

Breakwater Credit Opportunities Fund & Others Move for Partial Summary Judgment On Plaintiff's Complaint to Recover \$1M For Alleged Breach of Fiduciary Duty & Fraud in Old LC, Inc., et al Bankruptcy

June 17, 2021, District of Delaware – Last week, Defendants Breakwater Credit Opportunities Fund, L.P., Saif Mansour, Aamir Amdani, Eric Beckman, Darrick Geant, and Joseph Kaczorowski (together with Breakwater, the “Movants”) moved for partial summary judgment on the complaint brought by Official Committee of Unsecured Creditors of Old LC, Inc., Old LC Holdings, Inc.; Old LCF, Inc.; and Old LC Parent, Inc. (collectively, “Loot Crate” or the “Debtors”) on several counts including breach of fiduciary duty, aiding and abetting breach, objection to claims and avoidance of preference and fraudulent transfers worth \$ 1 million.

By way of background, the complaint alleges that from 2012 to 2019, Loot Crate operated a subscription box service that catered to fandom and enthusiasts through “crates” curated with “geek and gamer products” each month. Loot Crate supposedly had partnered with industry leaders in entertainment, gaming, sports, and pop culture to deliver monthly themed crates, create interactive experiences and digital content, and film original video productions. Allegedly, from early 2017 through mid-2019, Loot Crate's

investors and senior secured lenders suffocated Loot Crate into bankruptcy by purportedly working in concert to seize control of the company by blocking Loot Crate's access to alternative sources of funding. The complaint alleges that the Defendants engaged in a concerted pattern of behavior and conspiracy to benefit themselves at Loot Crate's ultimately fatal expense.

Last year, the Official Committee of Unsecured Creditors had brought a suit to recover from Defendants, including several former members of the board of directors of Old LC, Inc., money damages sustained by the Debtors as a result of the Defendants' concerted efforts to exercise dominion and control over the Debtors' business in direct violation of their respective fiduciary and other obligations to the Debtors. The Plaintiffs sought to avoid and recover a \$1 million payment to Breakwater as a constructively fraudulent transfer under 11 U.S.C. §§ 544, 548, and applicable provisions of Delaware statutory law.

The case is *In re Old LC, Inc., et al*, Case No. 19-11791 (BLS) in the United States Bankruptcy Court for the District of Delaware. Morgan, Lewis & Bockius, LLP is representing the Defendants. The Official Committee of Unsecured Creditors is represented by Morris James LLP, Hedrick Kring, PLLC & Stricklin Law Firm, P.C.