

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF NORTH CAROLINA
CHARLOTTE DIVISION

In re:

ALDRICH PUMP LLC, et al.,¹

Debtor.

Chapter 11

Case No. 20-30608 (LMJ)

(Jointly Administered)

MAUNE RAICHLE HARTLEY FRENCH & MUDD LLC'S OBJECTION TO THE
DEBTORS' MOTION TO AMEND CASE MANAGEMENT ORDER FOR
ESTIMATION OF ASBESTOS CLAIMS

All mesothelioma claimants represented by Maune Raichle Hartley French & Mudd LLC ("MRHFM"), through its undersigned counsel, hereby object ("Objection") to the *Debtors' Motion to Amend Case Management Order for Estimation of Asbestos Claims* [Dkt. No. 2562] ("Motion"). In support, MRHFM respectfully states as follows:

1. MRHFM takes no position on the various discovery battles being waged between the Official Committee of Asbestos Claimants ("ACC"), the Legal Representative for Future Claimants ("FCR"), the Debtors, and the Trane affiliates ("Trane"). MRHFM defers to the ACC on those matters and the other deadlines leading to estimation.

¹ The Debtors are the following entities (the last four digits of their respective taxpayer identification numbers follow in parentheses): Aldrich Pump LLC (2290) and Murray Boiler LLC (0679). The Debtors' address is 800-E Beaty Street, Davidson, North Carolina 28036.



2. MRHFM shares the Court's frustration as to the status of this case. MRHRM believes that terminating estimation immediately is the best way to facilitate an efficient resolution. MRHFM urges this Court to focus the parties instead on a competing plan process that would encourage the parties to address the substantive issues in this case rather than irrelevant discovery minutia.

3. Judge Whitley ordered estimation over the ACC's objection. The ACC recognized at the outset that estimation would be an impediment to an efficient, logical resolution. Like the ACC, MRHFM believes that, in this case and the other non-distressed multi-billionaire Texas Two-Step bankruptcies pending in this District, estimation is a wasteful boondoggle that will generate tens of millions of dollars in attorney and other professional fees, provide no useful information to the stakeholders, and unnecessarily extend the egregious ongoing violation of cancer victims' statutory and Constitutional rights. Hundreds of millions of dollars have been paid to bankruptcy professionals in this District, much of which is ostensibly related to estimation. *See Ames Alexander, Profitable companies are dodging asbestos lawsuits. A Charlotte court has helped them., THE CHARLOTTE OBSERVER, (July 25, 2024).*²

² Available at: <https://www.charlotteobserver.com/news/local/crime/article289390884.html>.

4. Recently, 60 Minutes showed that nearly a billion dollars have been paid to bankruptcy professionals in the *Purdue Pharma* bankruptcy alone.³ But unlike *Purdue*—whose estimated liabilities far exceed both that debtors’ and the Sackler family’s assets—Trane and the Debtors can fully compensate all current and future claimants in the tort system without financial distress, as it did for decades, and do so in a way that would not threaten the viability (let alone massive profitability) of their business; Trane just prefers not to do so. In Texas Two-Step bankruptcies, everyone is getting paid *except* the sick people. This Court appropriately recognizes the problem: “[T]his is a beast that’s gotten out of hand. I think about the people who need distribution of these funds.” Ex. 1, Hearing Tr. 1/30/2025 at 46:4-7.

5. The Court has found, and the Debtors do not dispute, that the Debtors can easily pay all current and future plaintiffs in full *outside* of bankruptcy. That makes this case different from real Chapter 11 bankruptcies. Accordingly, conducting an estimation of the Debtors’ purported aggregate liability—something that the Debtors’ predecessors already did (and swore to the accuracy of the analysis to the SEC)—is nonsensical. At best, it will result in an advisory opinion that is legally irrelevant.

