

1 Robert R. Kinas (NV Bar No. 6019)  
 Patrick G. Byrne (NV Bar No. 7636)  
 2 Kelly H. Dove (NV Bar No. 10569)  
 Charles E. Gianelloni (NV Bar No. 12747)  
 3 SNELL & WILMER L.L.P.  
 3883 Howard Hughes Parkway, Suite 1100  
 4 Las Vegas, NV 89169  
 Telephone: (702) 784-5200  
 5 Facsimile: (702) 784-5252  
 Email: rkinas@swlaw.com  
 6 pbyrne@swlaw.com  
 kdove@swlaw.com  
 7 cgianelloni@swlaw.com  
 Attorneys for Appellee Rep-Clark, LLC

8  
 9 **UNITED STATES DISTRICT COURT**  
 10 **DISTRICT OF NEVADA**

11 GYPSUM RESOURCES, LLC, a Nevada  
 limited liability company; and GYPSUM  
 12 RESOURCES MATERIALS, LLC, a Nevada  
 limited liability company,

13 Appellants

14 v.

15 REP-CLARK, LLC, a Colorado limited  
 liability company; and Does 1 through 20,  
 16 inclusive,

17 Appellee

Case No. 2:22-cv-00144-CDS

**STIPULATION AND ORDER TO  
 VOLUNTARILY DISMISS APPEAL  
 WITH PREJUDICE**

18 Appellants Gypsum Resources, LLC and Gypsum Resources Materials, LLC (together,  
 19 the “Debtors”) and Respondent Rep-Clark LLC (“Rep-Clark”) Rep-Clark, LLC (“Rep-Clark” and  
 20 together with Debtors, the “Parties”), by and through their counsel of record, stipulate and agree  
 21 to voluntarily dismiss the above-captioned appeal with prejudice pursuant to Fed. R. Bankr. P.  
 22 8023 as follows:

23 **WHEREAS**, Debtors, Rep-Clark and the Official Committee of Unsecured Creditors of  
 24 Gypsum Resources, LLC filed a *Joint Motion for Approval of Compromise, Pursuant to Fed. R.*  
 25 *Bankr. P. 9019, Between Gypsum Resources Materials, LLC, Gypsum Resources, LLC, the*  
 26 *Official Committee of Unsecured Creditors of Gypsum Resources Materials, LLC, and Rep-*  
 27 *Clark, LLC, Including Substantive Consolidation of Debtors’ Estates* in the jointly administered  
 28 bankruptcy proceeding, Case No. BK-S-19-14796-mkn, which provided in relevant part that the

1 Parties agreed to voluntarily dismiss the above-captioned appeal with prejudice. See ECF No.  
2 2213 at ¶ 30, attached as **Exhibit 1**.

3 **WHEREAS**, the bankruptcy court entered the *Order Granting Joint Motion for Approval*  
4 *of Compromise, Pursuant to Fed. R. Bankr. P. 9019, Between Gypsum Resources Materials, LLC,*  
5 *Gypsum Resources, LLC, the Official Committee of Unsecured Creditors of Gypsum Resources*  
6 *Materials, LLC, and Rep-Clark, LLC, Including Substantive Consolidation of Debtors' Estates*  
7 (the "Order"). See ECF No. 2246 at ¶ 3, attached as **Exhibit 2**.

8 **WHEREAS**, the Parties agree to voluntarily dismiss the above-captioned appeal with  
9 prejudice pursuant to the Order, with each Party to bear its or their own costs and attorneys' fees  
10 and costs related to the appeal.

11 **IT IS SO STIPULATED.**

12 DATED: October 13, 2023

13 SNELL & WILMER L.L.P.

14 /s/ Robert R. Kinas

15 Robert R. Kinas (NV Bar No. 6019)  
16 Patrick G. Byrne (NV Bar No. 7636)  
17 Kelly H. Dove (NV Bar No. 10569)  
18 Charles E. Gianelloni (NV Bar No. 12747)  
19 3883 Howard Hughes Parkway, Suite 1100  
20 Las Vegas, NV 89169  
21 Telephone: (702) 784-5200  
22 Facsimile: (702) 784-5252  
23 *Attorneys for Appellee Rep-Clark, LLC*

DATED: October 13, 2023

FOX ROTHSCHILD LLP

/s/ Brett A. Axelrod

Brett A. Axelrod (NV Bar No. 5859)  
Rex D. Garner (NV Bar No. 9401)  
1980 Festival Plaza Drive, Suite 700  
Las Vegas, NV 89135  
Telephone: (702) 262-6899  
Facsimile (702) 597-5503  
*Attorneys for Appellants Gypsum Resources, LLC and Gypsum Resources Materials, LLC*

21 **ORDER**

22  
23 Based on the parties' stipulation, this case is dismissed with prejudice, with each party  
24 to bear its own costs and fees. The Clerk of Court is kindly instructed to close this case.

25  
26   
27 UNITED STATES DISTRICT JUDGE

28 Dated: October 30, 2023

# EXHIBIT 1

Joint Motion for Approval of  
Compromise [ECF No. 2213]

1 BRETT A. AXELROD, ESQ.  
2 Nevada Bar No. 5859  
3 **FOX ROTHSCHILD LLP**  
4 1980 Festival Plaza Drive, Suite 700  
5 Las Vegas, Nevada 89135  
6 Telephone: (702) 262-6899  
7 Facsimile: (702) 597-5503  
8 Email: baxelrod@foxrothschild.com  
9 *Counsel for Debtors*

6 **UNITED STATES BANKRUPTCY COURT**  
7 **DISTRICT OF NEVADA**

8 In re

9 GYPSUM RESOURCES MATERIALS,  
10 LLC,

- 11  Affects Gypsum Resources Materials, LLC  
12  Affects Gypsum Resources, LLC  
13  Affects all Debtors

14 Debtors.

Case No. BK-S-19-14796-mkn

Jointly Administered with  
Case No. BK-S-19-14799-mkn

Chapter 11

11 **JOINT MOTION FOR APPROVAL OF**  
12 **COMPROMISE, PURSUANT TO FED. R.**  
13 **BANKR. P. 9019, BETWEEN GYPSUM**  
14 **RESOURCES MATERIALS, LLC, GYPSUM**  
15 **RESOURCES, LLC, THE OFFICIAL**  
16 **COMMITTEE OF UNSECURED CREDITORS**  
17 **OF GYPSUM RESOURCES MATERIALS,**  
18 **LLC AND REP-CLARK, LLC, INCLUDING**  
19 **SUBSTANTIVE CONSOLIDATION OF**  
20 **DEBTORS' ESTATES**

Hearing Date: October 4, 2023

Hearing Time: 9:30 a.m.

