Docket #2851 Date Filed: 10/20/2025

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF NORTH CAROLINA
CHARLOTTE DIVISION

In re ALDRICH PUMP LLC, *et al.*,[1] Debtors.	Chapter 11 Case No. 20-30608 (LMJ) (Jointly Administered)
OFFICIAL COMMITTEE OF ASBESTOS PERSONAL INJURY CLAIMANTS, Plaintiff, v. ALDRICH PUMP LLC, MURRAY BOILER LLC, TRANE TECHNOLOGIES COMPANY LLC, and TRANE U.S. INC., Defendants.	Adv. Pro. No. 21-03029 (LMJ)
OFFICIAL COMMITTEE OF ASBESTOS PERSONAL INJURY CLAIMANTS, on behalf of the estates of Aldrich Pump LLC and Murray Boiler LLC, Plaintiff, v. INGERSOLL-RAND GLOBAL HOLDING COMPANY LIMITED, TRANE TECHNOLOGIES HOLDCO INC., TRANE TECHNOLOGIES COMPANY LLC, TRANE INC., TUI HOLDINGS INC., TRANE U.S. INC., and MURRAY BOILER HOLDINGS LLC, Defendants.	Adv. Pro. No. 22-03028 (LMJ)

[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.

2030608251020000000000009

DEFENDANTS' REPLY IN SUPPORT OF MOTION TO STAY ADVERSARY PROCEEDINGS

Aldrich Pump LLC ("Aldrich") and Murray Boiler LLC ("Murray"), as debtors and debtors in possession (together, the "Debtors"), and Trane Technologies Company LLC and Trane U.S. Inc. (the "NDAs" and, together with the Debtors, the "Defendants") file this reply: (1) in response to *Plaintiff's Objection To Defendants' Motion To Stay Adversary Proceedings* [Dkt. 2842] (the "Objection"), and (2) in further support of *Defendants' Motion To Stay Adversary Proceedings* [Dkt. 2822] (the "Stay Motion"). In support of this Reply, Defendants respectfully state as follows:

PRELIMINARY STATEMENT

The Committee's[2] Objection primarily relies on an assertion that the Stay Motion must be denied because Defendants have previously sought, unsuccessfully, to stay the proceedings. To be sure, as detailed in the Stay Motion, the Defendants did ask Judge Whitley to stay these Adversary Proceedings in early 2022 when they were first initiated and also sought to withdraw derivative standing for the proceedings after the Committee filed dismissal proceedings. But the significant changes since the Adversary Proceedings were first instituted, a variety of actions ***taken by the Committee***, and the delays and diversion of resources resulting from the Committee's actions now warrant a stay of the Adversary Proceedings.

Most significantly, evidently dissatisfied with the merits of its attacks on the corporate restructuring and these bankruptcies through the Adversary Proceedings, the ACC filed its Dismissal Motion in May of 2023 (nearly three years after the bankruptcies were filed). That Dismissal Motion was based on the same central contentions as the Adversary Proceedings: that

[2] Capitalized terms not otherwise defined herein have the same meanings given to them in the Stay Motion.

the corporate restructurings and subsequent bankruptcies—the so-called "Texas Two-Step"—were an effort to "manipulate the bankruptcy process in order to gain litigation advantage over" asbestos claimants, ultimately designed to "coerce" those claimants "into settling for substantially less than what is owed to them."[3]

The Committee's contentions were ultimately rejected by Judge Whitley, who found that Aldrich and Murray, even as by-products of the corporate restructurings, were proper debtors—a finding that currently sits before the District Court on a motion for leave to appeal. And it is now clear that the other central premise of these Adversary Proceedings—that the corporate restructurings left the Debtors unable to pay their asbestos liabilities (a position that is, of course, the polar opposite of the Committee's contentions in the Dismissal Motion)—depends on issues that are: (1) the subject of the Estimation Proceeding pending before this Court (which will determine the amount of the Debtors' asbestos liabilities)[4], and (2) dependent on future events that have yet to occur (whether the Debtors can rely on the Funding Agreements between themselves and the NDAs to satisfy their asbestos liabilities).

