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UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY

Caption in Compliance with D.N.J. LBR 9004-1(b)

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Proposed Counsel for the Official Committee of Unsecured Creditors

In re:	Chapter 11
MULTI-COLOR CORPORATION, *et al.*,[1]	Case No. 26-10910 (MBK)
Debtors.	(Jointly Administered)
	Hearing Date: April 7, 2026 at 10:00 a.m.

AMENDED OBJECTION OF THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS TO DEBTORS' EMERGENCY MOTION FOR ENTRY OF AN ORDER (I) DISBANDING THE COMMITTEE OR, IN THE ALTERNATIVE, (II) (A) DIRECTING THE U.S. TRUSTEE TO RECONSTITUTE THE COMMITTEE AND (B) GRANTING CASE PROTECTIONS

The Official Committee of Unsecured Creditors (the "Committee") of the above-captioned debtors and debtors in possession (collectively, the "Debtors") files this objection

[1] The last four digits of Debtor Multi-Color Corporation's tax identification number are 5853. A complete list of each of the Debtors may be obtained on the website of the Debtors' claims and noticing agent at https://veritaglobal.net/MCC. The Debtors' service address for purposes of these chapter 11 cases is 3284 Northside Parkway NW, Suite 400, Atlanta, Georgia 30327.

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(the "Objection") to the *Debtors' Emergency Motion for Entry of an Order (I) Disbanding the Committee or, in the Alternative, (II) (A) Directing the U.S. Trustee to Reconstitute the Committee and (B) Granting Case Protections* [Docket No. 553] (the "Disbandment Motion")[2] and various pleadings filed by other parties in interest in support thereof.[3] In support of this Objection, the Committee respectfully states as follows:

PRELIMINARY STATEMENT[4]

1. The Debtors' extraordinary request to disband the Committee and the other relief requested in the Disbandment Motion are unsupportable and tactically designed to intimidate and neuter the Committee from performing its statutory duties. The Committee is a broad representation of the Debtors' unsecured creditors and consists of two members: a Class 6 creditor and an indenture trustee that represents the interests of all holders of the unsecured 2027 and 2029 bonds, including those who are neither in the Cross-Holder Ad Hoc Group nor signatories to the RSA. The Debtors' transparent attempt to strip at-risk unsecured creditors of any semblance of representation is the Debtors' latest attempt to sustain their desired narrative: namely, that these are ordinary "prepackaged" chapter 11 cases. But that is not the case and calling the case a "prepack" does not make it so.

2. The Proposed Plan contains many significant issues that potentially render it unconfirmable as the extensive litigation to date has revealed. If problems with the Proposed Plan are not resolved, not only will the Proposed Plan fall apart, but the Debtors' ability to continue as

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[2] Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Disbandment Motion or the Proposed Plan (as defined herein), as applicable.

[3] *See, CD&R's Limited Response to the Debtors' Motion to Disband the Official Committee of Unsecured Creditors* [Docket No. 603] and *The Secured Ad Hoc Group's Joinder to the Debtors' Motion To Disband the Official Committee of Unsecured Creditors* [Docket No. 555]

[4] Capitalized terms used but not otherwise defined in this Preliminary Statement shall have the meanings ascribed to such terms elsewhere in this Objection.

a going concern or successfully reorganize will be in jeopardy. This is because the RSA contains an unusual lock-up provision which establishes a "Cooperation Period" that holds all parties in interest hostage for 120-days. The Cooperation Period is due to expire in a month or so. If the Cooperation Period expires, the deal memorialized in the RSA and Proposed Plan falls apart. Accordingly, contrary to the Debtors' assertions, unsecured creditors are critical stakeholders with a lot to lose, which is why all unsecured creditors require representation in the form of an official committee.

3. The Committee has been constructive since its formation and is here to zealously advocate on behalf of ***all*** unsecured creditors and perform its statutorily-mandated duties, not to contribute to the dysfunction for the sake of doing so. These chapter 11 cases are in desperate need of a global settlement, and the Committee is prepared to work constructively and collaboratively with other key stakeholders to achieve that goal.

4. Unfortunately, the Debtors have forced the Committee to waste precious time and resources—ostensibly one of their big concerns—on responding to a motion filled with speculation and insinuations, but lacking in legal grounds and evidentiary support. At bottom, the Disbandment Motion is inappropriate and mirrors a harassment tactic employed a few years ago by the Debtors' proposed co-counsel in the *Lannett* case,[5] another "prepack" that wasn't really a prepack. Notwithstanding the Debtors' efforts to squash the Committee and silence its constituency, the Committee remains prepared to engage with the Debtors and other key stakeholders to help facilitate a value-maximizing and efficient conclusion to these chapter 11 cases.

[5] *See In re Lannett Company, Inc.*, Case No. 23-10559 (JKS) (Bankr. D. Del. May 5, 2022) [*Lannett* Docket No. 98} ("*Lannett*-Motion").

5. For the reasons the follow, the Court should deny the relief requested in the Disbandment Motion in its entirety.

GENERAL BACKGROUND

6. On January 29, 2026 (the "Petition Date"), each of the Debtors filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* (the "Bankruptcy Code") in the United States Bankruptcy Court for the District of New Jersey (the "Court"). The Debtors are operating their business and managing their properties as debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. The Debtors' chapter 11 cases are being jointly administered for procedural purposes only.[6]

7. On March 17, 2026, the United States Trustee for the District of New Jersey (the "U.S. Trustee") appointed the Committee pursuant to section 1102(a)(1) of the Bankruptcy Code.[7] The Committee was initially comprised of the following three members: (i) UMB Bank, N.A., in its capacity as Successor Indenture Trustee ("UMB"), representing all noteholders, including approximately $160 million of noteholders who are neither in the Cross-Holder Ad Hoc Group nor signatories to the RSA; (ii) Shenkman Capital Management, Inc. ("Shenkman"), a creditor that is also a member of the Cross-Holder Ad Hoc Group; and (iii) James Castillo, a litigation claimant ("Castillo", and collectively with UMB and Shenkman, the "Committee Members").[8] After this Objection was filed on April 2, 2026, the United States Trustee reconstituted the Committee by removing Shenkman.[9]

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6 *See* Docket No. 98.