19 Gypsum Resources Materials, LLC (“GRM”) and Gypsum Resources, LLC (“GR” and,  
20 together with GRM, “Debtors”), debtors and debtors in possession in the above-captioned chapter 11  
21 cases (the “Chapter 11 Cases”), by and through their counsel of record, Fox Rothschild, LLP, along  
22 with the Official Committee of Unsecured Creditors of Gypsum Resources Materials, LLC (the  
23 “Committee”) and Rep-Clark LLC (“Rep-Clark”), by and through their respective counsel,  
24 respectfully submit this joint motion (the “Motion”) for entry of an order, pursuant to Rule 9019(a)  
25 of the Federal Rules of Bankruptcy Procedure (“Bankruptcy Rules”), approving that certain *Final*  
26 *Term Sheet for Global Settlement*, dated on or about August 25, 2023 (the “Agreement”) by and  
27 between the Debtors, the Committee, and Rep-Clark (collectively, the “Parties”). The Agreement  
28 resolves litigation between the Debtors and Rep-Clark on numerous fronts (as described below) and

1 paves the way for Debtors to pay all their creditors in full and emerge from bankruptcy. A true and  
2 correct copy of the Agreement is attached as **Exhibit 1** to the *Declaration of James M. Rhodes*  
3 (“Rhodes Declaration”) filed concurrently herewith.

4 By this Motion, the Parties request approval of the Agreement and authorization from the  
5 Court to take all actions contemplated by the Agreement (as described below), including the  
6 substantive consolidation of the Debtors’ estates, which is essential to the efficient effectuation of the  
7 parties’ settlement. This Motion is made and based upon the following memorandum of points and  
8 authorities, the Rhodes Declaration, the papers and pleadings on file with this Court in the Chapter  
9 11 Cases, and any oral argument presented at the time of the hearing of this Motion.

10 **MEMORANDUM OF POINTS AND AUTHORITIES**

11 **I.**

12 **PRELIMINARY STATEMENT**

13 The Agreement is the outcome of a one-day settlement conference attended by the Parties and  
14 presided over by Judge Zive, plus negotiations following the settlement conference. It provides a  
15 comprehensive resolution of the disputes between the Debtors and Rep-Clark, and authorizes the  
16 Committee with consultation from the Debtors and Rep-Clark to conduct a marketing process for all  
17 of Debtors’ assets, while simultaneously authorizing the Debtors to consummate an alternative  
18 transaction (i.e., a refinancing or equity infusion) in lieu of a sale, culminating in a transaction  
19 generating sufficient proceeds to pay all allowed claims in full. The Agreement should be approved  
20 because it is in the best interests of the Debtors’ estates and creditors. See Rhodes Declaration, ¶  
21 5 & Exhibit 1 thereto.

22 **II.**

23 **JURISDICTION**

24 1. This Court has jurisdiction to consider and determine this matter pursuant to 28 U.S.C.  
25 §§ 157 and 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b).

26 2. Venue in this Court is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

27 3. The statutory bases for the relief requested herein are section 105 of title 11 of the  
28 United States Code (the “Bankruptcy Code”) and Bankruptcy Rule 9019(a).

FOX ROTHSCHILD LLP  
1980 Festival Plaza Drive, Suite 700  
Las Vegas, Nevada 89135  
(702) 262-6899  
(702) 597-5503 (fax)

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III.

FACTUAL BACKGROUND

A. **General Background.**

4. On July 26, 2019 (the “Petition Date”), the Debtors filed their voluntary petitions for relief under Chapter 11 of the Bankruptcy Code.

5. On August 5, 2019, the Court entered its Order directing the joint administration of the Chapter 11 Cases [Docket No. 38].

6. The Debtors are continuing in possession of their property and are operating and managing their businesses, as a debtor in possession, pursuant to sections 1107 and 1108 of the Bankruptcy Code. See generally Chapter 11 Case Dockets.

7. The Committee was appointed on August 30, 2019, in GRM’s Chapter 11 Case [Docket No. 118].

B. **Disputes with Rep-Clark**

8. GR owns over 2000 acres of land (the “Property”) in the Southwest part of the Las Vegas valley (“Blue Diamond Hill”) upon which sits a gypsum mine (the “Mine”), operated by GR’s wholly owned subsidiary, GRM. See Rhodes Declaration, ¶ 6.

9. On February 8, 2018, GR entered into the *Gypsum Reserves Agreement and Joint Escrow Instructions* (the “Reserves Agreement”) with Rep-Clark. Under the Reserves Agreement: (a) Rep-Clark paid GR \$30 million; and (b) Rep-Clark received in exchange, among other things: (i) title to patented mining claims (“Mining Claims”) on certain sub-surface gypsum reserves (the “Reserves”) located on the Property, subject to GR’s reservation of surface rights; (ii) a monetary interest (equal to \$16 million or more) in sales from a certain tract of land in the Property after it was developed and sold (the “Land Royalty”); (iii) the possibility of receiving a \$17 million payment (the “QE Payment”) if GR’s “Royalty Coverage Ratio” became less than certain specified amounts; (iv) the possibility of receiving a “Tonnage Payment” if reserves were not proven; (v) the possibility of receiving a \$3 million “Environmental Payment” if government regulators did not issue a no-action letter; and (vi) under the Mining Lease (defined below), certain royalty payments. The Reserves Agreement was amended twice, including the addition of a cross-default provision, making default

1 under the Reserves Agreement, the Mining Lease, or the Land Royalty Agreement (defined below) a  
2 default under the other agreements. See Rhodes Declaration, ¶ 7.

3 10. On February 12, 2018, and pursuant to the Reserves Agreement, Rep-Clark and GRM  
4 entered into the *Mining Lease Agreement* (the “Mining Lease”). The Mining Lease gives GRM the  
5 exclusive right to extract and sell gypsum found within the Mining Claims in exchange for payment  
6 of a royalty (“Royalty”) on 20 million tons of gypsum. Among other things, the Mining Lease  
7 contains a “Debt to EBITDA Ratio” covenant, applicable both to GRM and GR (which had  
8 guaranteed the Mining Lease), triggering termination of the Mining Lease and the obligation  
9 immediately to pay all royalties due over the life of Mining Lease (approximately \$53 million). See  
10 Rhodes Declaration, ¶ 8.

11 11. As part of the Reserves Agreement, Rep-Clark and GR entered into that certain *Land*  
12 *Royalty Agreement* (the “Land Royalty Agreement”), providing, among other things, that a default  
13 under the Mining Lease is a default under the Land Royalty Agreement, and requiring GR, upon  
14 default, immediately to pay Rep-Clark the Land Royalty. See Rhodes Declaration, ¶ 9.

15 12. GRM made all five quarterly Reserves Payments due through March 2019. In a letter  
16 dated May 2, 2019, Rep-Clark asserted that GR was in violation of the Royalty Coverage Ratio for  
17 the year ending December 31, 2018 and demanded the payment of the \$17 million QE Payment. In  
18 a letter dated May 24, 2019, Rep-Clark asserted that GR and GRM were in violation of the Debt to  
19 EBITDA ratio in the Mining Lease for the year ending December 31, 2018, that the default was not  
20 curable, that Rep-Clark had the right to terminate the Mining Lease and that, upon termination, the  
21 Compensatory Royalty (approximately \$53 million) will be immediately due. The default under the  
22 Mining Lease triggered a default under the Land Royalty Agreement. See Rhodes Declaration, ¶ 10.

