

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

In re

CTN HOLDINGS, INC., *et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No. 25-10603 (TMH)

(Jointly Administered)

**DEBTORS' MOTION FOR ENTRY OF AN ORDER  
ENFORCING THE AUTOMATIC STAY AGAINST TREES FOR THE FUTURE**

CTN Holdings, Inc. and its above-captioned affiliates (the “Debtors”), the debtors and debtors in possession in the above-captioned chapter 11 cases (the “Chapter 11 Cases”), hereby file this motion (this “Motion”) for the entry of an order, substantially in the form attached hereto as **Exhibit A** (the “Proposed Order”), enforcing the automatic stay against Trees for the Future (“TREES”)<sup>2</sup> and prohibiting TREES from taking any further actions to exercise control over property of the Debtors’ estates. In support of the Motion, the Debtors respectfully state as follows.

**PRELIMINARY STATEMENT**

1. In 2022, one of the Debtors, Catona Climate Solutions (known at the time as Aspiration Sustainable Impact Services, LLC; “Aspiration”) and TREES entered into a Program Agreement to develop a carbon offset project in Kenya, referred to herein as the “Project.” While the original plan was for the Project to cover 15,000 hectares of agricultural land, the parties jointly developed a plan to expand the Project to cover 75,000 hectares. Aspiration has fulfilled its side

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<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of the Debtors’ federal tax identification numbers, are CTN Holdings, Inc. (9122), CTN SPV Holdings, LLC (8689), Make Earth Green Again, LLC (4441), Aspiration QFZ, LLC (1532), Aspiration Fund Adviser, LLC (4214), Catona Climate Solutions, LLC (3375) and Zero Carbon Holdings, LLC (1679). The mailing address for the Debtors is 548 Market Street, PMB 72015, San Francisco, CA 94104-5401.

<sup>2</sup> TREES is a United States-based entity incorporated under the laws of the State of Maryland.



of the bargain, providing approximately \$15 million in funding to finance the Project over the last three years. TREES has, however, failed to keep the Project within the agreed-upon cost estimates. Nonetheless, the Program Agreement remains in force, the Project remains promising, and Aspiration continues to be ready and willing to provide additional funding if TREES can provide workable budgets within the parties' agreed-upon targets. To that end, Aspiration has continued to work with TREES in good faith to find a way to lower costs and continue the Project, rather than simply walk away due to TREES' inability to control costs.<sup>3</sup>

2. Recently, however, the Debtors have learned that TREES has not just failed to control the costs of the Project—it is actively seeking to find new investors to replace Aspiration and dilute Aspiration's ownership and control rights over the Project. TREES has indicated it plans to bring in these new investors and commingle their investments with Aspiration's even over Aspiration's objection.

3. This, under clear bankruptcy law, TREES cannot do. TREES' actions to sideline Aspiration, bring in new partners for the Project, and commingle their investments with Aspiration's violate the automatic stay as acts to "exercise control over property of the estate" under Bankruptcy Code section 362(a)(3). The Program Agreement provides for TREES and Aspiration to work together to develop and operate the Project—nothing in it allows TREES to sideline, replace, or dilute Aspiration's rights in the Project by bringing in new investors. It is black letter law that the Program Agreement and Aspiration's rights in the Project are property of the Debtors' estates. And TREES' actions, taken in violation of the Program Agreement and applicable law, threaten to deprive Aspiration of its bargained-for interest in the Project. As a

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<sup>3</sup> Notably, the Program Agreement provides the Debtors with the unconditional right to terminate the Program Agreement if TREES is unable to submit a budget that has no more than a 10% variance on the parties' agreed-upon budget estimates. Program Agreement § 2.4(b). The Debtors reserve all rights, including, without limitation, their right to terminate the Program Agreement for TREES' failures to submit compliant budgets.

result, and to protect the Debtors' interest in the Project, the Debtors have been compelled to file this Motion, asking the Court to enter an order enforcing the automatic stay against TREES and prohibiting TREES from engaging in further actions to deprive Aspiration of its rights in the Project.

### **JURISDICTION AND VENUE**

4. This Court has jurisdiction over this Motion 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 (the "Standing Order").

5. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).

