

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

In re:

MARELLI AUTOMOTIVE LIGHTING
USA LLC, *et al.*,
Debtors.

Chapter 11

Case No. 25-11034 (CTG)

(Jointly Administered)

Hearing Date: To be determined

Objection Deadline: October 31, 2025 at 4 p.m. (ET)

**MOTION OF JORDON PHALO
FOR RELIEF FROM THE AUTOMATIC STAY
PURSUANT TO SECTION 362(D) OF THE BANKRUPTCY CODE**

Jordon Phalo (“Mr. Phalo” or “Movant”), by and through his undersigned counsel, hereby moves this Court (the “Motion”), pursuant to Section 362(d) of Title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the “Bankruptcy Code”), Federal Rule of Bankruptcy Procedure 4001, and Local Rule 4001-1 for an order lifting the automatic stay imposed by Section 362(a) of the Bankruptcy Code in order to permit Mr. Phalo to prosecute a personal injury action currently pending in the United States District Court for the Southern District of Mississippi, Northern Division, Case No. 25-cv-115 (the “District Court Action”) against debtor Marelli North America, Inc. (“Marelli NA”) or, with the above-captioned co-debtors, the “Debtors”), and to proceed to collect any award against the Debtors’ applicable insurance policies. In support of this Motion, Mr. Phalo respectfully represents as follows:



JURISDICTION AND VENUE

1. This Court has jurisdiction of this Motion pursuant to 28 U.S.C. §§ 157 and 1334. Venue in this judicial district is proper under 28 U.S.C. §1408 and 1409.

2. This is a core proceeding within the meaning of 28 U.S.C. § 157(b).

3. Mr. Phalo consents pursuant to Local Rule 9013-1(f) to the entry of a final order by the Court in connection with this Motion 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.

4. The statutory predicates for the relief requested herein are 11 U.S.C. §§ 362(d)(1) and 362(d)(2) and Bankruptcy Rule 4001.

FACTS

5. On June 11, 2025, (the “Petition Date”), each of the Debtors commenced a voluntary case under chapter 11 of the Bankruptcy Code. The Debtors’ cases are being jointly administered.

6. Mr. Phalo is a former employee of the Debtors. Prior to the Petition Date, he was selected by Marelli NA to participate in a multi-day training program for its employees to be conducted in Huntsville, AL. Marelli NA leased vehicles for its employees to travel from Mississippi to Alabama and authorized specific employees denominated as “Team Leaders” to operate the rental vehicles.

7. On or about March 28, 2022, Marelli NA employees, including Mr. Phalo and Maurice Dontarius Woodall (“Mr. Woodall”) traveled to Huntsville, AL, where Marelli NA had secured hotel rooms for the trainees for an overnight stay.

8. After the Marelli N.A. employees, including Mr. Phalo returned to the hotel that evening, the employees received messages from the Team Leaders to report to the main hotel lobby for a meeting. Team Leaders informed all trainees of the schedule, what was expected of them, and other essential information relative to the training that was scheduled to begin the next day.

9. At the conclusion of this briefing, the Team Leaders then invited everyone on the Marelli N.A. team to join them at a local pool hall. Members of the Marelli NA team had previously consumed alcohol and drugs, a fact that was known or should have been known to the Marelli Team Leaders.

10. While at the pool hall with the Marelli Team Leaders, and prior to his arrival at that location, team member Mr. Woodall consumed a sufficient amount of alcohol to cause his intoxication, rendering him incompetent to operate a motor vehicle. Mr. Woodall also did not possess a valid driver's license due to prior DUI convictions. Despite actual or constructive knowledge of Mr. Woodall's intoxication, incompetence and suspended driver's license, he was provided the keys to one of the Marelli NA rental vehicles. The Marelli Team Leaders permitted Mr. Woodall to operate one of the Marelli NA rental vehicles while he was intoxicated and incompetent to operate the vehicle, and with a suspended driver's license.

11. After having been provided with the keys to one of the Marelli NA rental vehicles, Mr. Woodall, along with Mr. Phalo, exited the pool hall into the parking lot and advised another Marelli employee that they were returning to the hotel. Mr. Woodall, Mr. Phalo and a third Marelli employee entered the rear seat of the rental vehicle operated by Mr. Woodall. Though unknown

to Mr. Phalo, Mr. Woodall was legally intoxicated at that time.