23 13. In direct response, Debtors filed for bankruptcy in July 2019. Since May 2021,  
24 Debtors have paid Rep-Clark \$6.75 million in adequate protection payments. See Rhodes  
25 Declaration, ¶ 11.

26 14. In August 2019, Debtors filed an adversary proceeding seeking a determination that  
27 the Reserves Agreement/Mining Lease transaction is for secured financing, not a true sale/leaseback  
28 [Adv. P. No. 19-01083-MKN; Docket No. 1]. This Court issued a decision in January 2022 [Adv. P.

1 No. 19-01083-MKN; Docket No. 193], ruling that the Mining Lease is a true lease. The Debtors  
2 promptly appealed the decision to the United States District Court [Adv. P. No. 19-01083-MKN;  
3 Docket No. 200] (the “Recharacterization Appeal”) and the parties filed their appellate briefs; over  
4 one year later, Judge Traum recused herself, and the Recharacterization Appeal is now pending before  
5 Judge Silva. See Rhodes Declaration, ¶ 12.

6 15. In May 2021, Debtors filed an objection [Docket No. 1254] to Rep-Clark’s proofs of  
7 claim aggregating \$120 million [POC Nos. 19-1, 20-2 & 48-1]. The parties subsequently stipulated  
8 that: (a) if the Mining Lease is a true lease, the cure amount owing would not include the  
9 Compensatory Royalty, Additional Compensatory Royalty, or Land Royalty Payment [Docket  
10 No. 1289]; and (b) Rep-Clark shall have aggregate allowed claims of \$62.5 million as of December  
11 31, 2021 (subsequently extended by stipulation to March 31, 2022) [Docket No. 1716] (the “Rep-  
12 Clark Claim”). See Rhodes Declaration, ¶ 13.

13 16. In April 2021, Debtors and Rep-Clark entered into a stipulation requiring Debtors to  
14 make monthly adequate protection payments to Rep-Clark in the amount of \$250,000.00 [Docket No.  
15 1243]. Since May 2021, Debtors have paid Rep-Clark \$6.75 million in adequate protection payments.  
16 See Rhodes Declaration, ¶ 14.

17 17. In October 2021, the Debtors filed their *Fourth Amended Joint Chapter 11 Plan of*  
18 *Reorganization* [Docket No. 1662] (the “Plan”), providing two alternative treatments for the Rep-  
19 Clark Claim, each one including the surrender of a portion of Rep-Clark’s collateral (real property  
20 and/or mineral stockpiles) in satisfaction of the Rep-Clark Claim. Rep-Clark contends that the Plan  
21 cannot be confirmed, arguing that the surrender of its collateral is impermissible under applicable  
22 case law. See Rhodes Declaration, ¶ 15.

23 18. In October 2021, Debtors also filed a motion to value Rep-Clark’s real property  
24 collateral [Docket No. 1675] (the “Real Property Valuation Motion”) for purposes of determining  
25 how much would be required to be surrendered in satisfaction of the Rep-Clark Claim. In July 2022,  
26 this Court entered an Order denying the Real Property Valuation Motion without prejudice [Docket  
27 No. 2000], on the grounds that the individual parcels must be appraised separately. Unless the  
28



1 Settlement Agreement is approved, Debtors intend to refile the Real Property Valuation Motion. See  
2 Rhodes Declaration, ¶ 16.

3 19. In addition, both Rep-Clark and Debtors have commissioned appraisals of the mineral  
4 stockpiles, with the expectation of reaching a litigated resolution of their value (the “Stockpile  
5 Valuation”) unless the Settlement Agreement is approved. See Rhodes Declaration, ¶ 17.

6 20. Rep-Clark and Debtors have stipulated to continue the hearings on Plan confirmation  
7 and on the Real Property and Stockpile Valuation eight times, the most recent of which was filed in  
8 March 2023 [Docket No. 2151]. See Rhodes Declaration, ¶ 18.

9 21. In short, there are numerous outstanding disputes between Debtors and Rep-Clark,  
10 including with respect to confirmation of the Plan, the Recharacterization Appeal, the Real Property  
11 Valuation Motion, and the Stockpile Valuation (collectively, the “Rep-Clark Disputes”). See Rhodes  
12 Declaration, ¶ 19.

13 **C. Litigation with Clark County.**

14 22. The Plan provides for the payment of general unsecured claims from, among other  
15 sources, the proceeds of Debtors’ litigation with Clark County, as described below. Unfortunately,  
16 Debtors are not as far along in reaching a resolution in their favor as they had anticipated based on  
17 the evidence discovered to date. See Rhodes Declaration, ¶ 20.

18 23. Shortly after acquiring the Blue Diamond Hill, GR initiated zoning and entitlement  
19 efforts to pursue commonly sought and approved development rights, which would include increased  
20 residential density. However, bowing to political pressures, both the State of Nevada and Clark  
21 County enacted restrictions designed to preclude development of GR’s Property. In 2005, GR filed  
22 suit and prevailed in invalidating those efforts. The County and GR subsequently entered into a  
23 binding settlement agreement in 2010, which included a requirement that the County act in good faith  
24 pursuant to the Major Projects process. After initially obtaining tentative approvals for density up to  
25 some 5000 residential units, the County returned to its efforts to stifle development. Those efforts  
26 culminated in April 2019, where various County officials, both current and former, maneuvered to  
27 prevent a full and fair vote on GR’s applications to proceed. See Rhodes Declaration, ¶ 21.

28

1           24.     As a result, in May 2019, GR filed a complaint against the County and the County  
2 Board of Commissioners (the “Board”) in the United States District Court for the District of Nevada  
3 (the “District Court”). During the course of discovery, GR uncovered facts supporting its claims and  
4 highlighting the impropriety of the County’s and individual Board member’s actions, which included  
5 findings by the Federal Magistrate Judge that evidence was intentionally destroyed in order to conceal  
6 improprieties in the County’s consideration of GR’s applications. See Rhodes Declaration, ¶ 22.

7           25.     Nonetheless, on May 26, 2023, the District Court granted summary judgment in favor  
8 of the County, dismissed GR’s federal claims, and announced that it was exercising its discretion to  
9 not hear the majority of claims, which were based on state law. GR is entitled to renew those claims  
10 in state court. GR appealed the District Court’s ruling granting partial summary judgment to the  
11 County. See Rhodes Declaration, ¶ 23.

12           26.     On June 7, 2023, GR filed a complaint against the County and the Board based on the  
13 state law claims in the District Court for Clark County, Nevada. GR’s experts had previously  
14 calculated its damages resulting from the County’s actions as ranging between \$1.7 billion and  
15 \$2.2 billion, the difference depending upon assumptions about development density. See Rhodes  
16 Declaration, ¶ 24.