While the Committee casts the Stay Motion as an effort to relitigate issues Judge Whitley has already decided, that disregards the present context for the motion. Things have changed considerably since Judge Whitley's prior rulings, and they have changed entirely due to the actions and decisions of the Committee. It was the Committee that chose to bring the Dismissal Motion, which raises the same central issues raised in the Adversary Proceedings. It was the Committee that changed its position on the Debtors' solvency, shifting from initially arguing that

---

3 Dismissal Mot., ¶¶ 81, 97.

4 The Debtors contend they currently have sufficient assets to pay all allowed claims in full without the need for further access to the Funding Agreements through the Qualified Settlement Fund, access to insurance, and other assets, further supporting the need to complete the Estimation Proceeding as a threshold, gating matter that will inform the merits of the claims in the Adversary Proceedings.

the Debtors were plainly insolvent to then advancing alternative, inconsistent positions and effectively admitting that its claims depend on contingent future events. It was the Committee that chose to essentially not prosecute these Adversary Proceedings for three years. And it is the Committee that now suggests fast tracking these Adversary Proceedings and placing them in front of the Estimation Proceeding.

To the extent that the Committee engages on the substantive merits of the Defendants' Stay Motion, it flatly misstates the law or offers nothing more than generalities. The Committee does not dispute that, at bottom, the Adversary Proceedings press the two contentions described in the Stay Motion; the "Texas Two-Step Hinder and Delay" Contention and the "Insufficient Assets" Contention. It does not dispute that the Adversary Proceedings make the exact same attacks (often using the same exact words) on the "Texas Two-Step" that it has made ***and is still making*** in the dismissal litigation (including the pending appeal). It does not dispute that the Debtors' solvency turns on contingent future events (indeed, that is the basis for their "alternative positions").[5] And the Committee cannot dispute what is black-letter law on the divestiture rule: an appeal of an order—including an interlocutory order—"divests the district court of jurisdiction ***over those aspects of the case on appeal***." McFadyen v. Duke Univ., 2011 WL 13134315, at *3 (M.D.N.C. June 9, 2011) (applying divestiture rule to interlocutory order) (emphasis added and quotation omitted).

Finally, a stay of the Adversary Proceedings makes sense. None of the Committee's arguments in its Objection suggest otherwise. A stay of the Adversary Proceedings is consistent with Fourth Circuit case law. It preserves estate resources. It allows the main parties in these bankruptcies to continue litigating their central contentions (through the Estimation Proceeding

[5] See Obj., at 3 n.13.

and the Committee's appeal of the Dismissal Motion) while focusing their efforts on estimation. And it ensures that this Court is not put in a position where it is ruling on issues sitting before an appellate court, or issues that are not yet ripe for ruling. For all of these reasons, consistent with those in the Stay Motion and as further articulated below, the Court should grant the Stay Motion and stay the Adversary Proceedings until the conclusion of the Estimation Proceeding.

ARGUMENT

I. THERE ARE NO PROCEDURAL IMPEDIMENTS TO ISSUING A STAY.

1. As noted, the Committee spends much of its Objection arguing that because Judge Whitley had previously denied efforts to dismiss or otherwise end these Adversary Proceedings, the instant Stay Motion cannot be granted. Curiously, the Committee seeks to support this claim by asking this Court to apply standards governing: (a) motions seeking relief from final judgments and orders, and (b) stays pending appeal.[6] These standards clearly do not apply on their face. Instead, the Fourth Circuit's flexible standard governing discretionary stays does, and it is the standard by which the Stay Motion should be analyzed.

2. Nearly ninety years ago, the Supreme Court explained that "the power to stay proceedings is incidental to the power inherent in every court to control the disposition of the causes on its docket with economy of time and effort for itself, for counsel, and for litigants." Landis v. N. Am. Co., 299 U.S. 248, 254 (1936). In exercising this authority, courts are "to balance the various factors relevant to the expeditious and comprehensive disposition of the causes of action on the court's docket." Van Laningham v. Allied Ins., 2018 WL 11238908, at *2 (M.D.N.C. Mar. 15, 2018) (quoting Maryland v. Univ. Elections, 729 F.3d 370, 375 (4th Cir. 2013)). These factors include: (a) "the interests of judicial economy," (b) the "hardship and

[6] Obj., ¶¶ 28–34.

equity to the moving party" in the absence of a stay, and (c) the "potential prejudice to the non-moving party" in the event of a stay. Van Laningham, 2018 WL 11238908, at *2 (quotations omitted).

