

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:) Chapter 7
)
PREHIRED, LLC, *et al*,) Case No. 22-11007 (JTD)
)
Debtors¹.) (Jointly Administered)
)
) **Hearing Date: November 1, 2023 at 3:00 p.m. (ET)**
) **Obj. Deadline: October 23, 2023 at 4:00 p.m. (ET)**

**NOTICE OF HEARING REGARDING MOTION OF CHAPTER 7 TRUSTEE TO
LIMIT NOTICE AND ESTABLISH NOTICING PROCEDURES PURSUANT TO
SECTION 105(a) OF THE BANKRUPTCY CODE AND RULES 2002, 6004, 6007 AND
9007 OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE AND RULE 2002-1
OF THE LOCAL RULES FOR THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

PLEASE TAKE NOTICE that on December 28, 2022, Don A. Beskrone, in his capacity as the duly appointed Chapter 7 trustee (the “Trustee”) of the bankruptcy Estates of the above-captioned Debtors (the “Debtors”), by and through his undersigned counsel, Ashby & Geddes, P.A, filed the *Motion to Limit Notice and Establish Noticing Procedures Pursuant to Section 105(a) of the Bankruptcy Code and Rules 2002, 6004, 6007 and 9007 of the Federal Rules of Bankruptcy Procedure and Rule 2002-1 of the Local Rules for the United States Bankruptcy Court for the District of Delaware* (the “Motion”) with the United States Bankruptcy Court for the District of Delaware.

PLEASE TAKE FURTHER NOTICE that objections, if any, to the relief sought in the Motion must be (a) in writing and served on or before **October 23, 2023 at 4:00 p.m. (ET)** (the “Objection Deadline”); (b) filed with the Clerk of the United States Bankruptcy Court for the District of Delaware, 824 N. Market Street, 3rd Floor, Wilmington, DE 19801; and (c) served as to be received on or before the Objection Deadline by the undersigned counsel.

PLEASE TAKE FURTHER NOTICE THAT A HEARING ON THE MOTION WILL BE HELD ON NOVEMBER 1, 2023 AT 3:00 P.M. (ET) BEFORE THE HONORABLE JOHN T. DORSEY, UNITED STATES BANKRUPTCY JUDGE FOR THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE, 824 N. MARKET STREET, 5TH FLOOR, COURTROOM #5, WILMINGTON, DE 19801.

¹ The Debtors in in the above-captioned chapter 7 cases, along with the last four digits of each Debtors’ federal tax identification number and each Debtors’ former business address, are Prehired Recruiting, LLC (4322), 8 The Green, Suite B, Dover, DE 19901; Prehired Accelerator, LLC (7910), 7910 4th St. N, St. Petersburg, FL, 33702; and Prehired, LLC (0436), 8 The Green, Suite B, Dover, DE 19901.

IF YOU FAIL TO RESPOND IN ACCORDANCE WITH THIS NOTICE, THE COURT MAY GRANT THE RELIEF REQUESTED IN THE MOTION WITHOUT FURTHER NOTICE OR HEARING.

Dated: October 5, 2023

ASHBY & GEDDES, P.A.

/s/ Ricardo Palacio

Ricardo Palacio (DE Bar No. 3765)

500 Delaware Avenue, 8th Floor

P.O. Box 1150

Wilmington, DE 19899

Tel: (302) 654-1888

Email: RPalacio@ashbygeddes.com

Counsel to Don A. Beskrone,

Chapter 7 Trustee

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

PREHIRED, LLC, *et al*,

Debtors¹.

STATE OF WASHINGTON, ; STATE OF OREGON; CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION; STATE OF DELAWARE; STATE OF MINNESOTA; STATE OF ILLINOIS; STATE OF SOUTH CAROLINA; STATE OF NORTH CAROLINA ex rel. Attorney General Joshua H. Stein.; COMMONWEALTH OF MASSACHUSETTS; COMMONWEALTH OF VIRGINIA; STATE OF WISCONSIN; and CONSUMER FINANCIAL PROTECTION BUREAU,

Plaintiff,

v.

PREHIRED, LLC, a Delaware limited liability company;
PREHIRED RECRUITING, LLC, a Delaware limited liability company;
PREHIRED ACCELERATOR, LLC, a Florida limited liability company,

Defendants.

