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Counsel for the Debtor and Debtor-in-Possession

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:	§	
	§	Chapter 11
HIGHLAND CAPITAL MANAGEMENT, L.P., ¹	§	
Debtor.	§	Case No. 19-34054-sgj11
HIGHLAND CAPITAL MANAGEMENT, L.P.,	§	
Plaintiff,	§	
vs.	§	Adv. Pro. No. 20-03128
PATRICK HAGAMAN DAUGHERTY,	§	
Defendant.	§	

¹ The Debtor's last four digits of its taxpayer identification number are (6725). The headquarters and service address for the above-captioned Debtor is 300 Crescent Court, Suite 700, Dallas, TX 75201.



STIPULATION RESOLVING ADVERSARY PROCEEDING

This stipulation (the “Stipulation”) is made and entered into by and between Highland Capital Management, L.P., as debtor-in-possession (the “Debtor”), and Patrick Hagaman Daugherty (“Mr. Daugherty” and, together with the Debtor, the “Parties”), by and through their respective undersigned counsel.

RECITALS

WHEREAS, on October 16, 2019 (the “Petition Date”), the Debtor commenced with the United States Bankruptcy Court for the District of Delaware (the “Initial Court”) a voluntary case under chapter 11 of title 11 of the Bankruptcy Code (the “Delaware Case”);

WHEREAS, on December 4, 2019 (the “Transfer Date”), the Initial Court entered the *Order Transferring Venue of this Case to the United States Bankruptcy Court for the Northern District of Texas* [Docket No. 184] (the “Transfer Order”), which transferred the Delaware Case to the United States Bankruptcy Court for the Northern District of Texas (the “Court”);

WHEREAS, on March 2, 2020, the Court entered the *Order (I) Establishing Bar Dates for Filing Claims and (II) Approving the Form and Manner of Notice Thereof* [Docket No. 488], which, among other things, established April 8, 2020 at 5:00 p.m. Central Time as the deadline for all entities holding claims against the Debtor that arose before the Petition Date to file proofs of claim;

WHEREAS, on April 6, 2020, Mr. Daugherty filed a general unsecured, non-priority proof of claim in the approximate amount of \$37 million, which claim was denoted by the Debtor’s claims agent as claim number 77 (“Claim No. 77”);

WHEREAS, on October 23, 2020, Mr. Daugherty filed his motion for leave to amend Claim No. 77, and such motion was unopposed;

WHEREAS, in 2017, Mr. Daugherty commenced an action against the Debtor and others in the Delaware Chancery Court, C.A. No. 2017-0488-MTZ (“Delaware Case I”);

WHEREAS, in 2019, Mr. Daugherty commenced a second action in the Delaware Chancery Court related to Delaware Case I, C.A. No. 2019-0956-MTZ (“Delaware Case II” and together with Delaware Case I, the “Delaware Cases”);

WHEREAS, on October 8, 2020, the Debtor commenced the above-referenced adversary proceeding (the “Adversary Proceeding”) by filing its *Complaint to Extend the Automatic Stay or in the Alternative for Preliminary Injunctive Relief* [Adv. Pro. Docket No. 1] (the “Complaint”) in which the Debtor sought, in substance, to stay Mr. Daugherty’s prosecution of the Delaware Cases;

WHEREAS, on November 12, 2020, Mr. Daugherty filed his *Motion to Dismiss Adversary Proceeding Pursuant to Fed. R. Civ. P. 12(b)(6)* [Adv. Pro. Docket No. 6] (the “Motion to Dismiss”); and

NOW, THEREFORE, it is hereby stipulated and agreed, and upon approval of this Stipulation by the Court, it shall be SO ORDERED:

1. As soon as practicable after the entry of an order approving this Stipulation, the Debtor shall take all steps necessary to dismiss the Adversary Proceeding with prejudice.
2. In exchange for the dismissal of the Adversary Proceeding, Mr. Daugherty covenants not to take any steps to prosecute or pursue the claims in the Delaware Cases until the earlier to occur of (a) the effective date of any plan of reorganization or liquidation filed in the Debtor’s bankruptcy case, or (b) January 31, 2021.
3. The Court shall retain jurisdiction over all disputes arising out of or otherwise concerning the interpretation and enforcement of this Stipulation.

Dated: December 18, 2020.

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-and-

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