7 *See Notice of Appointment of Official Committee of Unsecured Creditors* [Docket No. 493] (the "Notice of Appointment").

8 *Id.*

9 *See Notice of Appointment of Reconstituted Official Committee of Unsecured Creditors* [Docket No. 688]. Accordingly, concerns about Shenkman being on the Committee are now moot.

OBJECTIONS

I. THE COURT SHOULD NOT DISBAND THE COMMITTEE.

A. The Legal Standard for Review.

8. Section 1102(a)(1) of the Bankruptcy Code provides, in pertinent part, that "the United States trustee ***shall appoint a committee of creditors holding unsecured claims*** and may appoint additional committees of creditors or of equity security holders as the United States trustee deems appropriate."[10] The United States trustee's appointment of an official committee under section 1102(a)(1) has been characterized by this Court and other courts as an "administrative function."[11] By its terms, section 1102(a)(1) mandates that the United States trustee perform the administrative task of appointing an official committee of unsecured creditors in a chapter 11 case if there are unsecured creditors willing to serve.[12]

9. Because section 1102 does not expressly empower a court to disband an official committee appointed by the United States trustee, courts are divided as to whether such power

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[10] 11 U.S.C. § 1102(a)(1) (emphasis added).

[11] *See, e.g.*, *In re LTL Mgmt., LLC*, 636 B.R. 610, 622 (Bankr. D.N.J. 2022); *In re JNL Funding Corp.*, 438 B.R. 356, 360 (Bankr. E.D.N.Y. 2010); *In re Mercury Fin. Co.*, 240 B.R. 270, 278 (N.D. Ill. 1999);

[12] 11 U.S.C. § 1102(a)(1) ("the United States trustee shall appoint a committee of creditors holding unsecured claims . . . ."); *In re Cinemex Holdings USA, Inc.*, 672 B.R. 53, 56 (Bankr. S.D. Fla. 2025) (recognizing that "[i]n an ordinary chapter 11 case, an official committee of unsecured creditors is appointed unless the local U.S. trustee cannot find unsecured creditors willing to serve[.]"); *JNL Funding*, 438 B.R. at 363 ("[I]t is clear under Section 1102 that the [United States trustee] was obligated by statute to appoint a[n] [unsecured creditors'] committee in this case[.]"); *In re National R.V. Holdings, Inc.*, 390 B.R. 690, 694 (Bankr. C.D. Cal. 2008) ("Section 1102(a)(1) directs the [United States trustee] to appoint an unsecured creditors' committee[.]"); *Mercury Fin.*, 240 B.R. at 278–79 ("§ 1102(a)(1) directs the trustee to appoint a committee of unsecured creditors and gives him the discretion to appoint additional committees . . . ."); *In re ABC Automotive Prods. Corp.*, 210 B.R. 437, 440–41 (Bankr. E.D. Pa.) (Pursuant to § 1102 of the Code, the United States trustee is required to appoint a committee of creditors to serve as the official unsecured creditors' committee."); *In re Texaco Inc.*, 79 B.R. 560, 566 (Bankr. S.D.N.Y. 1987) ("The appointment of one committee of creditors holding unsecured claims against a Chapter 11 debtor is mandated under 11 U.S.C. § 1102(a)(1) if there are creditors willing to serve."); 7 Collier on Bankruptcy P 1102.02 (16th 2026) (recognizing that the appointment of an unsecured creditors' committee is "mandatory"); *see also Maine Cmty. Health Options v. United States*, 590 U.S. 296, 310 (2020) ("The first sign that the statute imposed an obligation is its mandatory language: 'shall.'"); *In re FTX Trading Ltd.*, 91 F.4th 148, 153 (3d Cir. 2024) ("The meaning of the word 'shall' is not ambiguous. It is a 'word of command.'") (quoting *Black's Law Dictionary* (5th ed. 1979)).

even exists.[13] However, when considering whether to disband an official committee,[14] this Court and other courts have applied "an 'arbitrary and capricious' or 'abuse of discretion' standard of review" to the United States trustee's appointment of a committee.[15] This is because appointing an official committee "is a specific responsibility Congress intended to delegate to the" United States trustee such that the "review of the [United States trustee's] action is similar to review of an agency exercising a power delegated by Congress to act, subject to review by a court.[16]

10. The "arbitrary and capricious" or "abuse of discretion" standard of review has been articulated in varying ways.[17] However, courts uniformly conduct a fact-intensive inquiry and typically will not find that the United States trustee acted "arbitrarily and capriciously" or committed an "abuse of discretion" in the absence of an erroneous conclusion of law, a decision based on a record made without evidence, or irrational, arbitrary, or unjustifiable action.[18] The standard contemplates providing "some deference to the [United States] trustee" and the court

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[13] *See* 11 U.S.C. § 1102; *compare In re Caesars Ent. Operating Co., Inc.*, 526 B.R. 265, 268 (Bankr. N.D. Ill. 2015) ("Because section 1102(a) grants specific powers, and because the power to disband a committee is not one of them, the only fair reading of the statute is that there is no such power."), *with LTL*, 636 B.R. at 620 ("Although there is a sharp conflict among courts regarding this issue of reviewability, this Court finds more persuasive the arguments and decisions that favor judicial review.").