17 **D.     The Settlement Conference.**

18           27.     In light of the pendency of these cases, the complicated disputes among the parties,  
19 and the prospect of many months – if not years – of protracted, costly litigation, the Debtors, Rep-  
20 Clark, and the Committee decided in February 2023 that a settlement conference (a “Settlement  
21 Conference”) was warranted in an effort to resolve the parties’ respective claims. On February 8,  
22 2023, a Stipulation to Attend Settlement Conference [Docket No. 2126] was filed by the parties,  
23 proposing a Settlement Conference before Bankruptcy Judge Gregg W. Zive on June 22, 2023.  
24 Initially, the Stipulation provided that the Debtors and Rep-Clark, but not the Committee, would  
25 attend the Settlement Conference in person.

26           28.     On March 22, 2023, the Court entered an order [Docket No. 2150] scheduling the June  
27 22, 2023 Settlement Conference before Judge Zive, and ordering the Committee to appear in person.  
28 The order further provided for the submission of confidential settlement statements to Judge Zive, as

1 well as the exchange of written settlement offers, in advance of the Settlement Conference. The  
2 parties complied in full with this order.

3 29. On June 22, 2023, as ordered, the parties attended and participated in the Settlement  
4 Conference in Reno, Nevada. The Settlement Conference lasted approximately five (5) hours, and  
5 included an initial joint session before Judge Zive, individual sessions of each of the participating  
6 parties with Judge Zive, discussions among the parties without Judge Zive present, and a final joint  
7 session with Judge Zive. Over the course of the day, the parties negotiated and came to an agreement  
8 on a framework for the completion of these long-pending cases. During this final joint session, the  
9 Committee’s counsel read into the record a settlement term sheet that had been negotiated by the  
10 parties. This term sheet – with several modifications agreed to following the Settlement Conference  
11 – forms the basis of the Agreement for which approval is being sought through this Motion.

12 **IV.**

13 **THE SETTLEMENT TERMS**

14 30. Pursuant to the Agreement, the Parties have agreed to settle the Rep-Clark Disputes  
15 and provide for a sale process run by the Committee intended to facilitate the payment of all allowed  
16 claims against the estates within two years. The settlement has been incorporated into the  
17 Agreement, an executed copy of which is attached hereto as Exhibit 1 to the Rhodes Declaration.  
18 The key terms of the Agreement are summarized as follows:<sup>1</sup>

- 19 1. The parties agree that a process for the sale (a “Sale Transaction”) of the  
20 Debtors' real property holdings (collectively, the “Property”), shall be  
21 instituted through an application to employ a broker, this Motion, and a  
22 motion under section 363(b) of the Bankruptcy Code to sell property, along  
23 with any other necessary and related motions or pleadings (the “Sale  
24 Pleadings”).
- 25 2. The Property shall be defined to include the entirety of the Debtors' real  
26 property, i.e., the 2200-acre Blue Diamond Hill property, and the Debtors'  
27 mining rights and reserves.
- 28 3. The Sale Pleadings shall provide as follows:
- a. The Committee shall take the lead role in conducting the sale  
process, with all material decisions concerning the process to

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<sup>1</sup> The following description is qualified in its entirety by the terms of the Agreement, which shall control in the event of any conflict between this description and the Agreement. Capitalized terms used, but not defined, in this Section shall have the meanings assigned to them in the Agreement.

1 require consultation with the Debtors and Rep-Clark. The Final  
2 Term Sheet describes in more detail the Committee's consultation  
3 obligations and a dispute resolution procedure in the event the  
4 Debtors or Rep-Clark dispute any material decision of the  
5 Committee.

- 6 b. The Debtors shall provide all relevant data in a data room set up for  
7 the sale process and shall respond timely to all reasonable due  
8 diligence requests.
- 9 c. The Committee shall have no more than twenty-four (24) months  
10 from the time the Court approves the employment of a broker to  
11 conduct the sale process (the "Marketing Period"); any extensions  
12 shall require the consent of the parties and an order of the Court.
- 13 d. The broker shall be selected within 60 days of execution of the Final  
14 Term Sheet. Each of the Parties shall be permitted to nominate  
15 broker candidates, and all Parties shall be entitled to participate in  
16 broker vetting and interviews. The Parties shall vote on the broker  
17 candidates and no broker shall be retained absent approval of all  
18 Parties. In the event that the Parties cannot agree to the retention of  
19 a broker, Judge Zive will mediate.
  - 20 i. The broker's retention shall not be terminable by the Debtors  
21 alone, but will require the express consent of the Parties.  
22 Disputes regarding the termination of a broker shall be  
23 mediated, also by Judge Zive.
  - 24 ii. If mediation regarding either (i) retention of a broker; or (ii)  
25 termination of a broker is unsuccessful, any Party may file a  
26 motion with the Bankruptcy Court to have the dispute  
27 adjudicated, and the Parties consent to such motion being  
28 brought on an emergency basis.



f. During the Marketing Period, the Debtors and their principal, James Rhodes, shall have the right to seek alternative transactions, including but not limited to a refinancing or an equity raise,

Any brokerage agreement shall provide that it may be terminated upon the closing of Alternative Transaction. A

market-based termination fee payable to the broker in the event of termination may be negotiated into the brokerage agreement.

- i. Debtors may retain the services of an investment banker to pursue an Alternative Transaction and shall be responsible for the payment of any fees and expenses charged by such investment banker.
  - g. In the event that a Sale Transaction or an Alternative Transaction is not substantially consummated by the close of the Marketing Period, the Parties agree that a Chief Restructuring Officer having relevant mining and land development experience shall be retained to assume the operations of the Debtors and conduct a liquidation of the Debtors' assets.
4. All insider avoidance action claims shall be tolled through the conclusion of the Marketing Period. Upon closing of a Sale Transaction or Alternative Transaction that satisfies unsecured claims in full, such claims shall be deemed waived and released in their entirety
  5. The Debtors shall continue to make \$250,000 monthly adequate protection payments to Rep-Clark pursuant to the terms of the adequate protection stipulation, and shall be permitted to continue mining operations so long as such payments are made.
  6. The Debtors' pending appeal of the judgment of the Bankruptcy Court entered on January 11, 2022 (Case No. 2-22-cv-00144-CDS, D. Nev.) shall be dismissed with prejudice.
  7. The parties shall stipulate and request that the Debtors' estates be substantively consolidated.
  8. Upon Court approval, an initial *pro rata* distribution shall be made to holders of allowed general unsecured claims in both bankruptcy estates in the amount of \$1 million (or such lesser amount as agreed to by the Committee and the Debtors), representing unsecured creditors' share of the Debtors' prior sale of the Industrial Parcel.

See Rhodes Declaration, ¶ 25 & Exhibit 1 thereto.