Chapter 7

Case No. 22-11007 (JTD)

(Jointly Administered)

Adv. Proc. No. 23-50438 (JTD)

Hearing Date: November 1, 2023 at 3:00 p.m. (ET)

Obj. Deadline: October 23, 2023 at 4:00 p.m. (ET)

CHAPTER 7 TRUSTEE'S MOTION TO LIMIT NOTICE AND ESTABLISH NOTICING PROCEDURES PURSUANT TO SECTION 105(a) OF THE BANKRUPTCY CODE, RULES 2002 AND 9007 OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE, AND RULE 2002-1 OF THE LOCAL RULES FOR THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE

¹ The Debtors in the above-captioned chapter 7 cases, along with the last four digits of each Debtors' federal tax identification number and each Debtors' former business address, are Prehired Recruiting, LLC (4322), 8 The Green, Suite B, Dover, DE 19901; Prehired Accelerator, LLC (7910), 7901 4th St. N, St. Petersburg, FL, 33702; and Prehired, LLC (0436), 8 The Green, Suite B, Dover, DE 19901.

Don A. Beskrone, Chapter 7 Trustee (the “Trustee”) of the Bankruptcy Estates (the “Estates”) of the above-captioned Debtors (the “Debtors”) hereby moves the Court (the “Motion to Limit Notice”) for entry of an order, substantially in the form attached hereto as Exhibit A (the “Proposed Order”), to limit notice requirements and establish noticing procedures pursuant to section 105(a) of title 11 of the United States Code (the “Bankruptcy Code”), Rules 2002 and 9007 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and Rule 2002-1 of the Local Rules for the United States Bankruptcy Court for the District of Delaware (the “Local Rules”). In support of this Motion to Limit Notice, the Trustee respectfully states as follows:

JURISDICTION AND VENUE

1. This Court has jurisdiction over this case and this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware dated as of February 29, 2012.

2. This is a core proceeding within the meaning of 28 U.S.C. §§ 157(b)(2). The Trustee confirms his consent to the entry of a final order by the Court in connection with this Motion to Limit Notice to the extent that it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution.

3. Venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409.

4. The statutory and legal predicates for the relief requested herein are in section 105(a) of the Bankruptcy Code, Bankruptcy Rules 2002 and 9007, and Local Rule 2002-1.

RELEVANT BACKGROUND

5. On September 29, 2022 (the “Petition Date”), the Debtors each filed voluntary petitions for relief under Subchapter 5 of Chapter 11 of the Bankruptcy Code, 11 U.S.C. §§ 101,

et al., in the United State Bankruptcy Court for Southern District of New York, Case Nos. 22-111293-PB (Prehired, LLC), 22-11310-PB (Prehired Accelerator, LLC), 22-11311-PB (Prehired Recruiting, LLC).

6. On October 26, 2022, upon motion from the State of Delaware, the Bankruptcy Court for the Southern District of New York transferred venue for all three cases to the Bankruptcy Court for the District of Delaware, Case Nos. 22-11007 (JTD), 22-11005 (JTD), 22-11006 (JTD).

7. On November 4, 2022, the Court entered an order for joint administration of the three bankruptcy cases under Case No. 22-11007 (JTD), captioned, *In re Prehired LLC, et al.*

8. On November 22, 2022, the Court granted Debtors' motion to convert the proceedings to Chapter 7 after the bankruptcy estate became administratively insolvent. The Trustee was appointed on November 22, 2022.

9. The Trustee is not operating the Debtors' business and is proceeding with an orderly liquidation under Chapter 7.

10. On January 12, 2023, upon motion of the Trustee, the Court entered an Order Limiting Notice and Establishing Noticing Procedures Pursuant to Section 105(a) of the Bankruptcy Code and Rules 2002, 6004, 6007 and 9007 of the Federal Rules of Bankruptcy Procedure [D.I. 118]. This Order limited notice of certain pleadings and papers, including notice of settlement under Bankruptcy Rule 2002(a)(3), to the Office of the United States Trustee, all entities that filed requested for notice pursuant to Bankruptcy Rule 2002 in this case, and all parties-in-interest specifically impacted by any such pleading or papers.

11. On April 3, 2023, the general claims filing deadline passed. Approximately 30 claims have been filed against the Estates, including administrative, priority, secured and general

unsecured claims, which are far in excess of the Estates' assets. The government claims filing deadline has been extended to November 17, 2023.

12. Through the Debtor's original Rule 2002 matrix and discovery from Prehired ISA servicing vendors, bank records, and internal spreadsheets, approximately 1,796 former Prehired members have been identified. Out of these, the Debtors have email addresses for 1,340 former members and physical addresses for 456 former members.