[14] The Committee does not concede that a court is empowered to disband an official committee duly appointed by the United States Trustee pursuant to section 1102(a)(1), but recognizes this Court's decision in *LTL* and, therefore, assumes, *arguendo*, the existence of such power.

[15] *LTL*, 636 B.R. at 622 (following reasoning in *JNL Funding*, 438 B.R. at 360) (citing *Mercury Fin.*, 240 B.R. at 270; *In re Barney's, Inc.*, 197 B.R. 431, 438 (Bankr. S.D.N.Y. 1996)); *Matter of Columbia Gas System, Inc.*, 133 B.R. 174, 176 (Bankr. D. Del. 1991); *In re America West Airlines*, 142 B.R. 901, 902 (Bankr. D. Ariz. 1992) ("The standard in determining whether U.S. Trustee has abused authority is whether the U.S. Trustee acted arbitrarily and capriciously.").

[16] *JNL Funding*, 438 B.R. at 363.

[17] *Compare Barney's*, 197 B.R. at 439 ("A decision is not 'arbitrary and capricious' unless it is based on an erroneous conclusion of law, a record devoid of evidence on which the decision maker could rationally have based its decision, or is otherwise patently unreasonable, arbitrary or fanciful."), *with In re Fas Mart Convenience Stores, Inc.*, 265 B.R. 427, 432 (Bankr. E.D. Va. 2001) ("[T]he abuse of discretion standard essentially means that the decision of the [United States] trustee will not be disturbed unless it is shown that the trustee 'acted in an irrational, arbitrary, or capricious manner, clearly contrary to reason and not justified by the evidence.").

[18] *See, e.g.*, *Barney's*, 197 B.R. at 439; *Fas Mart*, 265 B.R. at 432; *Mercury Fin.*, 240 B.R. at 278; *In re Continental Cast Stone, LLC*, 625 B.R. 203, 209 (Bankr. D. Kan. 2020).

cannot "substitute its own judgment for that of the [United States] trustee."[19] To prove that "the United States trustee acted arbitrarily and capriciously," the movant "must present 'substantial evidence[.]'"[20]

11. Accordingly, the Debtors must demonstrate that the U.S. Trustee's appointment of the Committee here was "arbitrary and capricious" or an "abuse of discretion" to prevail on their request for disbandment. The Debtors have not plead any such facts in the Disbandment Motion to meet this steep burden because they cannot do so.

B. The Appointment of the Committee Was Neither Arbitrary and Capricious Nor an Abuse of Discretion.

12. The U.S. Trustee's appointment of the Committee in adherence to section 1102(a)(1)'s command was not arbitrary and capricious and did not constitute an abuse of discretion. The appointment was necessary and appropriate under the facts and circumstances present here. The Debtors and their counterparties to the RSA[21] (collectively, the "Consenting Stakeholders") take the opposite view and advance several arguments in support of disbanding the Committee, each of which is without merit. Their arguments can be distilled into the following three categories: (i) timing concerns; (ii) effective representation concerns; and (iii) other general concerns. Ironically, when given proper context, it is apparent that most, if not all, of the Debtors' concerns are either of the Debtors own making or the foreseeable consequence of their decisions. The Court should deny the Debtors' request to disband the Committee.

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[19] *Fas Mart*, 265 B.R. at 431; *LTL*, 636 B.R. at 623; *see also Barney's*, 197 B.R. at 439 (citing *State of New York Dept. of Social Servs. v. Shalala*, 21 F.3d 485, 492 (2d Cir. 1994) for proposition that "in determining whether agency has acted arbitrarily and capriciously, court may not substitute its judgment for that of agency but must determine whether agency's decision was based on consideration of relevant factors and whether there has been clear error of judgment").

[20] *Barney's*, 197 B.R. at 439; *In re First RepublicBank Corp.*, 95 B.R. 58, 60–61 (Bankr. N.D. Tex. 1988).

[21] *Restructuring Support Agreement*, Ex. A [Docket No. 23]) (the "RSA").

1. *Timing Concerns*

13. The Debtors take issue with the timing of the U.S. Trustee's appointment of the Committee, asserting, among other things, that "it is too late in these chapter 11 cases to appoint the Committee."[22] While acknowledging that "a delay of 45 days or more may be immaterial to the overall case timeline" in other situations, the Debtors contend that "[t]iming concerns are particularly pronounced here" because the chapter 11 cases allegedly are "prepackaged" and votes have already been cast on the Proposed Plan.[23]

14. Any concerns over timing are of the Debtors' own making. From the very beginning, the Debtors have maintained that these are routine prepackaged chapter 11 cases[24] in the face of a mountain of contrary evidence. However, other than the Debtors having commenced solicitation on the Proposed Plan two days before the Petition Date and obtained entry of the Solicitation Order a few days later,[25] these chapter 11 cases are "prepackaged" in name only.[26] The non-consensual, insider-sponsored Proposed Plan is rife with issues and may not be confirmable. Surely the Debtors and the Consenting Stakeholders were aware of the issues likely to arise in connection with the Proposed Plan and other aspects of the chapter 11 cases, but have decided to

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22 Disbandment Mot. ¶ 30.

23 *Id.* ¶ 32.

24 *See, e.g.*, Declaration of Garrett Gabel, Chief Restructuring Officer of Multi-Color Corporation and Certain of Its Affiliates, in Support of the Debtors' Chapter 11 Petitions and First Day Pleadings (Docket No. 23) (the "First Day Declaration" or "FDD") ¶ 14; Jan. 30, 2026 Hearing Tr. 15:14 (the "First Day Hearing") (COUNSEL FOR DEBTORS: "[I]t's a prepackaged case, as Your Honor is aware.").