V.

ARGUMENT

A. **Legal Standard.**

31. "Compromises are a normal part of the process of reorganization." Protective Comm. for Indep. Stockholders of TMT Trailer Ferry, Inc. v. Anderson, 390 U.S. 414, 424 (1968) (citations and internal quotation marks omitted). Accordingly, Bankruptcy Rule 9019 provides: "On motion by the trustee and after notice and a hearing, the court may approve a compromise or settlement." Fed. R. Bankr. P. 9019(a).

1           32. The Court is afforded “great latitude in approving compromise agreements.”  
2 Woodson v. Fireman’s Fund Ins. Co. (In re Woodson), 839 F.2d 610, 620 (9th Cir. 1988). “The  
3 purpose of a compromise agreement is to allow the trustee and the creditors to avoid the expenses  
4 and burdens associated with litigating sharply contested and dubious claims.” Martin v. Kane (In re  
5 A&C Props.), 784 F.2d 1377, 1380-81 (9th Cir. 1986). Moreover, “[t]he law favors compromise and  
6 not litigation for its own sake . . . .” Id. at 1381. Accordingly, to approve a settlement agreement, a  
7 bankruptcy court need not conduct a mini-trial on the merits of the claims or an exhaustive  
8 investigation into the underlying dispute between the parties. United States v. Alaska Nat’l Bank (In  
9 re Walsh Constr., Inc.), 669 F.2d 1325, 1328 (9th Cir. 1982). It is sufficient that the court find that  
10 the settlement was negotiated in good faith and that it is fair and equitable. A&C Props., 784 F.2d at  
11 1381.

12           33. The Ninth Circuit has identified four factors that a bankruptcy court must consider in  
13 determining whether a proposed settlement agreement is reasonable, fair and equitable:

- 14           (a) the probability of success in the litigation;
- 15           (b) the difficulties, if any, to be encountered in the matter of collection;
- 16           (c) the complexity of the litigation involved, and the expense, inconvenience and  
17           delay necessarily attending it; and
- 18           (d) the paramount interest of the creditors and a proper deference to their  
19           reasonable views in the premises.

20 A & C Props., 784 F.2d at 1381 (citations omitted).

21           34. In considering these factors, bankruptcy courts need only canvass the issues, not  
22 decide disputed facts and questions of law. See Burton v. Ulrich (In re Schmitt), 215 B.R. 417, 423  
23 (B.A.P. 9th Cir. 1997). “If the court were required to do more than canvass the issue[s], ‘there would  
24 be no point in compromising; the parties might as well go ahead and try the case.’” Suter v. Goedert  
25 (In re Suter), 396 B.R. 535, 548 (D. Nev. 2008) (quoting 10 Collier on Bankruptcy, ¶ 9019.02).  
26 Additionally, “while creditors’ objections to a compromise must be afforded due deference, such  
27 objections are not controlling.” A & C Props., 784 F.2d at 1382. Indeed, the settlement need not be  
28 the best that could have been achieved, but only must not fall “below the lowest point in the range of  
reasonableness.” In re Pac. Gas & Elec. Co., 304 B.R. 395, 417 (Bankr. N.D. Cal. 2004) (quoting In  
re Drexel Burnham Lambert Group, Inc., 134 B.R. 493, 496 (Bankr. S.D.N.Y. 1991) (citations and

1 internal quotation marks omitted)); accord Redwood Trust v. Am. Bldg. Storage, LLC (In re Am.  
2 Bldg. Storage, LLC), No. CC-06-1259-MOPAD, 2007 WL 7532281, at \*5 (B.A.P. 9th Cir. Apr. 2,  
3 2007) (not for publication).

4 **B. The A&C Properties Factors Weigh Heavily in Favor of Approving the Agreement.**

5 35. All of the applicable *A&C Properties* factors favor the approval of the Agreement, as  
6 discussed below:

- 7 • Although Debtors believe that they have a reasonable likelihood of prevailing on the  
8 issues, there is always uncertainty involved in litigation. The Agreement provides  
9 Debtors with a prompt resolution of the Rep-Clark Disputes and paves the way for the  
10 payment of all claims in full. See Rhodes Declaration, ¶ 26.
- 11 • With respect to any difficulties to be encountered in the matter of collections, the  
12 estates assets are not liquid and this agreement is a path forward to obtain sufficient  
13 cash proceeds to pay creditors in full and provides creditors with a path certain and a  
14 deadline for receipt of payments. See Rhodes Declaration, ¶ 26.
- 15 • Here, “the complexity of the litigation involved, and the expense, inconvenience and  
16 delay necessarily attending it,” is arguably the most important factor when analyzing  
17 the pending Agreement. If the Agreement is not approved or does not become  
18 effective for any reason, resolution of the pending disputes between Debtors and Rep-  
19 Clark will require a substantial investment of Debtors’ time and resources, given that  
20 the litigation involves claims that are vigorously contested. See Rhodes Declaration,  
21 ¶ 26.
- 22 • Finally, when analyzing the paramount interest of the creditors and a proper deference  
23 to their reasonable views in the premises, it is of utmost importance to note that the  
24 terms of the Agreement were reached in good faith, and with the goal of reaching a  
25 compromised resolution for the benefit of all stakeholders. See Rhodes Declaration,  
26 ¶ 26.

27 36. Furthermore, the settlement is desirable to the Debtors because while it provides for a  
28 mechanism to satisfy all creditor claims in full through a Committee-run sale process, it  
simultaneously affords the Debtors the flexibility to seek alternative transactions that will not only  
permit payment in full of creditors, but also, the Debtors’ continued ownership of the Property (and  
therefore, the opportunity to develop the Property consistent with the Debtors’ long-held plans). The  
settlement further allows the Debtors to retain ownership and control of a key asset: the Clark County  
Litigation, which is expressly carved out from the scope of the Committee’s sale mandate.

37. For all of these reasons, it is in the best interest of the Debtors’ estates and creditors  
to proceed with the Agreement.

FOX ROTHSCHILD LLP  
1980 Festival Plaza Drive, Suite 700  
Las Vegas, Nevada 89135  
(702) 262-6899  
(702) 597-5503 (fax)

1 **C. The Debtors’ Estates Should be Substantively Consolidated.**

2 38. A material term of the parties’ settlement is the stipulation by the parties that the  
3 Debtors’ estates be substantively consolidated. In light of the fact that the sale process will be  
4 conducted prior to Plan confirmation, substantive consolidation at this time is important for two  
5 reasons: (i) it alleviates any standing concerns regarding the Committee’s conduct of the sale process  
6 (since it has only been appointed in the GRM case); and (ii) it ensures that the Committee-led sale  
7 process is being conducted for the benefit of *all* unsecured creditors of these estates.