12. As Mr. Woodall was driving the rental vehicle south on Research Park Blvd. in Huntsville, AL, near the intersection of Bradford Dr., he suddenly and unexpectedly attempted to exit to the right onto a “cloverleaf” type exit ramp. The maneuver caused Mr. Woodall to lose control of vehicle, crash it into and over the guard rail, and caused it to roll down an embankment (the “Collision”).

13. As a result of the Collision and the Debtors’ negligence, Mr. Phalo sustained serious and permanent life-threatening injuries in the crash. Such injuries have caused him permanent disabilities, scarring and disfigurement, severe pain, suffering, emotional distress and mental anguish, and the loss of enjoyment of life. Mr. Phalo has incurred and will continue to incur medical expenses as a result of his injuries.

14. On February 14, 2025, Mr. Phalo filed his complaint against Marelli NA in the District Court Action.

15. The filing, prosecution and liquidation of Mr. Phalo’s claims in the District Court Action has been delayed as a consequence of the Debtors’ chapter 11 filing and the automatic stay provisions set forth in 11 U.S.C. § 362(a).

16. Upon information and belief, the Debtors are covered by insurance policies applicable to Mr. Phalo’s claims.

RELIEF REQUESTED

17. Through this Motion, Mr. Phalo seeks entry of an order pursuant to § 362(d) of the Bankruptcy Code and 4001 of the Federal Rules of Bankruptcy Procedure, granting relief from the automatic stay so that he may prosecute his claims to judgment in the District Court Action and

satisfy any award or other resolution he may obtain against the Debtors, the Debtors' applicable insurance policies and any other responsible individual or entity.

BASIS FOR RELIEF REQUESTED

18. Mr. Phalo is entitled to relief from the automatic stay pursuant to 11 U.S.C. § 362(d)(1).

19. The Bankruptcy Code provides:

On request of a party in interest and after notice and a hearing, the Court shall grant relief from the stay provided under subsection (a) of this section, such as by terminating, annulling, modifying, or conditioning such stay....

11 U.S.C. §362(d)(1).

20. The term "cause" is not defined in the Code, but rather must be determined on a case-by-case basis. *In re Rexene Prods. Co.*, 141 B.R. 574, 576 (Bankr. D. Del. 1992) (internal citations and quotations omitted). "Cause is a flexible concept and courts often...examin[e] the totality of the circumstances to determine whether sufficient cause exists to lift the stay." *In re SCO Group, Inc.*, 395 B.R. 852, 856 (Bankr. D. Del. 2007).

21. At a hearing for relief from automatic stay under Section 362(d), the party opposing stay relief bears the burden of proof on all issues with the exception of the debtors' equity in property. *See In re Domestic Fuel Corp.*, 70 B.R. 455, 462-463 (Bankr. S.D.N.Y. 1987); 11 U.S.C. §362(g). If a creditor seeking relief from the automatic say makes a *prima facie* case of "cause" for lifting the stay, the burden of going forward shifts to the trustee pursuant to Bankruptcy Code Section 362(g). *See In re 234-6 West 22nd Street Corp.*, 214 B.R. 751, 756 (Bankr. S.D.N.Y. 1997).

22. Courts often follow the logic of the intent behind §362(d) which is that it is most often appropriate to allow litigation to proceed in a non-bankruptcy forum, if there is no prejudice to the estate, "in order to leave the parties to their chosen forum and to relieve the bankruptcy court

from duties that may be handled elsewhere.” *In re Tribune Co.*, 418 B.R. 116, 126 (Bankr. D. Del. 2009) (quoting legislative history of §362(d)) (internal citations omitted).

23. Courts in this District rely upon a three-pronged balancing test in determining whether “cause” exists for granting relief from the automatic stay to continue litigation:

(1) Whether prejudice to either the bankrupt estate or the debtor will result from continuation of the civil suit;

(2) Whether the hardship to the non-bankrupt party by maintenance of the stay outweighs the debtor’s hardship; and

(3) The creditor’s probability of success on the merits.

See In re Tribune Co., 418 B.R. at 126.