13. On July 13, 2023, the Consumer Finance Protection Bureau and 10 States ("Plaintiffs") filed an adversary complaint (the "Complaint") against the Estates pursuant to the Consumer Financial Protection Act (the "CFPA"). The Complaint states claims upon which relief may be granted under the CFPA, 12 U.S.C. §§ 5531(a), (c) and 5536(a)(1)(A), (B), and seeks various remedies including injunctive relief, statutory penalties, and restitution.

14. The Complaint alleges that Prehired, LLC made deceptive material misrepresentations about consumer financial products—specifically, Income Share Agreements ("ISAs")—to induce prospective students to sign up to receive vocational educational services offered by Prehired, LLC. Prehired, LLC allegedly falsely represented these ISAs did not create debt and made material misrepresentations about the terms of the ISAs and the earning potential of its student-members. Prehired, LLC further failed to provide disclosures required under Regulation Z, 12 C.F.R. §§ 1026.18 and 12 C.F.R. §§ 1026.46-48.

15. The Complaint also alleges that in order to collect debts related to these ISAs from Prehired's students, Prehired Recruiting, LLC and Prehired Accelerator, LLC, made material misrepresentations to those students by describing "settlement agreements" as beneficial to students without disclosing that the true purpose of these agreements was to avoid the student's defenses to the original Prehired, LLC ISAs and to impose more onerous dispute resolution and

collection terms. Further, Prehired Recruiting, LLC allegedly engaged in abusive debt collection practices by seeking to collect debt in a distant forum when the students did not live in that forum, and were not physically present in that forum when the ISAs were executed.

16. The parties have reached a resolution of Plaintiffs' claims. Contemporaneously with, the Trustee has filed a Motion for an Order Approving Proposed Stipulated Judgment Pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure (the "Motion to Approve Stipulated Judgment"), seeking authorization and approval for the Trustee to enter into a stipulated final judgment and order.

RELIEF REQUESTED

17. By way of this Motion to Limit Notice, and pursuant to section 105(a) of the Bankruptcy Code, Bankruptcy Rules 2002 and 9007, and Local Rule 2002-1, the Trustee seeks entry of the Proposed Order limiting notice of the Motion to Approve Stipulated Judgment and establishing notice procedures. Specifically, the Trustee seeks to modify the required notice to be delivered via email rather than mail for those former student-members who have not submitted a claim and for whom the parties have identified an email address.

BASIS FOR RELIEF

18. Through the notice procedures requested herein, the Trustee seeks to ensure that adequate notice of the Motion to Approve Stipulated Judgment is provided to true parties-in-interest, particularly Prehired's former students, while simultaneously limiting the unnecessary cost and expense that would occur through providing notice of the Motion to Approve Stipulated Judgment to each and every person listed on the 2002 creditor matrix by U.S. Mail.

19. In particular, Bankruptcy Rule 2002 provides that "the clerk, or some other person as the court may direct, shall give the debtor, the trustee, all creditors and indenture trustees at least

21 days' notice *by mail* of ... the hearing on approval of a compromise or settlement of a controversy." Fed. R. Bankr. P. 2002(a)(3) (emphasis added).

20. However, Bankruptcy Rule 2002-1(i) authorizes the Court to limit the amount of notice required by Bankruptcy Rule 2002. Bankruptcy Rule 9007 similarly provides that "[w]hen notice is to be given under these rules, the court shall designate, if not otherwise specified herein, the time within which, the entities to whom, and the *form and manner* in which the notice shall be given." Fed. R. Bankr. P. 9007 (emphasis added). Additionally, section 105(a) of the Bankruptcy Code authorizes a court to "issue any order, process or judgment that is necessary or appropriate to carry out the provisions of this title." 11 U.S.C. § 105(a).

21. Pursuant to the above-referenced Bankruptcy Rules, Local Rule, and section 105(a) of the Bankruptcy Code, the Trustee believes good cause exists to limit notice of the 9019 Motion, and requests that the Court order that notice of the Motion to Approve Stipulated Judgment be delivered to as many Prehired's former students as possible via e-mail rather than mail. Based on review of the records of communications with debtors, it appears that Debtors do not have reliable records of students' physical or mailing addresses. Because Debtors communicated with students almost exclusively via electronic means prior to these proceedings, particularly with respect to payment under the ISAs, this form of notice would be the most effective way to reach the students. For those students who did not communicate with the Debtors via email and for whom the Debtor has only a physical address, Notice will be mailed to the mailing address. Notice to any creditors, including students, who filed a proof of claim would not be affected and these creditors would continue to receive notice by mail.

