

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

**In re**

**CONEXANT SYSTEMS, INC., *et al.*,<sup>1</sup>**

**Reorganized Debtors.**

**Chapter 11**

**Case No. 13-10367 (MFW)**

**(Jointly Administered)**

**Hearing Date: December 19, 2014 at 9:30 a.m. (ET)**

**Objection Deadline: December 12, 2014 at 4:00 p.m. (ET)**

**MOTION OF THE REORGANIZED DEBTORS  
FOR ENTRY OF AN ORDER ISSUING A FINAL DECREE CLOSING  
CHAPTER 11 CASE AND GRANTING RELATED RELIEF**

Conexant Systems, Inc., on behalf of itself and its affiliated reorganized debtors in the above-captioned cases (collectively, the “Reorganized Debtors,” and prior to the Effective Date of the Plan (as defined below), the “Debtors”), hereby files this Motion (the “Motion”) for entry of an Order (i) issuing a final decree closing the chapter 11 case of Conexant Systems, Inc., (ii) discharging the Liquidating Trustee, its professionals, employees and agents pursuant to the Liquidating Trust Agreement and Declaration of Trust (the “Trust Agreement”), and (iii) granting related relief. In support of the Motion, the Reorganized Debtors state as follows:

**Jurisdiction**

1. This Court has jurisdiction over this 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 is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

2. The statutory predicates for the relief requested herein are sections 105 and 350 of title 11 of the United States Code, 11 U.S.C. § 101 *et seq.* (the “Bankruptcy Code”), Rule 3022 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and Local

<sup>1</sup> The Debtors in these cases, along with the last four digits of each Debtor’s federal tax identification number are: Conexant Systems, Inc. (9439); Conexant CF, LLC (6434); Brooktree Broadband Holding, Inc. (5436); Conexant, Inc. (8218); Conexant Systems Worldwide, Inc. (0601). The Debtors’ main corporate address is 1901 Main Street, Suite 300, Irvine, CA 92614. The chapter 11 cases of the Reorganized Debtor’s affiliated debtors have been closed.

Rule 3022-1 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”).

### **Background**

3. On February 28, 2013, each of the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code (the “Chapter 11 Cases”). Information regarding the Debtors’ businesses, their capital and debt structure, and the events leading to the filing of these Chapter 11 Cases is contained in the *Declaration of Sailesh Chittipeddi, President and CEO of Conexant Systems, Inc., In Support of Chapter 11 Petitions and First Day Pleadings* [Docket No. 3].

4. On February 28, 2013, the Debtors filed the *Joint Plan of Reorganization of Conexant Systems, Inc. and Its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 12].

5. On March 8, 2013 the United States Trustee for the District of Delaware (the “U.S. Trustee”) appointed an official committee of unsecured creditors (the “Creditors’ Committee”) [Docket No. 72].

6. On April 19, 2013, the Debtors filed the *First Modified Joint Plan of Reorganization of Conexant Systems, Inc. and Its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 190].

7. On April 19, 2013, the Debtors filed the *Second Modified Joint Plan of Reorganization of Conexant Systems, Inc. and Its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 206] (the “Second Modified Plan”).<sup>1</sup>

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<sup>1</sup> Capitalized terms used herein but not otherwise defined shall have the meanings ascribed to them in the Second Modified Plan.

8. On May 13, 2013, the Debtors filed the *Plan Supplement to 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 Supplement”) [Docket No. 241]. Attached at Exhibit K to the Plan Supplement was the Trust Agreement pursuant to which a Liquidating Trustee would administer a liquidating trust (the “Liquidating Trust”) for the benefit of Allowed General Unsecured Claims (other than the Secured Notes Deficiency Claim).

9. On May 24, 2013, the Debtors filed the *First Supplement to the Plan Supplement to the Second Modified Joint Plan of Reorganization of Conexant Systems, Inc. and Its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 262].

10. On June 6, 2013, the Court entered its *Findings of Facts, Conclusions of Law, and Order 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 “Confirmation Order”) [Docket No. 287].

11. The Second Modified Plan’s Effective Date occurred on July 12, 2013. [Docket No. 322]. Since that time the Liquidating Trustee has administered the Liquidating Trust in accordance with the Trust Agreement.