24. 19. Here, the facts weigh in Mr. Phalo’s favor on each of these three prongs. First, the Debtors will not suffer prejudice should the stay be lifted because Mr. Phalo’s claims must eventually be liquidated before he can recover from the bankruptcy estate. Further, because his claims involve personal injury, they must be liquidated in a forum outside the Bankruptcy Court. 11 U.S.C. §157(b)(5) (“personal injury tort...claims shall be tried in the district court in which the bankruptcy case is pending, or in the district court in the district in which the claims arose...”). Furthermore, Mr. Phalo has demanded and is entitled to a jury trial in the District Court Action and a jury trial is not available in this Court.

25. Upon information and belief, the Debtors’ liability in this matter is covered by an insurance policy with a \$10,000,000 policy limit that the Debtors maintained with AON Risk Services Central, Inc., Policy No. ACV30252T0. As such, any recovery by Mr. Phalo will not greatly impact the Debtors’ estates. *See In re 15375 Memorial Corp.*, 382 B.R. 652, 687 (Bankr. D. Del. 2008), *rev’d on other grounds*, 400 B.R. 420 (D. Del. 2009) (“when a payment by an insurer cannot inure to the debtor’s pecuniary interest, then that payment should neither enhance

nor decrease the bankruptcy estate” (quoting *In re Edgeworth*, 993 F.2d 51, 55-56 (5th Cir. 1993)); see also *In re Allied Digital Tech Corp.*, 306 B.R. 505, 510 (Bankr. D. Del 2004) (ownership by a bankruptcy estate is not necessarily determinative of the ownership of the proceeds of that policy. “[W]hen the debtor has no legally cognizable claim to the insurance proceeds, those proceeds are not property of the estate.” *In re Edgeworth*, 993 F.2d 51, 55-56 (5th Cir. 1993).

26. Conversely, Mr. Phalo will face substantial hardship if the stay is not lifted. He suffered serious physical injuries and harm as a result of the Collision. He will be prejudiced by the continued delay resulting from the automatic stay due to the possibility of witnesses moving to unknown locations, witnesses who may pass away and the memory of events becoming less clear. Further, Mr. Phalo resides in State of Mississippi, and the District Court Action is currently pending in Mississippi. The events which form the basis of his claims occurred in entirely in Alabama. If Mr. Phalo is forced to litigate his claims in Delaware, he would incur the increased expense of bringing attorneys, witnesses, and physical evidence to Delaware. “[O]ne of the primary purposes in granting relief from the stay to permit claim liquidation is to conserve economic judicial resources.” *In re Peterson*, 116 B.R. 247, 250 (D. Colo. 1990). Here, judicial economy would be served by lifting the automatic stay and allowing Mr. Phalo’s claims to be liquidated in the forum where they are presently postured to be adjudicated quickly.

27. Neither the Debtors nor their estates will suffer any hardship if Mr. Phalo’s claims in the District Court Action are allowed to proceed. His claims are personal injury claims which do not present any factual or legal issues which will impact or distract the Debtors from their reorganization process.

28. Lastly, the likelihood of success on the merits prong is satisfied by “even a slight probability of success on the merits may be sufficient to support lifting an automatic stay.” *In re*

Continental Airlines, Inc., 152 B.R. 420, 426 (D. Del. 1993). This prong also weighs in Mr. Phalo's favor. The facts regarding the injuries Mr. Phalo sustained in the Collision set forth herein speak for themselves. No defenses, much less strong defenses, appear to exist here. "Only strong defenses to state court proceedings can prevent a bankruptcy court from granting relief from the stay in cases where...the decision-making process should be relegated to bodies other than [the bankruptcy] court." *In re Fonseca v. Philadelphia Housing Authority*, 110 B.R. 191, 196 (Bankr. E.D. Pa. 1990).

29. When weighing the above factors, the Court should lift the automatic stay, in order to permit Mr. Phalo to prosecute his claims against the Debtors and any other responsible individual or entity to judgment in the District Court Action and satisfy any award or other resolution he may obtain against the Debtors' applicable insurance policies and any other individuals or entities that are responsible for the injuries sustained.

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WHEREFORE, Mr. Phalo respectfully requests that the Court enter an Order lifting the automatic stay, substantially in the form attached hereto, and for such further additional relief as may be just and proper under the circumstances.