25 *See* Docket No. 97 (the "Solicitation Order").

26 In paragraph 49 of the Disbandment Motion, the Debtors include a misleading string cite of prepackaged cases where the United States trustee delayed appointing a committee. Most of these cases were true prepacks where confirmation was either uncontested and quickly achieved or the only objection raised was by the United States trustee limited to the scope of third party releases. In a few of these cases, no committee was appointed because the United States trustee was unable to find members willing to serve – which would not be uncommon in a true prepack situation. Here, these cases are prepackaged in name only as wishfully self-denominated by the Debtors. Not only was the U.S. Trustee able to appoint a committee, it received applications from other creditors willing to serve who were not ultimately appointed – clearly distinguishing these chapter 11 cases from those cited by the Debtors.

press forward anyway, notwithstanding the associated risks hoping that their "run away train" approach will disguise the flaws in the Proposed Plan.

15. The Debtors' assertion that it is too late for the appointment of the Committee is simply wrong. No ascertainable authority establishes an outside date for the United States trustee to appoint an official committee of unsecured creditors.[27] The Debtors also contend that the timing of the U.S. Trustee's appointment of the Committee was "highly unusual," "raise[s] numerous questions," "warrant[s] inquiry," and "justif[ies] disbanding the Committee."[28] While the Committee's appointment 47 days after the Petition Date is later than usual, context is critical. The U.S. Trustee filed its Dismissal or Transfer Venue Motion[29] on February 17, 2026, which the Court denied on March 16, 2026.[30] The Committee was appointed one day later on March 17, 2026.[31] It is highly implausible that the U.S. Trustee would appoint an official committee while prosecuting its Dismissal or Transfer Venue Motion. Thus, the timing of the Committee's appointment makes sense when given proper context.

16. The Debtors and the Consenting Stakeholders accepted the risks of pursuing confirmation of this Proposed Plan on their timeline. The timing concerns are of their own making. In contrast, the timing of the U.S. Trustee's appointment of the Committee is logical within the context of these chapter 11 cases. The Debtors cannot establish that the U.S. Trustee acted either arbitrarily and capriciously or abused its discretion in appointing the Committee.

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[27] In support of this proposition, the Debtors cite to section 1102(a)(1), the U.S. Trustee Program Manual and Policies (the "UST Program Manual") § 3-4.2.2 (2026), and the Court's *Chapter 11 Complex Case Procedures* (the "Complex Case Procedures") § XI.a. While each of these authorities encourage the expeditious appointment of an official committee of unsecured creditors, none of them establish a firm deadline.

[28] Disbandment Mot. ¶ 31.

[29] Docket No. 266 (the "Dismissal or Transfer Venue Motion").

[30] Docket No. 458 (the "Dismiss and Venue Opinion").

[31] Notice of Appointment 1.

2. *Effective Representation Concerns*

17. The Debtors contend that the Committee is incapable of effectively representing all unsecured creditors, alleging that the Committee only represents the interests of the holders of Unsecured Notes Claims and that the Committee Members are conflicted and will only advocate for their own interests.[32] These allegations are unsupported, manufactured, and false.

18. ***First***, the Debtors' assertion that the Committee only represents the interests of the holders of Unsecured Notes Claims is inaccurate. The Committee represents the interests of ***all*** unsecured creditors. In general, the function of an official committee of unsecured creditors is to "represent and protect the interests of unsecured creditors in the plan negotiation process and throughout the entire bankruptcy case,"[33] "strive to maximize the bankruptcy dividend paid to" unsecured creditors,[34] and "'act as a watchdog on behalf of the larger body of creditors which it represents.'"[35] The role of an official committee of unsecured creditors has been described as serving as "a catalyst for negotiation and compromise between parties in a reorganization process."[36] Courts uniformly recognize that an official committee of unsecured creditors "owes a fiduciary duty to the unsecured creditors as whole[.]"[37]

19. The Debtors argue that General Unsecured Claims (Class 6) are "unimpaired," whereas Unsecured Notes Claims (Class 5) are impaired, so the Committee can only pursue the

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[32] Disbandment Mot. ¶¶ 33–41.

[33] *In re ABC Automotive Prods. Corp.*, 210 B.R. 437, 441 (Bankr. E.D. Pa. 1997).

[34] *In re Nationwide Sports Distributors, Inc.*, 227 B.R. 455, 464 (Bankr. E.D. Pa. 1998).

[35] *Matter of Advisory Committee of Major Funding Corp.*, 109 F.3d 219, 224 (5th Cir. 1997).

[36] *In re Hills Stores*, 137 B.R. 4, 7 (Bankr. S.D.N.Y. 1992).

[37] *In re Kensington Intern. Ltd.*, 368 F.3d 289, 315 (3d Cir. 2004) (citing *Drexel Burnham Lambert Grp.*, 138 B.R. 717, 722 (Bankr. S.D.N.Y. 1992)); *see also In re Imerys Talc America, Inc.*, 38 F.4th 361, 377–78 (3d Cir. 2022) (collecting cases); *In re TSIC, Inc.*, 393 B.R. 71, 78 (Bankr. D. Del. 2008) ("The Committee owes its responsibility and duty to the class it represents *viz.*, the general unsecured creditors of the Debtor.").

interests of the holders of Unsecured Notes Claims, which is necessarily to the detriment of the holders of General Unsecured Claims.[38] This flawed argument assumes erroneously that the Proposed Plan can and will be confirmed. The Proposed Plan, however, suffers from multiple defects which, unless modified and corrected, will preclude confirmation. Unless and until the Proposed Plan is confirmed (and goes effective), holders of General Unsecured Claims remain at risk and are, in fact, impaired just like the holders of Unsecured Notes Claims.[39]

20. Further, it is rich for the Debtors to complain about a supposed "inherent conflict" when the Debtors are themselves the architects of this supposed "inherent conflict" by virtue of the problematic classification scheme in their Proposed Plan, which may in and of itself prove fatal to confirmation.[40] The Debtors' characterization of any improvement in recoveries for Unsecured Notes Claims as resulting in an automatic and proportionate decrease in recoveries for General Unsecured Claims thereby creating an inherent conflict is not necessarily true.[41] Although the Committee's valuation and collateral analyses are ongoing, these chapter 11 cases are not a zero-sum game wherein General Unsecured Claims must lose for Unsecured Notes Claims to win or vice-versa. It is entirely possible that the Committee's lien and valuation analyses, as well as a ruling on the Motion to Designate,[42] will result in value flowing to all unsecured creditors from the so-called "senior class".

