these jointly administered cases; (iii) discharging the Assignees from any further obligations related to the Assignment Estates or these ABC Proceedings; (iv) releasing the bond; and (v) granting such other and further relief as the Court deems just and proper. A Proposed Order granting the relief requested herein is being filed simultaneously with this Motion.

Dated: June 6, 2022

**K&L GATES LLP**

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