8 39. The leading case in the Ninth Circuit on substantive consolidation is In re Bonham,  
9 229 F.3d 750 (9<sup>th</sup> Cir. 2000). In Bonham, the Ninth Circuit holds that the Bankruptcy Court has the  
10 power to substantively consolidate entities. Bonham, 229 F.3d at 763.<sup>2</sup>

11 40. “The effect of substantive consolidation is, *inter alia*, the pooling of the assets and  
12 liabilities of the consolidated entities and the satisfaction of claims from the common fund.” In re  
13 World Access, Inc., 301 B.R. 217, 272 (Bankr. N.D. Ill. 2003); see also FDIC v. Colonial Realty Co.,  
14 966 F.2d 57, 58 (2d Cir. 1992).

15 41. This Court’s authority to substantively consolidate separate entities is derived from its  
16 equitable powers under section 105(a) of the Bankruptcy Code. World Access, 301 B.R. at 272; see  
17 also In re Owens Corning, 419 F.3d 195, 216 (3d Cir. 2005) (expressly acknowledging the legitimacy  
18 of substantive consolidation); In re Raymond Prof’l Group, Inc., 438 B.R. 130, 138 (Bankr. N.D. Ill.  
19 2010). Substantive consolidation inquiries are fact intensive. World Access, 301 B.R. at 272.

20 42. The Bonham court references In re Augie/Restivo Baking Co., 860 F.2d 515 (2d Cir.  
21 1988) as instructive, and has adopted the Augie/Restivo test for evaluating the propriety of a proposed  
22 substantive consolidation. Bonham, 229 F.3d at 766 (“The Second Circuit’s approach is more  
23 grounded in substantive consolidation and economic theory; it is also more easily applied. Thus, we  
24 adopt it and utilize it in our analysis of this case.”).

25  
26  
27 <sup>2</sup> See also Gill v. Sierra Pacific Constr., Inc. (In re Parkway Calabasas ), 89 B.R. 832 (Bankr.C.D.Cal.1988), aff’d, 949  
28 F.2d 1058 (9<sup>th</sup> Cir.1991); cf. United States v. Alaska Nat’l Bank of the North (In re Walsh Construction, Inc.), 669 F.2d  
1325, 1330 (9<sup>th</sup> Cir.1982) (recognizing *in dicta* power to substantively consolidate entities, but noting that power to be  
“used sparingly”); Anaconda Building Materials Co. v. Newland, 336 F.2d 625 (9<sup>th</sup> Cir.1964).



1           43. Both Bonham and Augie/Restivo require the consideration of two factors: (1) whether  
2 creditors dealt with the entities as a single economic unit and did not rely on the separate credit of  
3 each *or* (2) whether the operations of the Debtors were excessively entangled to the extent that  
4 consolidation will benefit all creditors. Bonham, 229 F.3d at 766. “The presence of *either factor* is  
5 a sufficient basis to order substantive consolidation.” *Id.* (emphasis added).—The parties are unaware  
6 of there being creditors that commonly dealt with the Debtors as a single economic unit. Accordingly,  
7 in order for substantive consolidation to be approved, the parties must demonstrate that the operations  
8 of the Debtors were excessively entangled to the extent that consolidation will benefit all creditors.

9           44. Consolidation is justified under the second factor where “the time and expense  
10 necessary even to attempt to unscramble [the assets and liabilities is] so substantial as to threaten the  
11 realization of any net assets for all the creditors...or where no accurate identification and allocation  
12 of assets is possible. In such circumstances, all creditors are better off with substantive consolidation.”  
13 World Access, 301 B.R. at 274 (internal quotations omitted); see also Chemical Bank v. Kheel, 369  
14 F.2d 845, 848 (2d Cir. 1966) (finding that equity allows consolidation “where the interrelationships  
15 of the group are hopelessly obscured and the time and expense necessary to even to attempt to  
16 unscramble them is so substantial as to threaten the realization of any net assets for all the creditors”).

17           45. Here, the parties submit that looking to another commonly utilized substantive  
18 consolidation test – that first propounded by the District of Columbia Circuit in In re Auto-Train  
19 Corp., 810 F.2d 270 (D.C. Cir. 1987) – may be instructive in evaluating the extent to which these  
20 estates are entangled. Among other factors, courts employing an Auto-Train analysis look at the  
21 following:

- 22           a. The presence or absence of consolidated financial statements.
- 23           b. The unity of interest and ownership between various corporate entities.
- 24           c. The existence of parent and intercorporate guaranties of loans.
- 25           d. The degree of difficulty in segregating and ascertaining individual assets and liabilities
- 26           e. The transfer of assets without formal observance of corporate formalities.
- 27           f. The commingling of assets or business functions
- 28           g. The profitability of consolidation at a single location.
- h. The parent owns a majority of the subsidiary’s stock.
- i. The entities have common officers or directors.
- j. The subsidiary is grossly undercapitalized.
- k. The subsidiary transacts business solely with the parent.

- 1 l. Disregarding the legal requirements of the subsidiary as a separate corporation.
- 2 m. The existence of a single integrated cash management system.
- 3 n. The use of a common name by parent and subsidiary.
- 4 o. The common use of intercompany transactions.

5 Eastgroup Props. V. S. Motel Ass’n, 935 F.2d 245, 249 (11<sup>th</sup> Cir. 1991) (further holding that “no  
6 single factor . . . is determinative”).

7 46. Here, numerous indicia of entanglement of the Debtors exist that support the  
8 substantive consolidation of the estates.

9 47. *Unity of interests and ownership.* Here, the membership interests of GR are owned  
10 48.946% by the James M. Rhodes Dynasty Trust I, 48.946% by the James M. Rhodes Dynasty Trust  
11 II, 1.059% by the James Michael Rhodes Irrevocable Children’s Education Trust, and 1.049% by  
12 Truckee Springs Holdings, Inc., and GR is the sole member of GRM. See Rhodes Declaration, ¶ 27.

13 48. *Commingling of assets.* While there has not been technical “commingling” of the  
14 Debtors’ assets (i.e., that assets of one Debtor have been conveyed to another), there is an inherent  
15 difficulty in separating the Debtors’ assets, given that the land on which GRM’s mining operations  
16 sit is owned by GR.

17 49. *The existence of parent and intercompany guaranties of loans.* The senior lender  
18 and/or largest creditor of both Debtors is Rep-Clark. Rep-Clark’s claims, liens, and interests pervade  
19 the assets of both Debtors as more fully discussed below:

- 20 • Rep-Clark owns patented mining claims within the Blue Diamond Hill property, and  
21 leases those claims back to GRM under a Mining Lease Agreement dated February  
22 12, 2018. GR is also a party to the Mining Lease Agreement by virtue of it being the  
23 surface owner, and guaranteed all of GRM’s obligations thereunder pursuant to a  
24 Guaranty of Mining Lease dated November 9, 2018. *See* Proof of Claim of Rep-Clark  
25 (GRM, Claim No. 48). As such, GR and GRM are co-obligated as to GRM’s largest  
26 creditor.
- 27 • Rep-Clark further has substantial claims, liens, and security interests on the assets of  
28 GR, pursuant to a series of agreements between the parties that are more fully set forth  
in Rep-Clark’s proof of claim against GR. *See* Proof of Claim of Rep-Clark (GR,  
Claim No. 20). Specifically, Rep-Clark has liens on three material parcels of GR’s  
real estate holdings, known as the “QE Parcel,” “Land Royalty Parcel,” and  
“Environmental Payment Parcel,” and its claim is orders of magnitude larger than any  
other claim asserted against GR.

