

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF INDIANA  
INDIANAPOLIS DIVISION**

In re:

USA GYMNASTICS,<sup>1</sup>

Debtor.

Chapter 11

Case No. 18-09108-RLM-11

**DEBTOR'S OBJECTION TO MOTION TO FURTHER EXTEND TIME TO OBJECT  
TO MOTION FOR ENTRY OF AN ORDER APPROVING THE DISCLOSURE  
STATEMENT AND PLAN CONFIRMATION PROCEDURES**

USA Gymnastics, as debtor and debtor in possession in the above-captioned chapter 11 case (the “**Debtor**” or “**USAG**”), objects to the *Motion To Further Extend Time To Object To Motion For Entry Of An Order Approving The Disclosure Statement And Plan Confirmation Procedures* [Dkt. 1009] the (“**Motion**”) filed by filed by National Casualty Company; Great American Assurance Company; TIG Insurance Company; Virginia Surety Company Inc., as successor to Combined Specialty Insurance Company; American International Group, Inc.; American Home Assurance Company; and ACE American Insurance Company, f/k/a Cigna Insurance Company (collectively, the “**Insurers**”). In support of this Objection, USAG states as follows:

**OBJECTION**

1. The Insurers’ Motion and the *Response Of The Additional Tort Claimants Committee Of Sexual Abuse Survivors To Motion To Further Extend Time To Object To Motion For Entry Of An Order Approving The Disclosure Statement And Plan Confirmation Procedures Filed By Insurers* [Dkt. 1010] (the “**Committee Response**”) that the Committee filed just hours

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<sup>1</sup> The last four digits of the Debtor’s federal tax identification number are 7871. The location of the Debtor’s principal office is 130 E. Washington Street, Suite 700, Indianapolis, Indiana 46204.

later give this Court a glimpse into the gamesmanship that is impeding the Debtor's ability to reorganize.

2. The Insurers' apparent strategy is to create leverage by dragging out the case and adding additional and unnecessary administrative expense (all the while failing to reimburse the Debtor's legal fees that they are obligated to pay). The Committee's apparent strategy is to create leverage by resorting to media campaigns against the Debtor instead of engaging in good faith negotiations over the Committee's issues with the Disclosure Statement and the Plan. The Court should not condone this behavior. It would be in the best interests of both the survivors the Committee represents and the Insurers and all other parties in interest if the Committee and the Insurers would work on resolving their differences over the Plan's settlement election. But in any event, neither the Insurers nor the Committee have provided any compelling reason for this Court to further continue the Disclosure Statement objection deadline, and it is in the best interests of all of the Debtor's creditors—including the survivors—that this case move toward confirmation. The Court should deny the Insurers' Motion for at least four reasons.

3. **First**, neither the Insurers nor the Committee argue that they need more time to prepare their objections. Indeed, both the Insurers and the Committee state that they have drafts of their respective objections to the Disclosure Statement ready to go. (Motion, ¶4; Response, ¶4.) No other party has asked the Debtor for an extension of the deadline to object to the Disclosure Statement, and the United States Trustee filed its objection weeks ago. [Dkt. 984.]

4. **Second**, the Insurers' articulated basis for the extension—that they have comments to the Disclosure Statement and the Plan—is a reason to keep the current Disclosure Statement objection deadline, not to extend it. As a preliminary matter, the Insurers' suggestion that the Debtor failed to engage with them over their comments to the Disclosure Statement and Plan is

simply not true. The Debtor has participated in a series of telephone conferences and e-mail exchanges with the Insurers, including a lengthy conference on March 19, 2020, and the Debtor intends to continue this dialogue. The Debtor's counsel provided the Insurers (along with the Committee, the USOPC, Twistars, and the United States Trustee) with an amended plan and disclosure statement on April 10, 2020, that incorporated comments from the Insurers, Twistars, and the United States Trustee (the only parties who provided preliminary comments to the Disclosure Statement). The Debtor is continuing to work through the comments it received from the Insurers and other parties and expects to file an amended disclosure statement with its response to any objections on April 16, 2020. Notably, the Committee has not provided the Debtor with any comments as of the date of this Objection.

5. Moreover, the fact that the Debtor and the Insurers have not reached consensus on all of the Insurers' comments is no reason to extend the Disclosure Statement objection deadline—if it were, what would be the point of having an objection deadline in the first place? Requiring all parties to file their objections to the Disclosure Statement on the current objection deadline will encourage productive and focused negotiations over the Disclosure Statement and Plan during the period of time between the objection deadline and the yet to be set hearing. Indeed, the Committee's Response proves the point. The Committee states that it has a "comprehensive" objection prepared (Response, ¶ 4), yet the Committee has failed to accept the Debtor's multiple invitations to discuss any of the Committee's concerns with the Disclosure Statement. Further extending the objection deadline only encourages this counterproductive behavior.

6. *Third*, the Insurers complain about certain Plan provisions, but their concern about those provisions is hardly a reason to extend their deadline to object to whether the Disclosure Statement contains adequate information to creditors. The Debtor will continue to work with the

Insurers and other parties to reach agreement on Plan provisions and the descriptions of those provisions in the Disclosure Statement. The Debtor submits that requiring the Insurers and all other parties to file objections on April 13, 2020, so that all Disclosure Statement issues are on the table, is much more likely to lead to global consensus on the content of the Disclosure Statement and whether it contains adequate information.

7. **Fourth**, it is not the case, as the Committee contends, that the Insurers' Motion somehow reveals that the Debtor's Plan is not viable. (Response, ¶ 4.) As the Committee's counsel must know, it is hardly uncommon for parties to disagree over the precise language of plan provisions and the scope of releases. The occurrence of a Disclosure Statement objection deadline does not mean that all terms are set in stone and negotiations cease. The Debtor has been working in earnest toward a plan that is not only confirmable, but consensual, and it will continue to diligently engage with all parties (and it hopes the Insurers and Committee will do the same) following the April 13, 2020 Disclosure Statement objection deadline.

8. For each of these reasons, the Debtor respectfully requests that this Court deny the Insurers' Motion and maintain the April 13, 2020 deadline for Disclosure Statement objections.

Dated: April 10 2020

Respectfully submitted,

**JENNER & BLOCK LLP**

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