22. Given the large number of creditors and parties-in-interest in the chapter 7 case, and the concomitant expense associated with broad notice of the Motion to Approve Stipulated

Judgment by mail as described herein, the limitation on notice sought herein is reasonable, appropriate, and in the best interest of the Estates and its creditors.

NOTICE

23. Notice of this Motion to Limit Notice has been given to (a) the Office of the United States Trustee; (b) all parties that have previously requested notice in these cases pursuant to Bankruptcy Rule 2002, and (c) all parties on the creditor matrix. The Trustee submits that such notice is reasonable in light of the circumstances of the chapter 7 case and the nature of the relief sought herein.

24. No prior motion for the exact relief requested herein has been made to this or any other court. The Trustee previously brought a motion to limit notice on December 28, 2022, seeking to limit notice of all pleadings that fall within the scope of Bankruptcy Rules 2002(a)(2, 3, 6), 6004, 6007, and 9007 to the Office of the United States Trustee, all entities that file requests for notice pursuant to Bankruptcy Rule 2002 in this case, and all parties-in-interest specifically impacted by any such pleadings or papers. The Court granted this motion on January 12, 2023.

WHEREFORE, the Trustee respectfully requests that the Court enter the Proposed Order, attached as **Exhibit A**, granting the relief requested in this Motion and grant the Trustee any further relief as is just and proper.

Date: October 5, 2023

ASHBY & GEDDES, P.A.

s/ Ricardo Palacio

Ricardo Palacio (DE Bar No. 3765)
500 Delaware Avenue, 8th Floor
P.O. Box 1150
Wilmington, Delaware 19899
Tel: (302) 654-1888
Email: RPalacio@ashbygeddes.com

Counsel to Don A. Beskrone, Chapter 7 Trustee

Exhibit A
(Proposed Order)

**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

PREHIRED, LLC, *et al*,

Debtors¹.

STATE OF WASHINGTON; STATE OF OREGON; CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION; STATE OF DELAWARE; STATE OF MINNESOTA; STATE OF ILLINOIS; STATE OF SOUTH CAROLINA; STATE OF NORTH CAROLINA ex rel. Attorney General Joshua H. Stein.; COMMONWEALTH OF MASSACHUSETTS; COMMONWEALTH OF VIRGINIA; STATE OF WISCONSIN; and CONSUMER FINANCIAL PROTECTION BUREAU,

Plaintiff,

v.

PREHIRED, LLC, a Delaware limited liability company;
PREHIRED RECRUITING, LLC, a Delaware limited liability company;
PREHIRED ACCELERATOR, LLC, a Florida limited liability company,

Defendants.

Chapter 7

Case No. 22-11007 (JTD)

(Jointly Administered)

Adv. Proc. No. 23-50438 (JTD)

ORDER GRANTING CHAPTER 7 TRUSTEE'S MOTION FOR ORDER LIMITING NOTICE AND ESTABLISHING NOTICING PROCEDURES

The Court having considered the *Motion of the Chapter 7 Trustee to Limit Notice and Establish Noticing Procedures Pursuant to Section 105(a) of the Bankruptcy Code, Rules 2002*

¹ The Debtors in the above-captioned chapter 7 cases, along with the last four digits of each Debtors' federal tax identification number and each Debtors' former business address, are Prehired Recruiting, LLC (4322), 8 The Green, Suite B, Dover, DE 19901; Prehired Accelerator, LLC (7910), 7910 4th St. N, St. Petersburg, FL, 33702; and Prehired, LLC (0436), 8 The Green, Suite B, Dover, DE 19901.

*and 9007 of the Federal Rules of Bankruptcy Procedure, and Rule 2002-1 of the Local Rules for the United States Bankruptcy Court for the District of Delaware (the “Motion”)²; and the Court finding that the proposed form and manner of notice is reasonable and appropriate, and the Court having jurisdiction to consider the Motion and relief requested therein; and due and sufficient notice of the Motion having been given; and it appearing that the relief requested by the Motion is in the best interest of the Debtors’ estates, creditors and other parties in interest; and the Court having reviewed the Motion and considered the arguments made at the hearing, if any; and after due deliberation and sufficient cause appearing therefor, **IT IS HEREBY ORDERED THAT:***

1. The relief sought by the Motion is **GRANTED**.
2. The Trustee is authorized to provide Notice to former students via electronic means for whom Debtors have an email address and via mail to former students for whom Debtors have only a physical address.
3. The Trustee shall provide Notice as specified in Bankruptcy Rule 2002 to all creditors who filed a proof of claim.
4. The Court shall retain jurisdiction over all affected parties with respect to any matters, claims or rights arising from or related to the implementation and interpretation of this Order.

² Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Motion.