6. Venue of this proceeding and this Motion is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409.

7. The statutory and legal predicates for the relief sought herein are sections 105(a) and 362(a) of Title 11 of the United States Code, 11 U.S.C. § 101–1532 (the "Bankruptcy Code").

### **BACKGROUND**

#### **A. Bankruptcy Case Procedural History**

8. On March 30, 2025 (the "Petition Date"), the Debtors each filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code in this Court. The Debtors continue to manage their assets as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed in these cases.

9. On April 10, 2025, the Office of the United States Trustee appointed the Official Committee of Unsecured Creditors (the "Committee") [D.I. 59].

10. The Debtors are a climate finance company that sells carbon credits to enterprise clients sourced from the Debtors' diverse project developer network. To ensure a reliable supply

of the highest quality carbon, the Debtors partner with project developers by providing financial investment, project monitoring, technical assistance and marketing services to carbon credit generators. These partnerships in turn yield high-quality carbon credits made available to the Debtors' customers through a variety of offered products.

11. Additional details regarding the Debtors, their business, the events leading to the commencement of these Chapter 11 Cases, and the facts and circumstances supporting the relief requested herein is set forth in the *Declaration of Miles Staglik in Support of Chapter 11 Petitions and First Day Relief* (the "First Day Declaration"), filed on March 31, 2025 [D.I. 22] and incorporated herein by reference.

**B. TREES and the Project**

12. On or about June 8, 2022, Aspiration and TREES entered into a "Program Agreement." See *Declaration of Miles Staglik*, Ex. A (the "Program Agreement"). The Program Agreement was designed to allow TREES and Aspiration to develop a carbon offset project through the restoration of farmer-owned, degraded agricultural land into no-till, multi-strata forest gardens in the Lake Victoria Watershed in Western Kenya (the "Project"). Program Agreement at 1.

13. The Program Agreement provides for TREES and Aspiration to "collaborate on the Project through the conduct of the Project Design Document during the Term." Program Agreement § 2.1. TREES was tasked with developing the Project Design Document, with Aspiration having a right to approve it and assent to any modifications. *Id.* § 2.2. As relevant here, Aspiration has an obligation to provide funding for the Project, but only if the budgets for the Project, prepared and submitted by TREES, do not exceed agreed-upon budget estimates by 10% or more. Program Agreement § 2.4(b). If TREES submits budgets that exceed the estimates by

10% or more, and is “not capable of reducing the cost,” Aspiration “may terminate the Agreement immediately.” *Id.*

14. The Program Agreement is governed by California law. Program Agreement § 9.2.

15. TREES has developed a Program Agreement, which has been approved by Aspiration. Staglik Declaration, ¶ 9. The Program Agreement contemplates that the Project cover approximately 15,000 hectares of land in Kenya. Program Agreement at 1. The parties agreed, however, to prepare and file a Project Design Document that covers approximately 75,000 hectares, to preserve optionality for the parties to scale up the Project. *Id.*

16. On or about April 23, 2024, Aspiration and TREES entered into a memorandum of understanding, providing a proposed outline pursuant to which the parties would collaborate on the Project scale-up to cover 75,000 hectares. Staglik Declaration, Ex. B (the “MOU”). The MOU was subsequently extended two times. Staglik Declaration, Ex. C, D.

17. The MOU, as extended, expired on March 19, 2025.

18. TREES and Aspiration have collaborated to advance the Project since its inception. To date, Aspiration has provided approximately \$15 million in funding to TREES to finance the Project. The Project has, however, been beset by delays and cost increases. As of the date hereof, the Project is more than 10% over budget. Staglik Declaration, ¶ 12.

19. On or about April 11, 2025, TREES submitted a proposed budget for the 2025–2026 fiscal year of the Project. Staglik Declaration, ¶ 13. That proposed budget was more than 10% over the budget estimates agreed upon in the Program Agreement. Aspiration has attempted to work with TREES in good faith to determine whether TREES is able to reduce the costs. *Id.* TREES has been unable or unwilling to reduce costs or submit a compliant budget for approval to Aspiration.