³ “It is a kick in the gut,” said Ryan Hampton, one of the 140,000 claimants. See Cecilia Vega, *Potential \$7.4B Purdue Pharma opioid settlement frustrates some victims*, 60 MINUTES, CBS NEWS (Mar. 9, 2025), <https://www.cbsnews.com/video/purdue-pharma-bankruptcy-case-60-minutes-video-2025-03-09/?intcid=CNM-00-10abd1h>.

6. The Debtors have already agreed to a plan with the FCR (who each claim represents over 80% of the total claimants),⁴ yet the Debtors continue to demand estimation. Why? Because it takes forever, and the delay is profitable for the Debtors' corporate parent. Trane is making money on the float: prior to the Debtors' bankruptcy filing, Trane was paying \$100 million in the tort system each year. *In re Aldrich Pump LLC*, 2023 WL 9016506 at *5 (Bankr. W.D.N.C., Dec. 28, 2023). The annual professional fees Trane pays to underwrite this bankruptcy are much less. Counsel for the ACC calculated that the Debtors are saving "about \$69 million a year over what they were spending in the tort system. [T]hey're not spending nearly what they would be spending outside of a bankruptcy . . . so this process is very beneficial to them."⁵ Ex.2, Hearing Tr. 10/24/2024 at 128:14-19.

7. This illustrates Trane's perversion of the bankruptcy process caused by separating its profitable ongoing business from its isolated and discriminated against creditors via the Two-Step. In an ordinary Chapter 11, the disruptive nature of bankruptcy over the ongoing business of the debtor pushes the debtor—and the creditors—to get out of bankruptcy as soon as possible. But here, having isolated the "bad

⁴ See FCR Opposition to Motion to Dismiss at 3. [Dkt. 1779]. Of course, the FCR and future claimants do not vote on the approval of a plan under Section 524(g), nor do the alleged number of future claims count in the analysis of whether a plan meets Section 524(g)'s voting threshold.

⁵ Mr. Guy, attorney for the FCR: "I do agree with [MRHFM] that \$550 million in legal fees is a terrible waste That's money that is not being used to benefit claimants at all during the pendency of this case That's unacceptable to us." Ex. 2, Tr. 10/24/2024 at 94:11-20.

stuff” in the Debtors, Trane has every incentive to keep this proceeding going as long as possible. This explains the continued delay and the Debtors’ insistence on estimation.

8. The Debtors feign frustration over the case’s progress: “[F]rankly, we’ve been quite disappointed at the pace of the case . . . [w]e agree with the Court, believe me, we want the case to move faster . . . We want to get there.” Ex. 1, Hearing Tr., 1/30/2025, at 32:7-9; 43:22-24. However, if the Debtors wanted this case to progress, they would send their plan out for a vote. *See* Joint Plan of Reorganization [Dkt. 831].⁶ But Trane benefits from frustrating the rights of their victims through the Chapter 11 process as the professionals litigate estimation—so the stooge Debtors do as they are told.

9. This Court would no doubt do a diligent, thorough job of estimating the Debtors’ aggregate liabilities, but these Debtors are massively wealthy and can pay all claimants in full inside or *outside* of bankruptcy,⁷ so any advisory forecast of their total liability is irrelevant and not conducive to resolving this case.⁸ Trane demands that this

⁶ Mr. Wehner (ACC Counsel): “[The FCR’s counsel] was saying, ‘Well, I think the claimants would love this plan.’ Well, the plan was put out in 2021. They haven’t done anything further. They haven’t solicited. They haven’t pushed it forward. If it is obviously beneficial to the claimants, we can see if they vote for it.” Ex. 2, Tr. 10/24/2024 at 113:9-14. Ms. Ramsey (ACC Counsel): “Let’s get on with the plan process. You filed your plan. You put a number on the table. Let’s go forward. Put your plan out to vote. Let, let’s hear what the claimants say. Put the plan out to vote and if you get the vote and then there’s some issue over whether the pot’s sufficient, we can take it up as part of confirmation.” Ex. 2, Tr. 10/24/2024 at 145:10-15.

