

February 18, 2020

Honorable David R. Jones  
U.S. Bankruptcy Court  
515 Rusk Street Rm 4202  
Houston, TX 77002

RE: Garden Oaks Maintenance Organization, Inc., Case 18-60018

Dear Judge Jones,

I am Victor Seghers, former President of the Garden Oaks Maintenance Organization (GOMO) which serves as the HOA for the Garden Oaks neighborhood in Houston, TX. I joined GOMO in late 2017 after they received notice of loss of appeal in a litigation case which raised concerns over its legal authority as well as liabilities regarding possible (re)payment of member's fees. I had observed years of negative discourse regarding the litigation in our neighborhood via social media and Garden Oaks Civic Club meetings, and decided to join GOMO as I felt it was a crucial moment that required leadership and vision in order to bring the neighborhood together and resolve its many issues. Upon filing for Chapter 11 bankruptcy I became acquainted with Charles Rubio, attorney for the newly created Creditors Committee. I witnessed and heard him speak on multiple occasions at public neighborhood Town halls, spoke with him in smaller groups involving GOMO Board and Creditors Committee members, exchanged emails, and heard audio transcripts of his bankruptcy court appearances involving our case (including the hearing focused exclusively on his previous request for monetary compensation). I am thus well qualified to comment on the value Charles Rubio provided to the neighborhood and the case relative to his requested fees.

At public Town halls Mr. Rubio seemed poorly informed about specifics of the case and had difficulty addressing questions. The case is complex, but his knowledge of the intricacies did not improve over time. At Town halls the GOMO bankruptcy attorney, Johnie Patterson, recommended that we present a vision for the neighborhood for how to move forward in order to achieve buy-in and receive feedback. Our attorney reviewed our PowerPoint presentations beforehand and offered constructive comments. For their part the Creditors Committee repeatedly presented without substance and merely took questions from the audience. I was surprised at the lack of preparation, guidance, and interest that Mr. Rubio offered the Creditors Committee, which limited their ability to advocate and receive feedback from the creditors themselves.

Under the advice of our counsel, the GOMO Board invited members of the neighborhood and specifically members of the Creditors Committee to meet with an HOA attorney and create revised Deed Restrictions (DRs) for the neighborhood. The logic is that the outdated DRs were a root cause of difficulties for the HOA and the neighborhood, and new DRs were required for any long-lasting and substantive plan to enable the neighborhood to move forward. These new DRs were subsequently included as part of a Chapter 11 plan voted on by the neighborhood. Mr. Rubio advised the Creditors Committee to not participate in this process, despite the fact that as homeowners, they had equal stake in the outcome and were also harmed by outdated DRs. I was able to receive a recommendation from one Creditor Committee member for a person they wanted to work on new DRs who was subsequently contacted and joined the effort (and who was quite insightful and helpful), but despite multiple entreaties, Mr. Rubio never wavered in his rejection of offers to participate.

Mr. Rubio was also derelict in his duty to ascertain the will of the majority of homeowner creditors rather than a small number of Creditors Committee members. Over time I came to believe that Mr. Rubio's strategy was not to improve or fix the situation, but rather to dissolve the existing HOA and return all monies to creditors. While I personally disagree with this approach, this can be construed as an acceptable strategy if it is in the best interests of the creditors as a whole. However, results of a survey (previously submitted to the Court), created by a group of homeowners that included some future Creditor Committee members and supporters, and with content designed to receive actionable input from the neighborhood, suggested the opposite.

The creditors received no value for Mr. Rubio's services and were not adequately represented by him. His refusal to participate in creation of new DRs hindered acceptance of documents that are in the best interests of the neighborhood long-term. His poor preparation and advice to the Creditors Committee prevented them from creating and articulating a vision that could generate support from the neighborhood. Due to his poor leadership and mismanagement of this case, Mr. Rubio prevented both the Creditor's Committee members and the entirety of the creditors (of which I am one) from being able to submit an alternative plan for the neighborhood once GOMO's plan did not receive sufficient support. As you know, the case was converted to Chapter 7, the Creditors Committee was dissolved, and GOMO is now under receivership. While I am not opposed to this outcome, the direct result is that Mr. Rubio's actions have now prevented the Creditors Committee from having their chosen legal representation and influence over the ongoing proceedings. His requested fees are excessive relative to the value and effort he provided, and stand in stark contrast to fees and value provided by Mr. Johnie Patterson to date. I urge you to substantially reduce the monies to be awarded to Mr. Rubio as that is in the best interests of the creditors and the neighborhood.

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