

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

)	Chapter 11
In re:)	
)	Case No. 13-10367 (MFW)
CONEXANT SYSTEMS, INC., <i>et al.</i> , ¹)	(Jointly Administered)
)	
Reorganized Debtors.)	Hearing Date: September 24, 2014 at 11:30 a.m. (ET).
)	Obj. Deadline: September 17, 2014 at 4:00 p.m. (ET)

**MOTION OF LIQUIDATING TRUSTEE FOR ORDER EXTENDING DEADLINE
TO OBJECT TO GENERAL UNSECURED CLAIMS TO NOVEMBER 19, 2014**

The Trustee (the "Liquidating Trustee") of the Conexant Liquidating Trust (the "Trust") hereby submits this Motion (the "Motion") for entry of an order, substantially in the form of attached Exhibit A, extending the deadline to object to General Unsecured Claims for 75 days, from September 5, 2014 through and including November 19, 2014.² In support, the Liquidating Trustee respectfully states:

JURISDICTION AND VENUE

1. This Court has jurisdiction to consider the Motion pursuant to 28 U.S.C. §§ 157 and 1334 and Article XI of the Plan. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue in this Court is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

2. The statutory and other bases for the relief requested herein are set forth in sections 105(a) and 502 of the Bankruptcy Code, Rule 9006 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), Rules 9006-1 and 9006-2 of the Local Rules of Bankruptcy

¹ The Reorganized Debtor in this case, along with the last four digits of its federal tax identification number, is Conexant Systems, Inc. (9439). The Reorganized Debtor's main corporate address is 4000 MacArthur Blvd., Newport Beach, California 92660. The chapter 11 cases of the Reorganized Debtor's affiliated debtors have been closed.

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Plan (defined below).

Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”), sections I.A(18), VII.B, and VII.E of the Plan, and sections 3.2.26 and 3.6 of the Liquidating Trust Agreement.

BACKGROUND

A. Procedural Background

3. On February 28, 2013, (the “Petition Date”), Conexant Systems, Inc. and certain of its affiliates (collectively, the “Debtors”) commenced voluntary cases under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”). From and after the Petition Date, the Debtors continued to operate as debtors in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.

4. An order (the “Confirmation Order”) (Docket No. 287) was entered on June 6, 2013 confirming the *Second Modified Joint Plan of Reorganization of Conexant Systems, Inc. and Its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code* (the “Plan”) (Docket No. 206) and approving the Liquidating Trust Agreement and Declaration of Trust (the “Liquidating Trust Agreement”) (Docket No. 241, Exh. K). The Plan became effective on July 12, 2013 (the “Effective Date”). (Docket No. 322).

5. The Plan and Confirmation Order provide for the establishment of the Trust as of the Effective Date. (Plan § IV.D(3); Confirmation Order ¶¶ 14-15, 26, 77, 82.) Accordingly, on July 12, 2013, the Debtors and the Liquidating Trustee entered into the Liquidating Trust Agreement. (Docket No. 287.)

6. Under the Plan and Liquidating Trust Agreement, the Liquidating Trustee has the exclusive right to object on any ground to the allowance of any general unsecured claim filed against the Debtors’ estates and is entitled to assert all defenses of the Debtors and their

estates. (Plan § IV.D(3); Confirmation Order ¶¶ 113, 121; Liquidating Tr. Agmt. § 3.6.). Under Article VII.B of the Plan, the Liquidating Trustee is authorized to settle or compromise any disputed general unsecured claim without notice to or order or approval of the Bankruptcy Court.

7. In addition, the Liquidating Trustee is authorized under Article VII.B of the Plan to administer and adjust the Debtors' official register of Claims (the "Claims Register") to reflect settlements and compromises of disputed General Unsecured Claims without notice to or order or approval of the Bankruptcy Court. Similarly, the Liquidating Trustee has the authority under Articles V.C and VII.D of the Plan to adjust the Claims Register to reflect the expungement or reduction of any general unsecured claim that has been paid or satisfied, amended or superseded, cancelled or otherwise expunged, including claims deemed disallowed because asserted under assumed contracts and leases, without having to file a Claims objection and without notice to or order or approval of the Bankruptcy Court.

8. In recognition of the Liquidating Trustee's exclusive responsibility to administer General Unsecured Claims, the Liquidating Trustee is also authorized to seek extensions of the Claims Objection Deadline under the Plan with respect to General Unsecured Claims. (Liquidating Tr. Agmt. § 3.2.26.)