⁷ The Trane organization boasts \$16 billion in *annual* revenues, *annual* excess cash flow eclipsing \$1.8 billion, and a market cap of \$54 billion. *In re Aldrich Pump LLC*, 2023 WL 9016506 at *8 (Bankr. W.D.N.C., Dec. 28, 2023). New TTC’s book-value equity of approximately \$7.8 billion and New Trane’s book-value equity of \$3 billion, as of December 31, 2020. *Id.* at *7.

⁸ MRHFM moved to dismiss this case and believes that dismissal is the proper result given that the Debtors are proceeding in bad contrary to Fourth Circuit precedent. The only resolution that is possible in this

Court dedicate its time and attention to this futile exercise because this bankruptcy is saving Trane money, and, accordingly, Trane has no incentive to moderate its unconstitutional desire for what no court or party has the power to give it: a permanent channeling injunction protecting it, its affiliates, and the Debtors, which caps the state law damages available to current and future victims and impairs their jury access.⁹

10. Judge Whitley recognized the Constitutional problems with what Trane demands but left it for another day. *See In re Aldrich Pump LLC*, 2023 WL 9016506 at *19-21 (Bankr. W.D.N.C., Dec. 28, 2023); *Ortiz v. Fibreboard Corp.*, 527 U.S. 815 (1999).¹⁰ That day *will* come, and the sooner it does, the better. That is why sending plans out for vote *now*, rather than after estimation, is the better path forward. And this says nothing of the question of bad faith, which cannot be avoided at confirmation.

11. The present estimation discovery disputes—here, and in *Bestwall* and *DBMP*—and the hundreds of millions of dollars in professional fees being expended to litigate them, is merely one indicia of what happens when a multi-national, multi-

bankruptcy, and that would withstand appellate review, would be one that permits all objecting current and future plaintiffs to immediately sue the reorganized Debtors, and their parents, for uncapped state law damages in the civil jury system.

⁹ This Court has no statutory or Constitutional authority to alter the rights of creditors that a debtor can pay in full, without distress, and Section 1129 prevents confirmation of any plan that impairs those rights over the objection of a single dissenting creditor. Nothing in Section 524(g) changes this fact.

¹⁰ Judge Whitley correctly recognized that a plan that does not provide an “opt-out” to the tort system for any objecting plaintiff could (absolutely would) run afoul of Supreme Court precedent in *Ortiz*. *See In re Aldrich Pump LLC*, 2023 WL 9016506 at *21 (Bankr. W.D.N.C., Dec. 28, 2023). (“[U]nder *Ortiz* and for solvent and non-distressed debtors, a plan/trust which does not permit creditors to “opt out” and return to the tort system for their jury trials may cause an unconstitutional impairment of the claimants’ due process and jury trial rights.”).

billionaire is able to abuse Chapter 11, deriving all the benefits of bankruptcy *without* being financially troubled or in need of resuscitation. *See Carolin Corp. v. Miller*, 886 F.2d 693, 701 (4th Cir. 1989); *In re Premier Auto. Servs., Inc.*, 492 F.3d 274, 280 (4th Cir. 2007).¹¹

WHEREFORE, MRHFM asks the Court to deny the Motion and terminate estimation immediately. MRHFM further asks the Court to instruct the parties to meet and confer in good faith to formulate a schedule for creditors voting and this Court considering confirmation of one or more plans filed by parties in interest by a set date.

