

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

In re:) Chapter 7
)
PEREGRINE FINANCIAL GROUP, INC.,) Case No. 12-27488
)
Debtor.) Honorable Carol A. Doyle
)
) **Hearing Date: June 27, 2018**
) **Hearing Time: 10:00 a.m.**

NOTICE OF MOTION

PLEASE TAKE NOTICE that on **June 27, 2018**, at **10:00 a.m.**, the undersigned shall appear before the Honorable Judge Carol A. Doyle, in Courtroom 742, 219 South Dearborn Street, Chicago, Illinois, and then and there present the **TRUSTEE’S TWENTIETH MOTION FOR AUTHORITY TO OPERATE THE BUSINESS OF THE DEBTOR AND FOR RELATED RELIEF**, at which time you may appear if you deem fit.

Dated: June 19, 2018

Respectfully submitted,

Ira Bodenstein, not personally, but as chapter 7 trustee for the estate of Peregrine Financial Group, Inc.

By /s/ Allison B. Hudson
One of his attorneys

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CERTIFICATE OF SERVICE

Allison B. Hudson certifies that she caused to be served a true copy of the above and foregoing **NOTICE OF MOTION** and **TRUSTEE'S TWENTIETH MOTION FOR AUTHORITY TO OPERATE THE BUSINESS OF THE DEBTOR AND FOR RELATED RELIEF** upon the attached Electronic Mail Notice List through the ECF System and on the attached Service List in the manner so indicated on this 19th day of June, 2018.

/s/ Allison B. Hudson

Mailing Information for Case 12-27488

Electronic Mail Notice List

The following is the list of **parties** who are currently on the list to receive email notice/service for this case.

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**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

In re:) **Chapter 7**
)
PEREGRINE FINANCIAL GROUP, INC.,) **Case No. 12-27488**
)
) **Honorable Judge Carol A. Doyle**
Debtor.)
) **Hearing Date: June 27, 2018**
) **Hearing Time: 10:00 a.m.**

**TRUSTEE’S TWENTIETH MOTION FOR AUTHORITY
TO OPERATE THE BUSINESS OF THE DEBTOR AND FOR RELATED RELIEF**

Pursuant to 11 U.S.C. §§ 721 and 507(a)(4), Ira Bodenstein, not personally, but as chapter 7 trustee (the “Trustee”) for the estate of Peregrine Financial Group, Inc. d/b/a PFG Best (the “Debtor”), respectfully requests that this Court enter an order through December 31, 2018, without prejudice to the Trustee’s ability to seek further extensions, (i) authorizing the Trustee to operate the business of the Debtor on a limited basis and (ii) authorizing the Trustee to pay wages on an hourly basis. In support of the Motion, the Trustee respectfully states as follows:

BACKGROUND

1. On July 10, 2012 (the “Petition Date”), the Debtor filed a voluntary petition for relief under chapter 7 of the Bankruptcy Code, 11 U.S.C. § 101, *et. seq.* Ira Bodenstein is the duly appointed chapter 7 trustee of the Debtor’s estate.

2. This Court has jurisdiction to hear this matter and enter a final order granting the relief requested herein pursuant to 28 U.S.C. §§ 157 and 1334 and Internal Operating Procedure 15(a) of the United States District Court for the Northern District of Illinois. Venue is proper in this District pursuant to 28 U.S.C. §§ 1408 and 1409.

3. Prior to the Petition Date, the United States Commodity Futures Trading Commission (“CFTC”) filed a lawsuit in the United States District Court for the Northern District of Illinois (“District Court”) alleging that the Debtor and its founder, Russell Wasendorf Sr., committed fraud, customer-funds violations and made false statements (the “Lawsuit”). In connection with the Lawsuit, on July 10, 2012, the District Court entered an Order Appointing a Temporary Receiver. Shortly thereafter, the Debtor commenced the above-captioned case.

4. On July 12, 2012, the Trustee filed an Emergency Motion for Authority to Operate the Business of the Debtor and for Related Relief (the “First Motion”). On July 13, 2012, this Court entered an order authorizing the Trustee to operate the Debtor’s business and pay employee obligations pursuant to 11 U.S.C. § 721 until September 13, 2012 (the “First Order”).

5. Thereafter, the Trustee, from time to time, filed the Second through Nineteenth Motions for Authority to Operate the Business of the Debtor and for Related Relief and the Court entered orders granting those motions. The Court’s order granting the Trustee’s Nineteenth Motion for Authority to Operate the Business of the Debtor and for Related Relief authorized the Trustee to operate the Debtor’s business until June 30, 2018 (the “Nineteenth Order”).

6. Since the entry of the First Order, the Trustee, with the assistance of the Debtor’s former employees, has diligently worked to wind-down the Debtor’s business. The Trustee has also used the services of the former employees to reconcile customer accounts, respond to requests for information from government agencies and respond to discovery requests served by third parties. The assistance of the former employees, along with the Trustee’s retained professionals, has been instrumental in facilitating the Trustee’s interim distributions to former PFG customers, and will continue to be needed as the Trustee prepares for additional distributions.

7. The Trustee, with the assistance of his professionals, is in the process of preparing another interim distributions to 4d claimants in the second half of 2018. The Trustee requires additional time to continue the operation of the Debtor's business on a limited basis so that he can continue to wind down the affairs of the Debtor, finish reviewing customer claims, complete remaining litigation, destroy remaining records, and abandon any remaining miscellaneous equipment that cannot be sold.