1           50.     *Common officers and directors.* Truckee Springs Holdings, Inc. is the manager of  
2 each of GR and GRM. James Rhodes is the President, Secretary and Treasurer of Truckee Springs  
3 Holdings. See Rhodes Declaration, ¶ 28.

4           51.     *The parent owns a majority of the subsidiary's stock.* GRM is wholly-owned by GR.  
5 *See* Docket No. 14 (Rhodes Declaration in Support of First-Day Motions).

6           52.     *The common use of intercompany transactions.* The Committee alleges that in periods  
7 preceding the Petition Date, intercompany transactions, not only between the Debtors, but among the  
8 Debtors and other affiliates commonly owned by James Rhodes, were commonplace. Based on an  
9 analysis performed by the Committee, there are myriad examples of (i) cash transfers between Debtor  
10 and non-Debtor affiliates, as well as between the Debtors; and (ii) payments made by the Debtors in  
11 satisfaction of obligations of non-Debtor entities (or vice versa). The process of reconciling these  
12 transfers and payments, which easily aggregate to over \$10 million in relevant periods prior to the  
13 Petition Date, would be an enormous, costly undertaking. See Rhodes Declaration, ¶ 29.

14           53.     Accordingly, sufficient factors exist for this Court to determine that the estates of GR  
15 and GRM are sufficiently intertwined so as to justify the substantive consolidation of the estates.

16           54.     In addition to the Auto/Train analysis, substantive consolidation is justified in these  
17 cases for two other reasons: first, the consent of the parties; and second, because no creditor will be  
18 prejudiced by the proposed substantive consolidation.

19           55.     *Consent of the Parties.* In Owens-Corning, the Third Circuit adopted the same two-  
20 part test adopted in Bonham and Augie/Restivo, with an important modifier: those factors need only  
21 be considered **in the absence of consent**. Owens-Corning, 419 F.3d at 211. Here, while the Debtors,  
22 the Committee, and Rep-Clark have not polled each and every creditor in these cases to inquire as to  
23 their position, the Debtors note that: (i) Rep-Clark, the largest (by far) creditor in these cases, holding  
24 nearly ninety percent (90%) of the aggregate claims of both estates; (ii) the Committee, representing  
25 the interests of the GRM creditors; and (iii) the Debtors each support substantive consolidation. The  
26 Debtors are informed that the Committee inquired as to whether Cashman Equipment Company (one  
27 of the most active creditors in these cases) would support substantive consolidation, and Cashman  
28 has indicated that it does not object.





FOX ROTHSCHILD LLP  
1980 Festival Plaza Drive, Suite 700  
Las Vegas, Nevada 89135  
(702) 262-6899  
(702) 597-5503 (fax)

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**EXHIBIT A**  
**PROPOSED ORDER**

BRETT A. AXELROD, ESQ.  
Nevada Bar No. 5859  
**FOX ROTHSCHILD LLP**  
1980 Festival Plaza Drive, Suite 700  
Las Vegas, Nevada 89135  
Telephone: (702) 262-6899  
Facsimile: (702) 597-5503  
Email: baxelrod@foxrothschild.com  
*Counsel for Debtors*

**UNITED STATES BANKRUPTCY COURT**  
**DISTRICT OF NEVADA**

In re

GYPSUM RESOURCES MATERIALS,  
LLC,

- Affects Gypsum Resources Materials, LLC
- Affects Gypsum Resources, LLC
- Affects all Debtors

Debtors.

Case No. BK-S-19-14796-mkn

Jointly Administered with  
Case No. BK-S-19-14799-mkn

Chapter 11

**ORDER GRANTING JOINT MOTION  
FOR APPROVAL OF COMPROMISE,  
PURSUANT TO FED. R. BANKR. P.  
9019, BETWEEN GYPSUM  
RESOURCES MATERIALS, LLC,  
GYPSUM RESOURCES, LLC, THE  
OFFICIAL COMMITTEE OF  
UNSECURED CREDITORS OF  
GYPSUM RESOURCES MATERIALS,  
LLC AND REP-CLARK, LLC,  
INCLUDING SUBSTANTIVE  
CONSOLIDATION OF DEBTORS'  
ESTATES**

Hearing Date: October 4, 2023  
Hearing Time: 9:30 a.m.

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The Court, having reviewed and considered Joint Motion of the Debtors, the Official Committee of Unsecured Creditors of Gypsum Resources Materials, LLC, and Rep-Clark, LLC for an order, pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure, for approval of the Agreement as more fully set forth in the Motion; and upon consideration of the *Declaration of James M. Rhodes* in support thereof; and the parties having appeared by and through their respective counsel, and all other appearances having been noted on the record; the Court having stated its findings of fact and conclusions of law on the record at the hearing on the Motion, which findings of fact and conclusions of law are incorporated herein by this reference in accordance with Federal Rule of Civil Procedure 52, as made applicable by Bankruptcy Rule 9014; and it appearing that the relief requested is warranted on the grounds, among others, that the Agreement: (a) was negotiated in good faith and is fair and equitable, (b) contemplates an immediate resolution of the Rep-Clark Disputes on terms favorable to the Debtors and their estates; (c) provides for a structured sale process designed to result in the payment of all claims in full within two years; (d) avoids litigation which could prove to be protracted and expensive; and (e) is in the best interests of the Debtors, the estates and its creditors because the Agreement resolves the Rep-Clark Disputes without the incurrence of additional expense and paves the way for the Debtors to emerge from bankruptcy after payment of all claims in full; after due deliberation and sufficient cause appearing therefor, it is hereby:

**ORDERED** that the Motion is GRANTED; and

**IT IS FURTHER ORDERED** that:

1. The Agreement is approved;
2. The substantive consolidation of the estates of Debtors Gypsum Resources, LLC and Gypsum Resources Materials, LLC is hereby approved;
3. The Debtors are authorized to take all actions contemplated by the Agreement; and
4. This Court shall, and hereby does, retain jurisdiction with respect to all matters arising from or related to the implementation and interpretation of this Order.