20. On or about April 24, 2025, TREES communicated to Aspiration that it was making efforts to bring in new investors to fund the Project and scale it up to 75,000 hectares. Staglik Declaration, ¶ 14. TREES' proposal would result in the commingling and dilution of Aspiration's ownership and management rights in the Project. TREES indicated that it intended to go forward with the plan to bring new partners into the Project regardless of whether Aspiration consented. Aspiration was not presented with an opportunity to invest on the same terms as those Debtors believe were offered to the new third-party investors. *Id.*

**C. Bankruptcy Sale Process**

21. On April 11, 2025, the Debtors moved for approval of a stalking horse purchase agreement and bid procedures to sell substantially all of the Debtors' assets (D.I. 65) (the "Sale Motion").

22. On May 14, 2025, the Court entered an order approving the Sale Motion (D.I. 171) (the "Bid Procedures Order").

23. A hearing to approve the sale of substantially all of the Debtors' assets is scheduled for June 2, 2025.

24. The Program Agreement is an asset of the Debtors' estates subject to the sale process and the Court-approved stalking horse purchase agreement.

**RELIEF REQUESTED**

25. By this Motion, the Debtors seek the entry of an order enforcing the automatic stay against TREES and prohibiting them from taking any further actions to exercise control over the Debtors' estates' property, including its ownership and management rights in the Project.<sup>4</sup>

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<sup>4</sup> The Debtors reserve all rights to seek additional relief connected to TREES' stay violations, including sanctions under Bankruptcy Code section 362(k).

## **BASIS FOR RELIEF**

### **A. The Automatic Stay.**

26. “The automatic stay is a fundamental debtor protection.” *Majestic Star Casino v. City of Gary (In re Majestic Star Casino, LLC)*, 2010 Bankr. LEXIS 1874, \*4 (Bankr. D. Del. Apr. 28, 2010) (citing *Midlantic Nat’l Bank v. New Jersey Dep’t of Envl. Prot.*, 474 U.S. 494 (1986)); *In re SCO Group, Inc.*, 395 B.R. 852, 856 (Bankr. D. Del. 2007) (“The automatic stay is one of the most fundamental protections provided to the debtor under the Bankruptcy Code.”). The purpose of the automatic stay is “to prevent certain creditors from gaining a preference for their claims against the debtor; to forestall the depletion of the debtor’s assets . . . and, in general, to avoid interference with the orderly liquidation or rehabilitation of the debtor.” *St. Croix Condominium Owners v. St. Croix Hotel*, 682 F.2d 446, 448 (3d Cir. 1982); *Maritime Electric Co. v. United Jersey Bank*, 959 F.2d 1194, 1204 (3d Cir. 1991) (“the stay protects creditors by preventing particular creditors from acting unilaterally in self-interest to obtain payment from a debtor to the detriment of other creditors.”).

27. “The scope of the automatic stay is broad.” *Maritime Electric Co.*, 959 F.2d at 1203. It prohibits all manner of actions to assert claims against, collect debts from, or otherwise exercise control over a debtor’s property in any respect. 11 U.S.C. § 362(a)(3) (staying “any act to obtain possession of property of the estate or of property from the estate or to exercise control over property of the estate.”); *Official Committee of Unsecured Creditors of Shubh Hotels Pittsburgh, LLC v. Bisaria (In re Shubh Hotels Pittsburgh, LLC)*, 2011 Bankr. LEXIS 5283, \*16 (Bankr. W.D. Pa. May 16, 2011) (“an attempt to ‘exercise control over property of the estate’ . . . constitutes a violation of the automatic stay pursuant to 11 U.S.C. § 362(a)(3).”); *Edisto Resources Corp. v.*

*McConkey (In re Edisto Resources Corp.)*, 158 B.R. 954, 958 (Bankr. D. Del. 1993) (“attempt to exercise control over property of the estates” violated automatic stay).

28. It is black letter law that the Debtors’ rights under its contracts are “property of the estate.” *See, e.g., L.R.S.C. Co. v. Rickel Home Ctrs., Inc. (In re Rickel Home Ctrs., Inc.)*, 209 F.3d 291, 300 (3d Cir. 2000) (“executory contracts, are included in the definition of ‘property of the estate’”); *EBC I, Inc. v. Am. Online, Inc. (In re EBC I, Inc.)*, 356 B.R. 631, 639 (Bankr. D. Del. 2006) (“Courts have held, specifically, that property of the estate includes contract rights.”). A debtor’s interest in a partnership or joint venture is similarly “property of the estate” protected from interference by the automatic stay. *See, e.g., In re Cardinal Indus.*, 105 B.R. 834, 849 (Bankr. S.D. Ohio 1989) (“The Partnership Interests, which make available to the Debtors shares of income or distributions from the sale or refinancing of Partnership Properties, come into each Debtor partner’s bankruptcy estate and are available for creditors . . . Because those Partnership Interests vest in the estate, parties may not take actions to exercise control over these interests or remove them from the Debtors’ possession.”).