Dated: March 20, 2025. Respectfully submitted,

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¹¹ *See* Motion to Dismiss on Behalf of Robert Semian and Other Clients of MRHFM [Dkt. 1712]; Robert Semian's Reply to The Debtors' Objection to Motion of Maune Raichle Claimants to Dismiss Chapter 11 Cases [Dkt. 1811]; Semian's Reply to The Future Asbestos Claimants' Representative's Opposition to The Motion to Dismiss on Behalf of Robert Semian and Other Clients of MRHFM [Dkt. 1812]; Status Report of MRHFM Claimants [Dkt. 2377]; Robert Semian and All MRHFM's Claimants' Motion to Require The Debtors and Trane to Make Irrevocable, Unequivocal, and Unconditional Admissions About the Enforceability of the Funding Agreements [Dkt. 2172]; Robert Semian's Motion for Relief from The Automatic Stay Pursuant to 11 U.S.C. 362(d) [Dkt. 1588].

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CERTIFICATE OF SERVICE

I, the undersigned, hereby certify that I am, and at all times hereafter mentioned was, more than 18 years of age and that on this day I caused a copy of the foregoing **MAUNE RAICHLE HARTLEY FRENCH & MUDD LLC'S OBJECTION TO THE DEBTORS' MOTION TO AMEND CASE MANAGEMENT ORDER FOR ESTIMATION OF ASBESTOS CLAIMS** to be served via this Court's CM/ECF system on those parties registered to receive electronic notices for this case.

Dated: March 20, 2025.

/s/ Thomas W. Waldrep, Jr. _____

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Exhibit 1

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF NORTH CAROLINA
CHARLOTTE DIVISION

IN RE: : Case No. 20-30608
: (Jointly Administered)
ALDRICH PUMP LLC, *ET AL.*, :
: Chapter 11
Debtors. :
: Charlotte, North Carolina
: Thursday, January 30, 2025
9:30 a.m.

[illegible]

TRANSCRIPT OF STATUS CONFERENCE
BEFORE THE HONORABLE LENA MANSORI JAMES,
UNITED STATES BANKRUPTCY JUDGE

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1 estimation is -- I -- it is just, it's mind blowing to me.

2 So that's where I, that's where I am. But I mean, I
3 realize that's the, the process you're in. I'm just giving you
4 what, what I'm sitting here thinking. Why haven't they --

5 MR. EVERT: Well, and --

6 THE COURT: I mean.

7 MR. EVERT: And, and I understand, your Honor. I
8 mean, the -- the -- frankly, we've, we've been quite
9 disappointed at the pace of the, of the case. Obviously, the,
10 the debtors filed this in an effort to try to get to a
11 consensual resolution, as the Court knows. We were able to get
12 to an agreement with the FCR relatively quickly, at least in
13 the scheme of the case. And we, we, we still want to get there
14 with all the parties.

15 THE COURT: Right.

16 MR. EVERT: We have, as you know, substantial
17 differences of opinion with the ACC over the, over the case
18 itself. And, and honestly, the, the focus of the case has
19 continually shifted to efforts to have the case dismissed.

20 THE COURT: Right.

21 MR. EVERT: And -- and I'm not -- I -- that's not --
22 that's not -- that's not judgmental. That's just sort of the
23 facts of the case. And it has, it has slowed down, in my view
24 -- and I'm really speaking just for myself -- it slowed down
25 the focus on estimation. And we've not gotten as far along as

1 THE COURT: No, I know. I, I know the whole subtext
2 is Garlock. I'm just trying to get, hear it from you. I mean,
3 I understand Garlock was a sea change, you know, I do. I just,
4 now it's something that's, basically, unmanageable, what's
5 happened. And so I mean -- because if it's going to be, you
6 know. I mean, we're in the fifth year now. It was filed in
7 2020 and we're sort of -- would you -- how much -- how far
8 along in discovery, what percentage would you say you are done
9 for, for estimation?

10 MR. EVERT: Here's what I'd suggest, your Honor. And
11 I'm, I'm, I'm going to try to deftly avoid your question.
12 Because I, because I don't know the answer. But here's what
13 I'd suggest and what, what I was going to suggest at the end of
14 this process, assuming the Court was there, is we would
15 certainly expect to be in front of the Court, you know, in the
16 near term for whatever issues arise. We're sort of big in this
17 case on prearguing, right? We're going to file this motion,
18 going to file that motion. Not going to do that.