B. Claims Objection Deadline

9. The Plan provides that objections to claims must be filed before the Claims Objection Deadline and defines that deadline as "the *later* of (a) 180 days after the Effective Date or (b) *such other period of limitation as may be specifically fixed by an order of the Bankruptcy Court for objecting to certain Claims.*" (Plan §§ I.A(18), VII.E (emphasis added).)

10. Under this definition, the Claims Objection Deadline was January 8, 2014. In accordance with that definition's terms, that deadline has been extended through September 5, 2014 by orders entered January 7, 2014 and May 29, 2014. (Docket Nos. 434 & 490.) By this Motion, the Liquidating Trustee seeks to extend that deadline for an additional 75 days, through and including November 19, 2014.

C. Claims Resolution Process

11. Since entering into the Liquidating Trust Agreement in July 2013, the Liquidating Trustee has worked diligently to reconcile General Unsecured Claims. The Claims Register in this case reflects that 168 General Unsecured Claims were filed against the Debtors, including approximately 35 Claims filed as contingent and unliquidated by 20 different claimants. In addition, the Debtors scheduled 319 General Unsecured Claims.

12. In accordance with paragraphs 113 and 121 of the Confirmation Order and section 3.6 of the Liquidating Trust Agreement, the Liquidating Trustee has been reviewing and reconciling the General Unsecured Claims, including scheduled Claims and the proofs of claim filed in these cases. To that end, the Liquidating Trustee obtained access pursuant to section 2.5 of the Liquidating Trust Agreement to the books and records maintained by the Debtors that reflect the Debtors' liabilities and the amounts owed to their creditors. The Liquidating Trustee has been and continues to work with Debtors' accounting department on one final review of the Debtors' books and records and the proofs of claim to identify any additional General Unsecured Claims that are not adequately supported and should be disputed.

13. As a result of the review to date, the Liquidating Trustee has finished, subject to its final review, reconciling and resolving all but two of the General Unsecured Claims (plus two other General Unsecured Claims whose resolution has been agreed in principle but is

still being documented). It has resolved 157 filed and scheduled Claims through five omnibus claims objections, negotiation of claims stipulations and claim withdrawals, and expungement or reduction of Claims and corresponding adjustment of the Claims Register pursuant to Plan Articles V.C and VII.D. As a result of the Liquidating Trustee's efforts, the total Claim amount has been reduced by \$109.6 million, and all of the Claims filed as contingent and unliquidated have been resolved.

14. The Liquidating Trustee continues to work to resolve the remaining General Unsecured Claims but needs additional time to finish addressing the last two unresolved General Unsecured Claims and complete its final review of the General Unsecured Claims. The unresolved Claims are two of the largest asserted (\$10 plus and \$5 plus million, respectively) and most complex General Unsecured Claims, and while the Trustee is optimistic it will be able to resolve both consensually in short order, it needs to preserve its right to object to these Claims in case it does not and must litigate their merits.

15. The Liquidating Trustee also seeks to extend the Claims Objection Deadline to preserve its right to object to General Unsecured Claims it recently determined to expunge or reduce pursuant to its authority under Articles V.C and VII.D of the Plan. After reviewing the Debtors' postpetition records and consulting with Debtors' accounting and legal personnel, the Liquidating Trustee recently determined eighty filed and scheduled General Unsecured Claims totaling approximately \$19.4 million were properly expunged or reduced under those Plan provisions, and the Claims Register adjusted accordingly. Although those Plan provisions do not require it, out of an abundance of caution, the Liquidating Trustee recently filed notices of the expungements and reductions with this Court and served copies of the notices on the affected claimants. If any of those claimants dispute the expungement or reduction of

their Claims ,and the Liquidating Trustee cannot resolve the disputes consensually, it may need to object to the Claims.

RELIEF REQUESTED

16. The Liquidating Trustee respectfully requests entry of an order extending the Claims Objection Deadline for objections to General Unsecured Claims for a period of 75 days, from September 5, 2014 through and including November 19, 2014, without prejudice to the Liquidating Trustee’s right to seek additional extensions of this deadline as appropriate.

BASIS FOR RELIEF

17. The relief requested is warranted under the Bankruptcy Code, Bankruptcy Rules, Local Rules, and Plan to protect the interests of creditors holding valid General Unsecured Claims and other parties in interest. Section 105 of the Bankruptcy Code provides that the “court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title,” 11 U.S.C. § 105(a), and sections 502 and 503 of the Bankruptcy Code contemplate that Claims will be challenged when appropriate and, if necessary, estimated, *id.* §§ 502(b)-(c), 503.

18. Bankruptcy Rule 9006(b) also provides for extensions of time for cause. Fed. R. Bankr. P. 9006(b)(1) (“[W]hen an act is required or allowed to be done at or within a specified period by these rules or by a notice given thereunder or by order of court, the court for cause shown may at any time in its discretion . . . order the period enlarged if the request therefore is made before the expiration of the period originally prescribed or as extended by a previous order.”).