12. On October 2, 2013, the Reorganized Debtors filed the *Motion of the Reorganized Debtors for Entry of Orders Issuing a Final Decree Closing Certain Chapter 11 Cases and Granting Related Relief* (the “Non-Main Cases Closure Motion”) [Docket No. 375], seeking the entry of final decrees closing the chapter 11 cases of Debtors Conexant CF, LLC, Brooktree Broadband Holding, Inc., Conexant, Inc. and Conexant Systems Worldwide, Inc. (the “Non-Main Case Debtors”).

13. On October 22, 2013, the Court entered Final Decrees in each of the chapter 11 cases of the Non-Main Case Debtors, leaving open only the chapter 11 case of Conexant Systems, Inc. for continued administration.

14. Pursuant to the Plan, a General Unsecured Claims Recovery Pool was funded and has been administered by the Liquidating Trustee. Under the Plan, the Liquidating Trustee was charged with administering claims, and reviewing and resolving the roughly 180 claims filed in these cases, including roughly 170 filed against Conexant Systems, Inc., plus approximately 320 scheduled claims whose status required updating.

15. In connection with the claims resolution process, the Liquidating Trustee filed and successfully prosecuted five omnibus objections to claims [Docket Nos. 366, 383, 384, 445 and 446], as well as non-omnibus objections or stipulations with respect to certain other claims, resolving roughly 160 filed and scheduled claims.

16. The Liquidating Trustee has completed the claim resolution process. As of the filing of this Motion the Plan has been fully administered with the exception of an anticipated small residual distribution to Allowed General Unsecured Claims that will be made in early 2015, after certain restricted funds become unrestricted.

17. Immediately prior to filing this Motion, Conexant Systems, Inc. filed the *Motion for Order (A) Enforcing Confirmation Order, (B) Holding California Insurance Guarantee Association in Contempt, and (C) Imposing Sanctions for Willful Violation of Confirmation Order's Discharge and Injunction Provisions* (the "Contempt Motion"), seeking an Order finding the California Insurance Guarantee Association in contempt for knowing and willful violation of the discharge and injunction provisions of the Confirmation Order. The Contempt Motion is set to be heard at the same time as this Motion. With the exception of the Contempt Motion, the Reorganized Debtors believe that, as of the date hereof, all motions,

contested matters, and other proceedings that were before the Court with respect to the chapter 11 case of Conexant Systems, Inc. have been resolved, or will be resolved, prior to the Court's consideration of this Motion. The Reorganized Debtors are advised that the Liquidating Trustee does not oppose the relief requested herein.

**RELIEF REQUESTED**

18. By this Motion, the Reorganized Debtors request entry of an order (i) issuing a final decree closing the case of Conexant Systems, Inc., (ii) discharging the Liquidating Trustee, its professionals, employees and agents pursuant to the Trust Agreement, and (iii) granting related relief.

**BASIS FOR RELIEF REQUESTED**

**A. Final Decree Closing This Chapter 11 Case**

19. 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,” and Bankruptcy Rule 3022 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.”

20. “Entry of a final decree closing a chapter 11 case should not be delayed solely because the payments required by the plan have not been completed. Factors that the court should consider in determining whether the estate has been fully administered include (1) whether the order confirming the plan has become final, (2) whether deposits required by the plan have been distributed, (3) whether the property proposed by the plan to be transferred has been transferred, (4) 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, (5) whether payments under the plan have commenced, and (6) whether all motions, contested matters, and

adversary proceedings have been finally resolved.” *In re Federated Department Stores, Inc.*, 43 Fed. Appx. 820 (6th Cir. 2002) (citing Bankr. R. 3022 advisory committee’s notes (1991)).