Dated: October 17, 2025

/s/ Michael J. Joyce

Michael J. Joyce (No. 4563)

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Counsel to Jordon Phalo

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

In re:

MARELLI AUTOMOTIVE LIGHTING
USA LLC, *et al.*,

Debtors.

Chapter 11

Case No. 25-11034 (CTG)

(Jointly Administered)

Re: D.I. No. _____

**ORDER GRANTING MOTION OF JORDON PHALO
FOR RELIEF FROM THE AUTOMATIC STAY
PURSUANT TO SECTION 362(D) OF THE BANKRUPTCY CODE**

Upon consideration of the Motion of Jordon Phalo (“Movant”) for Relief from the Automatic Stay Pursuant to Section 362(d) of the Bankruptcy Code (the “Motion”), it is hereby ORDERED that:

1. The Motion is Granted.
2. Movant is granted relief from the Automatic Stay for cause shown and is permitted to prosecute the District Court Action¹ against the Debtors and any other individuals or entities, including any subsequent appeals, and may enforce any judgment, including any alternative dispute resolution award or settlement obtained in the District Court Action against the Debtors’ applicable insurance policies.
3. This Order shall become effective immediately upon entry by the Court and is not subject to the fourteen-day stay provided in Rule 4001(a)(3) of the Federal Rules of Bankruptcy Procedure.

¹ Capitalized terms not defined herein shall have the meanings ascribed to them in the Motion.

4. This Court shall retain jurisdiction over any and all issues arising from or related to the implementation and interpretation of this Order.

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

In re:

MARELLI AUTOMOTIVE LIGHTING USA
LLC, *et al.*,
Debtors.

Chapter 11

Case No. 25-11034 (CTG)

(Jointly Administered)

Hearing Date: To be determined

Objection Deadline: October 31, 2025 at 4 p.m. (ET)

**NOTICE OF MOTION OF JORDON PHALO
FOR RELIEF FROM THE AUTOMATIC STAY
PURSUANT TO SECTION 362(D) OF THE BANKRUPTCY CODE**

PLEASE TAKE NOTICE that on October 17, 2025, Jordon Phalo (“Movant”) filed the *Motion of Jordon Phalo for Relief from the Automatic Stay Pursuant to Section 362(d) of the Bankruptcy Code* (the “Motion”) with the United States Bankruptcy Court for the District of Delaware.

PLEASE TAKE FURTHER NOTICE that any objections to the Motion must be filed on or before **October 31, 2025 at 4:00 p.m. (ET)** (the “Objection Deadline”) with the United States Bankruptcy Court for the District of Delaware, 3rd Floor, 824 Market Street, Wilmington, Delaware 19801. At the same time, you must serve a copy of any objection upon Movant’s undersigned counsel so as to be received on or before the Objection Deadline.

PLEASE TAKE FURTHER NOTICE that a hearing on the Motion will be held on a **date to be determined** before the Honorable Criag T. Goldblatt in the United States Bankruptcy Court for the District of Delaware, 824 N. Market Street, 3rd Floor, courtroom 7, Wilmington, Delaware 19801, if an objection is filed.

The hearing date specified above may be a preliminary hearing or may be consolidated with the final hearing, as determined by the Court.

The attorneys for the parties shall confer with respect to the issues raised by the Motion in advance for the purpose of determining whether a consent judgment may be entered and/or for the purpose of stipulating to relevant facts such as value of the property, and the extent and validity of any security interest.

PLEASE TAKE FURTHER NOTICE THAT IF YOU FAIL TO RESPOND IN ACCORDANCE WITH THIS NOTICE, THE COURT MAY GRANT THE RELIEF REQUESTED IN THE MOTION WITHOUT FURTHER NOTICE OF A HEARING.

Dated: October 17, 2025
Wilmington, Delaware

/s/ Michael J. Joyce
Michael J. Joyce (No. 4563)
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Counsel to Jordon Phalo

CERTIFICATE OF SERVICE

I hereby certify that on October 17, 2025, I caused a true and correct copy of the foregoing *Motion of Jordon Phalo for Relief from the Automatic Stay Pursuant to Section 362(d) of the Bankruptcy Code* to be electronically filed with the Clerk of Court and served on the parties identified on the attached service list via CM/ECF and first-class mail.

Dated: October 17, 2025

/s/ Michael Joyce
Michael J. Joyce

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