**B. TREES’ Attempts to Bring in New Investors to Replace or Dilute Aspiration’s Interest in the Project Violate the Automatic Stay as Acts to Exercise Control Over Property of the Estate.**

29. TREES’ attempts to bring in new investors to the Project without Aspiration’s consent, thereby diluting Aspiration’s interests in the Project in violation of the Program Agreement and applicable law, violate the automatic stay as acts to exercise control over property of the estate.

30. Aspiration has the sole right to collaborate with TREES to implement the Project under the Program Agreement. No provision allows TREES to unilaterally bring in new or replacement investors. Moreover, Aspiration understands that TREES plans to promise “Verified



Carbon Units” to these proposed new investors as consideration for their investments. Aspiration has an unconditional right to consent to the issuance of any “Verified Carbon Units” under the Program Agreement. Program Agreement § 2.5(c) (“Aspiration shall have the decisive vote regarding matters relating to the strategic direction for issues relating to the issuance of Verified Carbon Units, registration of such Verified Carbon Units on the Verra Registry or sales or transfer of any Issued VCUs.”). TREES’ actions to bring in new investors and promise them Verified Carbon Units attempt to exercise control over the Project in a manner that violates Aspiration’s contractual rights and thus violates the automatic stay. *See, e.g., In re Edina Dev. Corp.*, 370 B.R. 894, 899 (Bankr. D. Minn. 2007) (party that took action in violation of debtors’ contractual rights violated automatic stay by exercising control over property of the estate).

31. Moreover, TREES’ actions violate the automatic stay as an interference with Aspiration’s interest in the Project. The Program Agreement is governed by California law. Under California law, an agreement between two parties to undertake a specific business project in cooperation with each other creates a joint venture. *Weiner v. Fleischman*, 54 Cal.3d 476, 482 (1991) (“A joint venture is ‘an undertaking by two or more persons jointly to carry out a single business enterprise for profit.’”). In California, joint ventures are generally treated the same as partnerships. *Id.* (“From a legal standpoint, both relationships [partnerships and joint ventures] are virtually the same. Accordingly, the courts freely apply partnership law to joint ventures when appropriate.”). And under California law, “[e]ach partner has equal rights in the management and conduct of the partnership business,” “[a] partner may use or possess partnership property only on behalf of the partnership,” and, critically, “[a] person may become a partner only with the consent of all of the partners.” Cal. Corp. Code § 16401(f), (g), (i).

32. TREES is trying to bring in new investors in violation of the right provided to Aspiration by California law to consent to the addition of new partners and to control the management and conduct of partnership business. That action constitutes a violation of the automatic stay as an act exercising control over property of the estate. *In re Johnson*, 565 B.R. 835, 842 (Bankr. S.D. Ohio 2017) (actions to limit debtor's control over partnership violated the automatic stay as act to exercise control over property of the estate under § 362(a)(3)); *In re Cardinal Indus.*, 105 B.R. at 849 (“parties may not take actions to exercise control over [partnership] interests or remove them from the Debtors’ possession.”).

33. TREES’ actions threaten the value of the Debtors’ estates and their rights in valuable property. Cause exists for the court to enter an order enforcing the stay against TREES and prohibiting them from taking other actions harmful to the Debtors’ rights and interests.

### **NOTICE**

34. Notice of this Motion has been provided to: (a) the Office of the United States Trustee; (b) the Debtors, through their attorneys; (c) each of the Debtors’ creditors holding the thirty (30) largest unsecured claims as set forth in the consolidated list filed with the Debtors’ petitions; (d) TREES; (e) the Internal Revenue Service; (f) the United States Attorney’s Office for the District of Delaware; (g) the state attorneys general for all states in which the Debtors conduct business; (h) creditors that hold claims for which proofs of claim have been filed; and (i) all parties who have requested notice in these chapter 11 cases pursuant to Bankruptcy Rule 2002. In light of the nature of relief requested in this Motion, the Debtors respectfully submit that no further notice is necessary.