RELIEF REQUESTED

8. Consistent with the relief sought in the prior motions, the Trustee seeks authority pursuant to 11 U.S.C. §§ 721 and 507(a)(4) to operate the business of the Debtor on a limited basis to conduct the Business Operations (defined below) and to pay the Wage Obligations (defined below).

A. Business Operations.

9. In order to continue the wind-down of the Debtor, the Trustee requests authority to operate the business of the Debtor to, among other things, perform the following business operations (collectively, the "Business Operations"):

Accounting functions;

Responses to thirty party information requests;

Account balancing and claims reconciliation;

iv. Preparation of another interim distribution;

Implementation of the previously approved destruction schedule of certain non-essential records of the Debtor; and

Retaining the services of appropriate professionals and/or other service providers as necessary to properly investigate, marshal and liquidate the assets of the Debtor (including potential causes of action).

10. The Trustee requests authority to perform the Business Operations so that he can continue the wind-down of the Debtor's business. All former employees retained by the Trustee work remotely from home on an as-needed basis.

B. Wage Obligations.

11. **Wages.** As of the date of this Motion, the Trustee has identified one (1) former employee that the Trustee continues to pay on an hourly basis to assist him in winding down the Debtor's business operations (the "Retained Worker"). The Retained Worker is no longer working regular hours and is only utilized by the Trustee on an as-needed basis.

12. In addition, the Trustee continues to engage Dan Paynter, the Debtor's former IT manager, as a consultant to perform such tasks as monitoring the Debtor's IT equipment and resolving hardware and software issues that arise, maintaining and testing the Debtor's IT systems, as well as responding to requests for information by Debtor's bankruptcy counsel and by PricewaterhouseCoopers LLP (the "IT Consultant"). The Trustee continues to pay the reduced monthly payment to Mr. Paynter of \$250/month for his services, on a month-to-month basis.

13. The Trustee requests authority to (i) pay the Retained Worker on an hourly basis, and (ii) Mr. Paynter his consulting fee. The hourly rate for the Retained Worker will remain unchanged from the entry of the Thirteenth Order. The Trustee has the ability to pay the Wages through the Debtor's unencumbered funds.

14. Under the Bankruptcy Code, the Court may, in its discretion, authorize a chapter 7 trustee to continue to operate a debtor's business if such action is "in the best interest of the estate and consistent with the orderly liquidation of the estate." 11 U.S.C. § 721. Generally, courts approve of continued operation "to maximize receipts when the business is sold." *In re Hessinger Resources, LTD.*, 67 B.R. 378, 383 (C.D. Ill. 1986). That is exactly the situation we are faced with

here. The Trustee believes that the continued operation of the Debtor's business is both necessary to maintain the value of the assets of the Debtor's estate and to allow him to maximize the recovery from the liquidation of the Debtor's business.

WHEREFORE, the Trustee respectfully requests that this court enter an order, pursuant to 11 U.S.C. § 721, authorizing the Trustee to continue to operate the Debtor's business to perform the Business Operations through December 31, 2018, in the Trustee's business judgment, to preserve value for the Debtor's estate and to pay the Wages, and for such other, further and different relief as this court deems just and proper.

Dated: June 19, 2018

Respectfully submitted,

Ira Bodenstein, not personally, but as chapter 7 trustee for the estate of Peregrine Financial Group, Inc.

By: /s/ Allison B. Hudson
One of his attorneys

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UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
Eastern Division

In Re:) BK No.: 12-27488
PEREGRINE FINANCIAL GROUP, INC.)
)
) Chapter: 7
) Honorable Carol A. Doyle
)
)
Debtor(s))

TWENTIETH ORDER AUTHORIZING THE TRUSTEE TO OPERATE THE BUSINESS OF THE DEBTOR AND FOR RELATED RELIEF

Upon consideration of the Twentieth motion (the "Motion") of Ira Bodenstein, not personally, but as chapter 7 trustee (the "Trustee") for the estate of Peregrine Financial Group, Inc. d/b/a PFG Best (the "Debtor"), for the entry of an order authorizing the Trustee to conduct the Business Operations and to pay the Wages (capitalized terms used herein shall have the meanings ascribed thereto in the Motion); sufficient notice having been provided under the circumstances; the Court having core jurisdiction to hear and determine the Motion; and the Court being otherwise fully advised in the premises; it is Ordered:

1. The Trustee is authorized, pursuant to 11 U.S.C. § 721, to operate the business of the Debtor on a limited basis, in the manner necessary, in the Trustee's business judgment, to preserve value of the Debtor's estate. Such operating authority includes, but is not limited to:
 - i. Accounting functions;
 - ii. Responses to thirty party information requests;
 - iii. Account balancing and claims reconciliation;
 - iv. Preparation of another interim distribution;
 - v. Implementing the previously approved destruction schedule of certain non-essential records of the Debtor; and
 - vi. Retaining the services of appropriate professionals and/or other service providers as necessary to properly investigate, marshal and liquidate the assets of the Debtor (including potential causes of action).
2. The Trustee is authorized, but not directed, to pay the Wages, as set forth in the Motion and to continue to pay Wages to the Retained Employee and to the IT Consultant for services rendered to the Trustee while he operates the Debtor's business.
3. This Court shall retain jurisdiction over any and all issues arising from or related to the implementation and interpretation of this Order.
4. The Trustee is authorized to operate the business through December 31, 2018, and has leave to seek further extensions of his authorization to operate the business.

Enter:

Dated:

United States Bankruptcy Judge

Prepared by:

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