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38 Disbandment Mot. ¶¶ 38-39.

39 *See* 11 U.S.C. § 1141.

40 Disbandment Mot. ¶ 38.

41 *Id.* ¶¶ 39–40.

42 *Cross-Holder Ad Hoc Group's Emergency Motion for an Order Designating the Secured Group's and CD&R's Class 5 Votes Pursuant to 11 U.S.C. § 1126(e)* [Docket No. 536] (the "Motion to Designate")

21. ***Second***, the Debtors' contention that the Committee Members are conflicted and will only advocate for their own interests is purely speculative and unfounded.[43] As a preliminary matter which should go without saying, every chapter 11 case involves committee members who have their own interests. If they didn't, they wouldn't be a party in interest in the case. Every committee member in every case wears two hats, one as an individual creditor seeking to maximize its own recovery and one as a fiduciary. Each member serving on an official committee of unsecured creditors owes a fiduciary duty to the committee's constituents and to other members.[44] However, "[m]embership on a committee does not preclude members from pursuing their own interests so long as this can be done without running afoul of their fiduciary duties to all unsecured creditors."[45] Indeed, "[a]lthough Committee members owe fiduciary duties, they are hybrids who serve more than one master."[46] And "there is no prohibition . . . against an entity's serving on a Creditors' Committee which has an interest adverse to other creditors."[47] The law is clear that a party asserting the United States trustee acted arbitrarily and capriciously or abused its discretion in appointing any member to an official committee has the burden of providing "'specific evidence which supports a finding that the [member] has breached or is likely to breach a fiduciary duty to, or has an impermissible conflict of interest with, the class of creditors represented by that member.'"[48] But "until actions are taken which indicate some breach or conflict, the court should not deny a creditor a position on a creditors' committee based upon speculation."[49]

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43 Disbandment Mot. ¶¶ 33–38, 40–41.

44 *Westmoreland Human Opportunities, Inc. v. Walsh*, 246 F.3d 233, 256 (3d Cir. 2001).

45 *Fas Mart*, 265 B.R. at 432.

46 *In re Rickel & Assocs., Inc.*, 272 B.R. 74, 100 (Bankr. S.D.N.Y. 2002) ("Every member of the Committee is, by definition, a creditor. Thus, he is in competition with every other creditor for a piece of a shrinking pie.").

47 *In re Grant Broadcasting of Philadelphia, Inc.*, 71 B.R. 655, 664 (Bankr. E.D. Pa. 1987).

48 *Barney's*, 197 B.R. at 442 (quoting *In re Microboard Processing, Inc.*, 95 B.R. 283, 285 (Bankr. D. Conn. 1989)).

49 *In re Richmond Tank Car Co.*, 93 B.R. 504, 507–08 (Bankr. S.D. Tex. 1988).

22. The Debtors argue without any evidence that each Committee Member is conflicted and will only advocate for their own interest.[50] However, each Committee Member is aware of its fiduciary duties to all unsecured creditors.

23. The Debtors take issue with the fact that "UMB holds Unsecured Notes Claims in Class 5 *only*, and therefore definitionally will pursue those interests *only* and at the Debtors' expense.[51] This allegation is not supported by any evidence. The Debtors also argue that "UMB's participation in these chapter 11 cases is duplicative" of the Cross-Holder Ad Hoc Group's[52] efforts. The Unsecured Notes Claims are listed at the very top of the Debtors' Top 30 List,[53] and UMB is the successor indenture trustee in respect of those notes. As such, pursuant to section 1102(b)(1), UMB meets the profile of the type of unsecured creditor who the U.S. Trustee should appoint to serve on the Committee.[54] As this Court is aware, it is both routine and appropriate for an indenture trustee for unsecured notes to sit on a committee, and it is important to observe that an indenture trustee owes a duty to all noteholders. Here, the notes are held by the Cross-Holder Ad Hoc Group, as well as by members of the Secured Ad Hoc Group and the Sponsor, but there may be as much as $160 million of notes in the hands of holders who do not belong to and are not represented by either ad hoc group and are in need of representation. UMB owes duties to all noteholders under the indenture and is the proper representative of all noteholders on the Committee. Moreover, UMB is not bound to follow the lead of the activist

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50 Disbandment Mot. ¶¶ 33–38.

51 *Id.* ¶ 37.

52 The "Cross-Holder Ad Hoc Group" refers to the group of creditors represented by Jones Day and Wollmuth Maher & Deutsch LLP. *See* Docket No. 397.

53 *See Voluntary Petition for Non-Individuals Filing for Bankruptcy of Multi-Color Corporation*, Official Form 204 (Docket No. 1) (the "Top 30 List").

54 *See* 11 U.S.C. § 1102(b)(1).