19 But give us a few months. Let's try to figure out
20 what this elephant looks like and then let us come back in
21 front of the Court and give a, give a report on where we are.
22 And I think that's the -- we understand and we agree with the
23 Court, believe me, we, we want the case to move faster. We
24 want there to be less discovery. We want to get there. But
25 I'm, I'm hesitant to make promises based on one very small

1 MR. EVERT: I don't know why you would think that,
2 your Honor.

3 THE COURT: But I, I do know that, I do know under all
4 of this is Garlock. I know that. Like, this isn't -- this is,
5 is, is a beast that's gotten out of, out of hand. I think
6 about the people who need distribution of these funds, you
7 know. That's what we all need to think about. And so thinking
8 about, you know, three more years, which it could, I mean, if
9 we're even just starting to talk about discovery. I -- say I
10 enter an order in the summer with a date. I mean, we could be
11 talking about 2027 before we even, you know. There are people,
12 right?

13 So -- so if -- if I don't have anything filed, we'll
14 just set a status hearing on deadlines for the, or it's -- I'll
15 just go ahead and you can mark it in your calendar for whatever
16 the date is in our March date. And if no one's going to give
17 me some good faith proposals, I'll start throwing dates out
18 there. And you don't want me to do that.

19 So I'll certainly sign the 502(d) order. I have no
20 issues with it.

21 I don't see any reason why the agreement would need to
22 be on the docket. It's not something I'm approving, you know.
23 If something comes up later where there's some sort of reason
24 it needs to be on, obviously, then, yeah, it should be
25 redacted, the names, so.

Exhibit 2

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF NORTH CAROLINA
CHARLOTTE DIVISION

IN RE:	:	Case No. 20-30608
	:	(Jointly Administered)
ALDRICH PUMP LLC, ET AL.,	:	
	:	Chapter 11
Debtors,	:	
	:	Charlotte, North Carolina
	:	Thursday, October 24, 2024
	:	10:02 a.m.
	:	
: : : : : : : : : : : : : :	:	: : : : : : : : : : : : : :

OFFICIAL COMMITTEE OF ASBESTOS: AP 21-03029
PERSONAL INJURY CLAIMANTS,

[illegible]

OFFICIAL COMMITTEE OF : AP 22-03028
ASBESTOS PERSONAL INJURY
CLAIMANTS, on behalf of the :
estates of Aldrich Pump LLC :
and Murray Boiler LLC, :

[illegible]

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1 in that years ago. I'm dating myself. I believe Mr. Evert was
2 involved in it, too. That was a bipartisan effort by Congress
3 to get prompt payments to asbestos victims without the need to
4 go to court, without the need to hire a lawyer. And it was
5 bipartisan and it had massive support in Congress. And it
6 probably would have passed but for the unfortunate passing of
7 Strom Thurmond. And then it got lobbied against by, among
8 others, the plaintiffs' law firms, just as they are opposed to
9 what we're trying to do here, which is to create a trust to pay
10 claimants quickly and efficiently and fairly.

11 I do agree with Mr. Thompson that \$550 million in
12 legal fees is a terrible waste. I mean, it's extraordinary.
13 In this case, we spent over a hundred million dollars in legal
14 fees. And it's -- the ACC is 35 of that and the debtors are
15 65. I think you can see why the FCR is not a huge portion of
16 that, but that's a lot of money. That's money that is not
17 being used to benefit claimants at all during the pendency of
18 this case. Yes, he's right. Probably 8,000 mesothelioma
19 victims who were Mr. Grier's clients when the case began are
20 now dead. That's unacceptable to us.