19. The Plan contemplates extensions of the Claim Objection Deadline defining that term to mean “the *later* of (a) 180 days after the Effective Date or (b) *such other*

period of limitation as may be specifically fixed by an order of the Bankruptcy Court for objecting to certain claims.” (Plan § I.A(18) (emphasis added).) Cause exists here to extend the deadline for objections to General Unsecured Claims for an additional 120 days.

20. Extending the Claims Objection Deadline will allow for the fair and efficient administration of the Trust and is in the best interests of creditors holding General Unsecured Claims. As discussed above, the Liquidating Trustee has been working diligently to review and reconcile the General Unsecured Claims scheduled and filed against the Debtors’ estates and now being administered and treated by the Trust, resolving 157 Claims and reducing the General Unsecured Claims pool by \$109.6 million to the benefit of all general unsecured creditors holding valid Claims. Only two General Unsecured Claims remain unresolved at this point, but they are large ones, totalling over \$15 million. To ensure the General Unsecured Claims pool is fairly and properly administered, additional time is warranted to allow the Liquidating Trustee to complete its efforts to resolve those two Claims consensually and finish its final review of the General Unsecured Claims, while preserving the Liquidating Trustee’s rights to object to any Claims if appropriate and necessary.

21. The requested extension of the Claim Objection Deadline will not prejudice any claimant or other party in interest and will benefit all creditors holding valid General Unsecured Claims. Extension of the deadline is not sought for purposes of delay but only to ensure that Claims can be challenged if appropriate and will not affect any substantive defenses of claimants to objections to their Claims.

22. Absent the extension, creditors may suffer unnecessary and unfair prejudice. Either the Liquidating Trustee will be precluded from challenging invalid Claims and from reducing the amount of overstated claims, or will be forced to lodge hastily prepared

“protective” Claims objections or estimation motions to preserve the interest of the Trust and its claimant beneficiaries.

23. The requested extension will not only allow the Liquidating Trustee to properly review and when appropriate challenge any remaining meritless or unsupported Claims, but will also conserve the limited resources of the Trust to the benefit of all claimants by allowing sufficient time to pursue settlement, and avoid the delay and expense of unnecessary objections, estimation proceedings, and litigation.

RESERVATION OF RIGHTS

24. While the Liquidating Trustee will endeavor to resolve all of the remaining unresolved General Unsecured Claims within the time of the requested extension, the Liquidating Trustee reserves all of its rights to seek further extensions of the Claims Objection Deadline, as well as to object to and/or seek estimation of particular Claims.

PREVIOUS REQUESTS FOR RELIEF

25. This Motion is the Liquidating Trustee’s third request for an extension of the Claims Objection Deadline.

NOTICE

26. Notice of this Motion has been provided to (i) the Office of the United States Trustee for the District of Delaware, and (ii) those parties that have requested notice pursuant to Bankruptcy Rule 2002. In light of the procedural nature of the post-confirmation relief requested herein, the Liquidating Trustee submits that such notice is sufficient under the circumstances and that no other or further notice is required.

CONCLUSION

WHEREFORE, the Liquidating Trustee respectfully requests that this Court enter

an order, substantially in the form attached hereto as Exhibit A, (i) extending the Claims Objection Deadline for objections to General Unsecured Claims for 75 days, from September 5, 2014 through and including November 19, 2014, without prejudice to Liquidating Trustee's right to seek additional extensions of such deadline as appropriate; and (ii) granting such other and further relief as the Court may deem just and proper.

Dated: September 3, 2014

**WOMBLE CARLYLE SANDRIDGE
& RICE, LLP**

/s/ Matthew P. Ward

Kevin J. Mangan (DE Bar No. 3810)
Matthew P. Ward (DE Bar No. 4471)
222 Delaware Avenue, Ste. 1501
Wilmington, DE 19801
Telephone: (302) 252-4320
Facsimile: (302) 661-7738
E-mail: kmangan@wcsr.com
E-mail: maward@wcsr.com

KELLEY DRYE & WARREN LLP

James S. Carr
101 Park Avenue
New York, New York 10178
Telephone: (212) 808-7800
Facsimile: (212) 808-7897
E-mail: jcarr@kelleydrye.com

– and –

Mark W. Page
333 W. Wacker Dr., Floor 26
Chicago, IL 60618
Telephone: (312) 857-7070
Facsimile: (312) 857-7095
E-mail: mpage@kelleydrye.com

*Counsel for the Liquidating Trustee of the Conexant
Liquidating Trust*