Cross-Holder Ad Hoc Group or any other noteholder, but rather acts independently for the benefit of all noteholders in accordance with the express terms of its indenture. Accordingly, because the standards of section 1102(b)(1) were met by the appointment of UMB, the inquiry ends there and the U.S. Trustee's appointment of UMB should not be set aside as arbitrary and capricious or as an abuse of discretion.[55]

24. With respect to Shenkman, the Debtors express concern over its membership both on the Committee and in the Cross-Holder Ad Hoc Group.[56] The Debtors allege that membership in the Cross-Holder Ad Hoc Group illustrates that Shenkman will "reckless[ly]" pursue "its own interests at any cost," whereas membership on the Committee will "function exclusively to shift the expense" to the estates.[57] But Shenkman owes no fiduciary duty to any member of the Cross-Holder Ad Hoc Group (although he does owe fiduciary duties to all unsecured creditors as a Committee Member) and is a client of counsel to the Cross-Holder Ad Hoc Group, which represents a collection of creditors under common counsel. To that end, the Debtors acknowledge that Shenkman was not part of the Consortium that submitted the Truelink IOI.[58] In addition, a Committee Member is not precluded from advancing its own interests provided that doing so does not result in a breach of its fiduciary duties. In the event an actual conflict were to arise, the Committee's experienced professionals are prepared to and will promptly address it.[59]

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[55] *JNL Funding*, 438 B.R. at 363 ("[A]ction by the UST in carrying its power specifically delegated by Congress under Section 1102 should only be set aside if the UST relied on factors which Congress has not intended it to consider in appointing members to a committee.").

[56] Disbandment Mot. ¶¶ 35–36.

[57] *Id.* ¶ 36.

[58] Even if Shenkman were part of the Consortium, membership on the Committee does not "necessarily disqualify the member from bidding for estate assets since one goal of bankruptcy is to maximize the bidding." *Rickell*, 272 B.R. at 100. Recusal procedures for any conflict matters could be implemented, if necessary.

[59] Proposed counsel for the Committee is experienced committee counsel and has standard by-laws which enable it to both identify and handle any potential conflicts that might arise.

25. Finally, there is no basis to infer that the Debtors' estates would bear the Cross-Holder Ad Hoc Group's litigation expenses. The Debtors have not alleged one shred of evidence to support their allegation that the Committee is doing the bidding of the Cross-Holder Ad Hoc Group.[60]

26. Beyond speculation and insinuations, the Debtors cannot point to any specific evidence supporting their allegations regarding the Committee's purported inability to effectively represent all unsecured creditors. This is because none exists. The Debtors cannot meet their burden.

3. *Other General Concerns*

27. The Debtors' remaining arguments in support of disbanding the Committee are underdeveloped, unsupported, and meritless. Each is briefly addressed below.

28. The Debtors complain that two of the three Committee Members hold or represent Unsecured Notes Claims and, therefore, those Committee Members will "dominate" the Committee at the expense of Castillo and the holders of General Unsecured Claims.[61] This is pure speculation, not supported by specific evidence, and ignores the fact that each of the Committee Members has a fiduciary duty to all unsecured creditors.

29. Finally, the Debtors flatly assert that "[t]he record is devoid of any evidence that the Committee will somehow benefit *all* unsecured creditors."[62] As a preliminary matter, this is a statutory presumption and it is the Debtors' burden to prove otherwise.

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[60] In fact, to date, the exact opposite has been true. At the final hearing for approval of the Debtors' debtor in possession financing (the "DIP"), the Committee settled its issues regarding approval of the DIP whereas the Cross-Holder Ad Hoc Group continued to press its objections.

[61] Disbandment Mot. ¶ 41.

[62] *Id.* at ¶ 42.

30. Furthermore, as described above, the record is clear that these are anything but ordinary prepackaged chapter 11 cases. The Proposed Plan contains many issues that may ultimately prevent confirmation. Notwithstanding the Debtors' assertions to the contrary, the Class 5 and Class 6 classification—one of the key hurdles to confirmation—is immaterial at this juncture: no one is "unimpaired" until the Proposed Plan is confirmed.[63] If the Plan fails, then the manufactured Class 5 and Class 6 distinction will continue to be irrelevant.[64] Just as in the *Marvel* case, if the Debtors' and Sponsor's Proposed Plan is not confirmable, the promise of full payment (unimpairment) of Class 6 General Unsecured Claims is an empty one. Additionally, the RSA and its 120-day "Cooperation Period" may become the focus of all parties in interest, including unsecured creditors, depending on the outcome of the confirmation hearing. Until a chapter 11 plan is confirmed and goes effective, the interests of all unsecured creditors must continue to be represented by the Committee.

31. Each of the three categories of arguments—timing concerns, effective representation concerns, and other concerns—raised by the Debtors in support of disbanding the Committee are not supported by specific evidence, rely upon speculation and innuendo, and misconstrue key portions of the underlying facts and circumstances. The Debtors' arguments are without merit. The Debtors have not and cannot satisfy their heavy burden of showing that the

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[63] 11 U.S.C. § 1141.

[64] The *Marvel Entertainment Group* case in the mid-1990s is instructive here on the risks, uncertainties and complexities of prepackaged plans. *See In re Marvel Ent*., No. 97-00638 (D. Del. Jul. 13, 1998) [*Marvel* Docket No. 724] (*Order Confirming Plan of Reorganization*); *see also In re Marvel Ent*., No. 96-02069 (Bankr. D. Del. Dec. 27, 1996) [*Marvel* Docket No. 5] (*Joint Plan of Reorganization*). The *Marvel* case was advertised as a fast-track prepackaged plan, but the wheels came off the bus. No committee was appointed until well into the case. Ultimately, a chapter 11 trustee was appointed and a plan was confirmed that massively impaired unsecured creditors who at the outset of the case were supposed to ride through. The key takeaway is that labeling the case a prepack does not mean or guarantee that it will end up that way. And promising unimpaired treatment to general unsecured creditors (in Class 6 here) is only as good as the plan it is embodied in and only delivers if the plan is actually confirmed and goes effective.