21. Not all of these factors need to exist before the court may enter a final decree, *see, e.g., In re Mold Makers, Inc.*, 124 B.R. 766, 768 (Bankr. N.D. Ill. 1990), nor are the factors listed exclusive. *See, e.g., In re Jordan Mfg. Co.*, 138 B.R. 30, 35 (Bankr. C.D. Ill. 1992). Rather, courts use these factors “as a guide in assisting the ... decision to close the case.” *Mold Makers*, 124 B.R. at 768. “The court should not keep the case open only because of the possibility that the court’s jurisdiction may be invoked in the future.” *In re Ground Systems, Inc.*, 213 B.R. 1016, 1019 (B.A.P. 9<sup>th</sup> Cir. 1997).

22. The aforementioned factors, to the extent relevant, support the closing of the Conexant Systems, Inc. case upon the disposition of the Contempt Motion. The Confirmation Order has become final and nonappealable, the General Unsecured Claims Recovery Pool has been funded under the Plan and has been administered by the Liquidating Trustee, and the Reorganized Debtors have assumed the businesses and management of the Debtors’ businesses. The only administrative task remaining before the Second Modified Plan is fully administered is an anticipated small distribution to Allowed General Unsecured Claims that will be made in early 2015, after certain restricted funds become unrestricted. The Reorganized Debtors therefore submit that upon the Court’s disposition of the Contempt Motion this case will have been fully administered within the meaning of section 350 of the Bankruptcy Code.

23. Pursuant to section 350(b) of the Bankruptcy Code, the Court retains jurisdiction to reopen this case for further administration in the unlikely event that the need to do so arises. The relief sought herein will not prejudice any other party in interest.

24. On October 17, 2014, Conexant Systems, Inc. filed the *Quarterly Summary Report for the Period June 28, 2014 through October 3, 2014* [Docket No. 523], and

on or about October 31, 2014 paid any associated quarterly fees due to the Office of the United States Trustee. As a result of this payment, the Reorganized Debtors believe that all expenses arising from the administration of this case due and owing as of the filing of this Motion have been paid. In connection with the closing of this case, Conexant Systems, Inc. will pay any quarterly fees due and owing through and including the date of the entry of the final decree, in the manner provided for therein.

25. The Reorganized Debtors submit that the foregoing supports closing this case.

**B. Discharge of the Liquidating Trustee**

26. Article 10.5 of the Trustee Agreement provides:

Continuance of Trust for Winding Up; Discharge and Release of Trustee. After the termination of the Trust and solely for the purpose of liquidating and winding up the affairs of the Trust, the Trustee shall continue to act as such until its responsibilities have been fully performed. Except as otherwise specifically provided herein, upon the Distribution of the Trust Assets including all excess reserves, the Trustee shall be deemed discharged and have no further duties or obligations hereunder. **Upon a motion by the Trustee, the Bankruptcy Court may enter an order relieving the Trustee, its employees, professionals, and agents of any further duties, discharging and releasing the Trustee from all liability related to the Trust.**

Trust Agreement, at Art. 10.5 (emphasis added).

27. By this Motion, the Reorganized Debtors also seek discharge of the Liquidating Trustee pursuant to Article 10.5 of the Trust Agreement.

**C. Filing of Final Report Pursuant to Local Rule 3022-1(c)**

28. Consistent with Local Rule 3022-1(c), the Reorganized Debtors have been advised that the Liquidating Trustee will file a final report at least fourteen (14) days prior to a hearing on this Motion.

**NOTICE AND PROCEDURE**

29. Pursuant to Local Rule 3022-1(b), Notice of this Motion has been given to (a) the United States Trustee, (b) the Liquidating Trustee, and (c) all parties who have filed a notice of appearance pursuant to Bankruptcy Rule 2002 in this case. The Reorganized Debtors submit that such notice is adequate and proper and respectfully submit that no other or further notice is necessary or required. No prior motion for the relief sought herein has been made to this or any other court.

WHEREFORE, the Reorganized Debtors respectfully request that this Court enter the Order, substantially in the form attached hereto as Exhibit A, (i) issuing a final decree closing the chapter 11 case of Conexant Systems, Inc., (ii) discharging the Liquidating Trustee, its professionals, employees and agents pursuant to the Trust Agreement, and (iii) granting such other and further relief as may be just and proper.

Dated: November 26, 2014  
Wilmington, Delaware

Respectfully submitted,

Pepper Hamilton LLP

/s/ Michael J. Custer

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