FOX ROTHSCHILD LLP  
1980 Festival Plaza Drive, Suite 700  
Las Vegas, Nevada 89135  
(702) 262-6899  
(702) 597-5503 (fax)

1 Prepared and Respectfully Submitted by:  
2 **FOX ROTHSCHILD LLP**

3 By /s/Brett A. Axelrod  
4 BRETT A. AXELROD, ESQ.  
5 Nevada Bar No. 5859  
6 1980 Festival Plaza Drive, Suite 700  
7 Las Vegas, Nevada 89135  
8 Telephone: (702) 262-6899  
9 *Counsel for Debtors*

10 APPROVED/DISAPPROVED:  
11 **OFFICE OF THE UNITED STATES TRUSTEE**

12 BY: \_\_\_\_\_  
13 [ ]  
14 Trial Attorney for United States Trustee,  
15 Tracy Hope Davis

16 **LR 9021 CERTIFICATION**

17 In accordance with LR 9021, counsel submitting this document certifies that the order  
18 accurately reflects the court's ruling and that (check one):

- 19  The court waived the requirement of approval under LR 9021(b)(1).
- 20  No party appeared at the hearing or filed an objection to the motion.
- 21  I have delivered a copy of this proposed order to all counsel who appeared at  
22 the hearing, and any unrepresented parties who appeared at the hearing, and each has  
23 approved or disapproved the order, or failed to respond, as indicated below:

24 \_\_\_\_\_, Office of the Approved / Disapproved  
25 United States Trustee

26  I certify that this is a case under Chapter 7 or 13, that I have served a copy of  
27 this order with the motion pursuant to LR 9014(g), and that no party has objection to  
28 the form or content of the order.

###



# EXHIBIT 2

Order Granting Joint Motion for  
Approval of Compromise  
[ECF No. 2246]



Honorable Mike K. Nakagawa  
United States Bankruptcy Judge



Entered on Docket  
October 06, 2023

BRETT A. AXELROD, ESQ.  
Nevada Bar No. 5859  
**FOX ROTHSCHILD LLP**  
1980 Festival Plaza Drive, Suite 700  
Las Vegas, Nevada 89135  
Telephone: (702) 262-6899  
Facsimile: (702) 597-5503  
Email: baxelrod@foxrothschild.com  
*Counsel for Debtors*

**UNITED STATES BANKRUPTCY COURT**  
**DISTRICT OF NEVADA**

In re

**GYPSUM RESOURCES MATERIALS,  
LLC,**

- Affects Gypsum Resources Materials, LLC  
 Affects Gypsum Resources, LLC  
 Affects all Debtors

Case No. BK-S-19-14796-mkn

Jointly Administered with  
Case No. BK-S-19-14799-mkn

Chapter 11

**ORDER GRANTING JOINT MOTION  
FOR APPROVAL OF COMPROMISE,  
PURSUANT TO FED. R. BANKR. P.  
9019, BETWEEN GYPSUM  
RESOURCES MATERIALS, LLC,  
GYPSUM RESOURCES, LLC, THE  
OFFICIAL COMMITTEE OF  
UNSECURED CREDITORS OF  
GYPSUM RESOURCES MATERIALS,  
LLC AND REP-CLARK, LLC,  
INCLUDING SUBSTANTIVE  
CONSOLIDATION OF DEBTORS'  
ESTATES**

Hearing Date: October 4, 2023

Hearing Time: 9:30 a.m.

FOX ROTHSCHILD LLP  
1980 Festival Plaza Drive, Suite 700  
Las Vegas, Nevada 89135  
(702) 262-6899  
(702) 597-5503 (fax)

1 The Court, having reviewed and considered Joint Motion of the Debtors, the Official  
2 Committee of Unsecured Creditors of Gypsum Resources Materials, LLC, and Rep-Clark, LLC for  
3 an order, pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure, for approval of the  
4 Agreement as more fully set forth in the Motion; and upon consideration of the *Declaration of James*  
5 *M. Rhodes* in support thereof; and the parties having appeared by and through their respective counsel,  
6 and all other appearances having been noted on the record; the Court having stated its findings of fact  
7 and conclusions of law on the record at the hearing on the Motion, which findings of fact and  
8 conclusions of law are incorporated herein by this reference in accordance with Federal Rule of Civil  
9 Procedure 52, as made applicable by Bankruptcy Rule 9014; and it appearing that the relief requested  
10 is warranted on the grounds, among others, that the Agreement: (a) was negotiated in good faith and  
11 is fair and equitable, (b) contemplates an immediate resolution of the Rep-Clark Disputes on terms  
12 favorable to the Debtors and their estates; (c) provides for a structured sale process designed to result  
13 in the payment of all claims in full within two years; (d) avoids litigation which could prove to be  
14 protracted and expensive; and (e) is in the best interests of the Debtors, the estates and its creditors  
15 because the Agreement resolves the Rep-Clark Disputes without the incurrence of additional expense  
16 and paves the way for the Debtors to emerge from bankruptcy after payment of all claims in full; after  
17 due deliberation and sufficient cause appearing therefor, it is hereby:

18 **ORDERED** that the Motion is GRANTED; and

19 **IT IS FURTHER ORDERED** that:

- 20 1. The Agreement is approved;<sup>1</sup>
- 21 2. The substantive consolidation of the estates of Debtors Gypsum Resources, LLC and  
22 Gypsum Resources Materials, LLC is hereby approved;
- 23 3. The Debtors, the Committee, and Rep-Clark, as applicable, are authorized to take all  
24 actions contemplated by the Agreement;
- 25
- 26

---

27 <sup>1</sup> The Allowed Amount of Rep Clark's secured claim will be determined by the court at a later  
28 date pursuant to the formula set forth in the *Ninth Stipulation to Vacate Confirmation Hearing and*  
*Related Deadlines on Plan Confirmation and to Set Status Hearings* [ECF No. 22323].

- 1           4.       Any distribution of the Segregated Funds shall only be made in accordance with a  
2                       confirmed chapter 11 plan in these cases, or by subsequent order of this Court; and  
3           5.       This Court shall, and hereby does, retain jurisdiction with respect to all matters arising  
4                       from or related to the implementation and interpretation of this Order.

5  
6  
7  
8  
9       Prepared and Respectfully Submitted by:

10       **FOX ROTHSCHILD LLP**

11       By       /s/Brett A. Axelrod        
12           BRETT A. AXELROD, ESQ.  
13           Nevada Bar No. 5859  
14           1980 Festival Plaza Drive, Suite 700  
15           Las Vegas, Nevada 89135  
16           Telephone: (702) 262-6899  
17           *Counsel for Debtors*

18       APPROVED:

19       **OFFICE OF THE UNITED STATES TRUSTEE**

20       By:       /s/Edward M. McDonald, Jr.        
21           Edward M. McDonald, Jr.  
22           Trial Attorney for United States Trustee,  
23           Tracy Hope Davis

24       APPROVED:

25       **TUCKER ELLIS LLP**

26       By:       /s/Thomas R. Fawkes        
27           Thomas R. Fawkes, Esq.  
28           233 South Wacker Drive, Suite 6950  
          Chicago, Illinois 60606  
          *Counsel for the Official Committee  
          of Unsecured Creditors*