U.S. Trustee's appointment of the Committee was arbitrary and capricious or constituted an abuse of discretion. Accordingly, the Court must deny the Debtors' request to disband the Committee.

II. THE COURT SHOULD DENY THE DEBTORS' REQUESTED ALTERNATIVE RELIEF

32. The Debtors request, in the alternative, that the Court direct the U.S. Trustee to reconstitute the Committee and impose severe restrictions on the Committee euphemistically called "Case Protections" that would have the same practical effect of disbanding the Committee. The Court should deny all requested relief.

A. Reconstitution of the Committee is Unwarranted.

33. Section 1102(a)(4) of the Bankruptcy Code provides, in pertinent part, that "[o]n request of a party in interest and after notice and a hearing, the court may order the United States trustee to change the membership of a committee appointed under this subsection, if the court determines that the change is necessary to ensure the adequate representation of creditors . . . ."[65] The Bankruptcy Code does not define "adequate representation" for the purposes of section 1102(a)(4), so courts apply a variety of factors.[66] When an alleged conflict is the basis upon which reconstitution is sought, the movant bears the burden of producing "specific evidence" that a committee member has breached or is likely to breach its "fiduciary duties to the creditor body" or, alternatively, demonstrate that the alleged conflict "prevents an official committee from upholding its fiduciary obligations to all general unsecured creditors."[67]

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[65] 11 U.S.C. § 1102(a)(4).

[66] *See In re Park W. Circle Realty, LLC*, No. BKR. 10-12965 AJG, 2010 WL 3219531, at *2 (Bankr. S.D.N.Y. Aug. 11, 2010) (citing *In re Dana Corp.*, 344 B.R. 35, 38 (Bankr. S.D.N.Y. 2006))

[67] *In re ShoreBank Corp.*, 467 B.R. 156, 163 (Bankr. E.D. Ill. 2012) (alterations and internal quotations omitted).

34. The Debtors' focus their request to reconstitute the Committee on the same alleged conflicts raised in connection with their request to disband the Committee.[68] As part of this second bite at the apple, the Debtors repeat substantially the same meritless and unsubstantiated arguments in support of their request that both UMB and Shenkman be removed from the Committee.[69] In apparent recognition that approval of the relief requested pursuant to section 1102(a)(4) would have the same practical effect as the relief requested pursuant to section 1102(a)(2), the Debtors note that "[i]f the Court is inclined to permit the Committee to continue in existence, UMB, as representative of *all* Unsecured Notes Creditors, should be the only Unsecured Notes Member on the Committee and Shenkman should be removed."[70]

35. The underlying refrain in both the request to disband the Committee and the request for alternative relief is the Debtors' obsession with (i) the purported "conflicts" between the two classes of General Unsecured Claims (as manufactured by the Debtors themselves in the Proposed Plan) and (ii) the purported "conflicts" created by Shenkman's membership in both the Cross-Holder Ad Hoc Group and the Committee. As discussed above, the Debtors have presented no evidence to show any actual conflict exists in either case.

36. Contrast that with the significant conflicts of Kirkland with the Debtors created by Kirkland's ongoing and lucrative relationship with both the Sponsor and other Consenting Stakeholders.[71] Given Kirkland's extensive relationship with the Sponsor, perhaps the same

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[68] Disbandment Mot. ¶ 45.

[69] *Id.* ¶ 46.

[70] *Id.*

[71] The *Debtors' Application for Entry of an Order Authorizing the Retention and Employment of Kirkland & Ellis LLP and Kirkland & Ellis International LLP as Attorneys for the Debtors and Debtors in Possession Effective as of January 29, 2026* [Docket No. 605] (the "Kirkland Retention App") contains pages of "conflicts" disclosing how proposed co-counsel, Kirkland, represents the Sponsor and many of the secured lenders including Ares, KKR, and Blue Owl which each generate more than 1% of the firm's revenues. Kirkland Retention App ¶ 26. Indeed, Kirkland's website states: "Kirkland & Ellis is advising private investment firm CD&R [the Sponsor] on a definitive agreement to acquire Sealed Air Corporation (NYSE: SEE), a global provider of food and protective

scrutiny the Debtors are asking be put on the Committee Members should be put on the Debtors and their counsel's ability to act as a fiduciary.[72]

37. For the reasons set forth above, which are incorporated herein by reference, the Debtors have failed to produce any "specific" evidence regarding the occurrence or likelihood of any breach of a fiduciary duty by any Committee Member, and instead rely purely on speculation and insinuation. The Debtors have failed to demonstrate that reconstitution of the Committee is warranted.

B. <u>The Proposed Case Protections Must be Rejected</u>.

38. The Debtors seek to impose so-called "Case Protections" – an entirely made up and legally unsupportable concept – that would have the same practical effect of disbandment by completely neutering and sidelining the Committee.[73] The requested "Case Protections" include: (i) holding any Committee action in abeyance until at least 75 days from the Petition Date; (ii) prohibiting the Committee from requesting to reschedule the Combined Hearing; and (iii) capping any fees and expenses of the Committee and its professionals at $200,000.[74]

39. The Case Protections are an egregious attempt by the Debtors to neuter the Committee by asking this Court to mandate that the Committee not perform its statutory duties in violation of the Bankruptcy Code and the due process rights of the Committee and its consituency.