21 Your Honor, in his slides he says "the debtors can pay
22 all claimants in full forever." Well, those of us who operate
23 in bankruptcy courts know that "forever" is not an option that
24 always applies. Many companies that we all know of that were
25 fabulously successful at one point, they ultimately, Kodak, GM,

1 records from other trusts and, and other asbestos debtors, but
2 the estimation really is not going to do anything. The Garlock
3 case, again which you've heard so much about, proves this. The
4 Garlock estimation resulted in a finding that Garlock's
5 liability was 1, \$125 million. The plan that was confirmed was
6 for four times that amount. Garlock demonstrates that
7 estimation is pointless. It makes no difference. We're just
8 churning.

9 You heard about their plan. Mr., Mr. Guy was saying,
10 "Well, I think the claimants would love this plan." Well, the
11 plan was put out in 2021. They haven't done anything further.
12 They haven't solicited. They haven't pushed it forward. If it
13 is obviously beneficial to the claimants, we can see if they
14 vote for it.

15 The Committee in this case -- and this is what my
16 colleagues will tell you about -- is seeking to undo the damage
17 that have been in, that has been inflicted on this creditor
18 body. We've done that in several ways. You've heard about the
19 motion to dismiss and that's up on appeal right now. And then
20 we have adversary actions that are pending. One is for
21 substantive consolidation that would reunite the GoodCo and the
22 BadCo. Another is for fraudulent transfer which has the same
23 effect, that the divisional merger itself was a fraudulent
24 transfer. It took money away. And we also have a fiduciary
25 duty adversary action. And finally, we will be proposing a

1 spinning round and around, to the growing frustration
2 of all."

3 That is exactly the issue from the perspective of the
4 claimants. The, the use by solvent entities of bankruptcy to
5 try to obtain benefits and changes and take advantage of
6 sections of the Bankruptcy Code that were specifically designed
7 for companies that couldn't pay all of their debts is what is
8 at issue from the creditors' perspective. The debtors have
9 been enjoying a litigation holiday. They have no operating
10 businesses. So they have, they have no pressure on them at all
11 to try to move this case forward. As Mr. Wehner said, they can
12 stay in this and play at litigation all they want. And you
13 heard a little bit about, you know, it's an expensive process.
14 It is an expensive process, but by our calculations the debtors
15 are saving about \$69 million a year over what they were
16 spending in the tort system. So they're not really -- they're
17 -- they're not spending nearly what they would be spending
18 outside of a bankruptcy. And so this process is very, very
19 beneficial to them.

20 So how do we bring these cases to conclusion? We can
21 only think of three ways: Either the cases are dismissed,
22 there's a confirmed plan, or, ultimately, there's a failure to
23 be able to confirm a plan, which, presumably, at that point
24 would result in dismissal, or there's the adversary proceeding
25 litigation, which is intended and hoped to remedy the -- the --

1 were about 761.3 million. It's not affected at all by this
2 bankruptcy and yet the asbestos claimants have received no
3 compensation at all.

4 So moving to the FCR's settlement and the debtors'
5 plan. First, I think it's important that the Court be aware --
6 the, the debtor said, you know, "We filed this plan in 2021."
7 And Mr. Guy said, "If the claimants were here today and they
8 were offered this pool of money, I'd bet they'd say yes." We
9 have been saying since the motion that the debtor filed to
10 estimate, "Let's get on with the plan process. You filed your
11 plan. You put a number on the table. Let's go forward. Put
12 your plan out to vote. Let, let's hear what the claimants say.
13 Put the plan out to vote and if you get the vote and then
14 there's some issue over whether the pot's sufficient, we can
15 take it up as part of confirmation."

16 But this notion that estimation will advance this
17 process is the debtors'. The debtor objected to that. The
18 debtor didn't want to do it that way. The debtor said, "No,
19 no. We, we need an estimation so we can enter into a dialogue
20 with the current claimants." Respectfully, your Honor, there,
21 there is no there there to that statement. These parties are
22 all sophisticated. All of the experts that are involved,
23 estimation experts in these cases, know each other. We know
24 the debtors' expert extremely well. The debtors' expert is an
25 experienced expert, does estimations outside of bankruptcy,