**EXPEDITED RELIEF**

35. Due to the exigent circumstances of this case, the Debtors have filed contemporaneously herewith a motion requesting the Court enter an order scheduling an expedited hearing and shortening time (the “Motion to Expedite”) on the relief requested herein with a hearing on the Motion **on or before June 2**, or that the Court schedule a hearing on the Motion at its earliest convenience.

**CONCLUSION**

WHEREFORE, the Debtors request that the Court enter an order (1) enforcing the automatic stay against TREES, (2) prohibiting TREES from taking any further actions to dilute Aspiration’s interests in the Project or otherwise exercise control over the Project in a manner inconsistent with applicable law and the Program Agreement, and (iii) granting such other and further relief as the Court deems appropriate.

Dated: May 23, 2025  
Wilmington, Delaware

Respectfully submitted,

/s/ Bradley P. Lehman

**WHITEFORD, TAYLOR & PRESTON LLC<sup>5</sup>**

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<sup>5</sup> Whiteford, Taylor & Preston operates as Whiteford, Taylor & Preston LLC in Delaware.

# **EXHIBIT A**

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

In re

CTN HOLDINGS, INC., *et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No. 25-10603 (TMH)  
(Jointly Administered)

Related Docket No. \_\_\_\_

**ORDER APPROVING DEBTORS' MOTION FOR ENTRY OF AN ORDER  
ENFORCING THE AUTOMATIC STAY AGAINST TREES FOR THE FUTURE**

This matter having come before this Court on the *Debtors' Motion for Entry of an Order Enforcing the Automatic Stay Against Trees for the Future* (the "Motion"); this Court having reviewed the Motion and all responses and materials relevant thereto; this Court having heard oral argument on the Motion; this Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the Amended Standing Order of Reference, dated February 29, 2012; this Court having found this is a core proceeding under 28 U.S.C. § 157(b)(2); this Court having found it may enter a final order consistent with Article III of the United States Constitution; this Court having found that venue of this proceeding and the Motion in this district is proper under 28 U.S.C. §§ 1408 and 1409; this Court having found that the Debtors' notice of the Motion and opportunity for a hearing on the Motion were appropriate under the circumstances and no other notice need be provided; this Court having reviewed the Motion and related materials; this Court having determined that the legal and factual bases set forth in the Motion and at the hearing establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefore,

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<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of the Debtors' federal tax identification numbers, are CTN Holdings, Inc. (9122), CTN SPV Holdings, LLC (8689), Make Earth Green Again, LLC (4441), Aspiration QFZ, LLC (1532), Aspiration Fund Adviser, LLC (4214), Catona Climate Solutions, LLC (3375) and Zero Carbon Holdings, LLC (1679). The mailing address for the Debtors is 548 Market Street, PMB 72015, San Francisco, CA 94104-5401.

**IT IS HEREBY FOUND THAT:**

1. Aspiration<sup>2</sup> has the sole right to collaborate with TREES to implement the Project under the Program Agreement. No provision allows TREES to unilaterally bring in new or replacement investors.

2. TREES' attempts to bring in new investors to the Project without Aspiration's consent and thereby dilute Aspiration's interests in the Project in violation of the Program Agreement and applicable law violate the automatic stay imposed by section 362(a) of the Bankruptcy Code as acts to exercise control over property of the Debtors' estates.

**IT IS HEREBY ORDERED THAT:**

1. The Motion is GRANTED.

2. Unless and until authorized to do so by further Order of this Court, TREES shall comply with the automatic stay and take no action that is intended to or that would have the effect of diluting Aspiration's interest in the Project, interfering with Aspiration's exclusive right to collaborate with TREES to implement the Project, or otherwise impairing or interfering with Aspiration's rights under the Project Agreement.

3. This Order shall be immediately effective and enforceable.

4. This Court shall retain jurisdiction with respect to all matters arising from or relating to the implementation of this Order.

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<sup>2</sup> Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Motion.