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packaging solutions, in an all-cash transaction with an enterprise value of $10.3 billion. Under the terms of the agreement, Sealed Air stockholders will receive $42.15 in cash per share. The transaction, which has been unanimously approved by Sealed Air's Board of Directors, is expected to close in mid-2026, subject to the receipt of stockholder approval, regulatory clearances, and the satisfaction of other customary closing conditions." https://www.Kirkland.com/news/press-release/2025/11/Kirkland-advises-cd-r-on-acquisition-of-sealed-air. Other representations of CD&R are similarly discussed on the Kirkland website (Veritiv buyout and Sanofi/Opella acquisition).

[72] Based on Kirkland's reported 2025 revenue of $10.56 billion (https://www.globallegalpost.com/news/Kirklands-revenue-jumps-20-to-top-10bn-689385338, last visited 4/2/2026 at 1:15 pm ET), these listed clients alone generate more than $300 million in revenue.

[73] *Id.* ¶¶ 47–55.

[74] *Id.* ¶ 47.

Nothing in the Bankruptcy Code supports the notion that a committee, whose appointment is mandatory, should be restricted from performing its statutory responsibilities for the first 75 days of the case. Like much of the other ill-conceived arguments advanced in the Disbandment Motion, the so-called Case Protections are rooted in the faulty premise that these are ordinary prepackaged chapter 11 cases.[75] To spare this Court from a duplicative response and because the Case Protections effectuate the disbandment of the Committee in a practical sense by completely sidelining the Committee, the Committee reincorporates all relevant arguments made above.

40. The extreme, perverted and highly unusual nature of the relief requested by the Debtors here cannot be ignored. In making this request, the Debtors are effectively telling the Court that because they have denominated their Proposed Plan as a "prepack"[76]: (i) the mandatory nature of section 1102(a)(1) is irrelevant and somehow inapplicable to these Debtors; (ii) the U.S. Trustee's appointment of the Committee is without meaning; (iii) the Committee and its constituents should have no due process rights and no voice in these cases; and (iv) this Court is presumptively going to confirm the Proposed Plan. No law supports these presumptions.

41. This tactical gamesmanship of attempting to avoid committee scrutiny appears to be a new page in the Kirkland-debtor playbook. In *Lannett*, Kirkland filed the *Lannett*-Motion, a motion similar to the Disbandment Motion filed here.[77] Like here, *Lannett* involved alleged "prepackaged" chapter 11 cases that were not actually prepackaged. The *Lannett*-Motion was filed

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[75] It must be noted that notwithstanding that courts have, on occasion, been flexible about committee appointments in true prepackaged chapter 11 cases, nothing in the Bankruptcy Code totally exempts prepackaged cases from the statutory requirement that a committee be appointed.

[76] As this Court is aware, the Third Circuit has established heightened scrutiny requirements for prepackaged cases. In *In re Congoleum Corp*., the court held that it does "not approve of a bankruptcy court applying less than careful scrutiny to pre-petition procedures in pre-packaged plans." *In re Congoleum Corp*., 426 F.3d 675, 692 (3rd Cir. 2005) The Third Circuit cautioned that while "pre-packaged plans offer a means of expediting the bankruptcy process by doing most of the work in advance of filing," this "efficiency, however, must not be obtained at the price of diminishing the integrity of the process." *Id*. at 693.

[77] *See* fn. 5, *supra*.

immediately after the United States trustee appointed the official committee of unsecured creditors. Both the movant and a party that appears to have been a plan sponsor launched an aggressive discovery campaign against the United States trustee and the individual members of the committee. The court never ruled on the *Lannett*-Motion because a global settlement was ultimately achieved, but not until significant estate resources had been wasted.

42. The Committee brings *Lannett* to the Court's attention for three reasons. ***First***, the *Lannett*-Motion illustrates the gamesmanship of the Disbandment Motion – a strategic attempt to silence anyone who disagrees with the Debtors, the Sponsor and other Consenting Stakeholders. ***Second***, *Lannett* confirms that an official committee of unsecured creditors is necessary especially when a "prepack" is not really a "prepack." ***Third***, because notwithstanding the filing of *Lannett*-Motion, a global settlement was ultimately achieved.

43. The final "condition" of the so-called Case Protections – that Committee fees be capped at $200,000 is both insulting and laughable. Significant fees have already been spent just defending the Debtors' Disbandment Motion – not to mention the time and money wasted that could have been better spent in negotiating a deal.[78] To put this "cap" in perspective, using a blended rate for the Committee's proposed counsel consistent with the customary rates charged by the professionals in large chapter 11 cases, a $200,000 cap divided evenly between the Committee's proposed counsel and financial advisor means that committee counsel would not be compensated beyond a total of about 65-70 attorney hours on the case. It is simply impossible and grossly unfair to limit the Committee's professionals in this manner given the important fiduciary duties the Committee is charged by statute with fulfilling.

[78] If anything, the Disbandment Motion is borderline frivolous, and the Court should consider disallowing the fees of the Debtors' professionals relating thereto.

44. The Disbandment Motion and its request for alternative relief should be denied in all respects as being inappropriate and unsupportable both in law and in fact.

RESERVATION OF RIGHTS

45. The Committee reserves all rights to supplement, amend, or otherwise modify this Objection in advance of any hearing on the Disbandment Motion, including, without limitation, to respond to any additional arguments raised by any party.

CONCLUSION

46. If the Debtors were so sure of their legal position as to the confirmability of the Proposed Plan and the alleged deficiencies in the opposition arguments of the Cross-Holder Ad Hoc Group, they would not be wasting the allegedly limited resources of the estates by trying to neuter a statutory fiduciary. Rather, the Debtors should be welcoming the Committee and using its experienced professionals to help facilitate a global resolution. The Disbandment Motion raised more questions about the Debtors, the Sponsor, and the Proposed Plan than it answers.

47. For the reasons set forth herein, the Court should deny the relief requested in the Disbandment Motion in its entirety.

Dated: April 3, 2026

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