3. These standards apply whether the motion to stay in question is the first in a case or a renewed motion based on changed circumstances. See id. at *2–3 (evaluating and granting plaintiff's second request for a stay and concluding "the issuance of a stay would promote judicial economy by avoiding inconsistent rulings, waste of judicial resources, and the potential for the parties to incur unnecessary expenses"). This flexible standard governing motions to stay litigation makes sense, particularly in lengthy bankruptcy cases where circumstances are constantly evolving and multiple different adversary cases and/or contested matters may be simultaneously pending before a court. See In re Ross, 162 B.R. 860, 863 (Bankr. D. Idaho 1993) (denying a motion to stay adversary proceeding but noting that if circumstances change, "the Court will consider appropriate motions, including a renewed motion to stay").

4. That is precisely what has occurred here. As explained in the Stay Motion, at the time Judge Whitley denied Defendants' prior motion seeking to stay the SubCon Proceeding in April 2022, that proceeding was the only avenue the Committee had elected for contesting the propriety of the corporate restructurings. Since that time, the Committee filed its Dismissal Motion in the main case, advancing arguments centered around the same attacks on the corporate restructurings on which its Adversary Proceedings are based.[7] The Committee then pursued an appeal of the denial of that Dismissal Motion. Alternatively, the Estimation Proceeding has moved forward at a far more rapid pace, while the Adversary Proceedings have largely

[7] See, e.g., Stay Mot., at Exhibit B (chart comparing allegations of Dismissal Motion and Adversary Proceedings).

languished. These are the type of changed circumstances that are appropriate grounds for a renewed stay motion. See In re Ross, 162 B.R. at 863; Pardee v. Consumer Portfolio Servs., Inc., 344 F. Supp. 2d 823, 833 (D.R.I. Nov. 17, 2004) ("Judge Torres' decision, made as it was, at such an early stage in the proceedings, is not set in stone and the law of the case doctrine does not preclude this Court from reconsidering the [] issue in light of the nearly three years of motion practice and discovery that has been undertaken since that time[.]"); In re Kinnie Ma Individual Ret. Acct. v. Ascendant Cap., LLC, No. 1:19-CV-01050-RP, 2023 WL 5417142, at *4 (W.D. Tex. Aug. 21, 2023), aff'd, No. 1:19-CV-1050-RP, 2024 WL 1219238 (W.D. Tex. Mar. 21, 2024) (finding that "the renewed motion to stay is not inconsistent with Judge Yeakel's denial of the original motion" based on "changed circumstances" including the parties engaging in significant discovery, case progression to class certification stage, and trial dates set in ancillary criminal proceedings).

5. In its Objection, the Committee seeks to throw the governing standard aside and to instead hold the Defendants' Stay Motion to two other standards. Neither applies. First, the Committee claims that Rules 59(e) and 60(b) of the Federal Rules of Civil Procedure govern the Stay Motion, and that the Defendants cannot satisfy the standards set forth under those rules. Obj., ¶ 28. But those Rules don't apply in that: (1) the Defendants' Stay Motion does not seek relief from any orders, final or otherwise, and (2) even if the Stay Motion were considered some type of reconsideration of Judge Whitley's prior order denying a stay of these Adversary Proceedings, Judge Whitley's prior order was not a ***final*** judgment or order to which those rules apply. See Fed. R. Civ. P. 59(e) ("Motion to Alter or Amend a Judgment"); Fed. R. Civ. P. 60(b) ("Grounds for Relief from a ***Final*** Judgment, Order, or Proceeding") (emphasis added); see also Fayetteville Invs. v. Com. Builders, Inc., 936 F.2d 1462, 1472 (4th Cir. 1991) ("The district court

correctly held that Fayetteville's motion for reconsideration could not be treated under Rules 60 or 59, as these rules apply only to final judgments.").

6. Second, the Committee posits that "to the extent Defendants now seek a stay pending appeal . . . Defendants ignore the applicable legal standard." Obj., ¶ 31. But Defendants are not seeking a stay pending appeal, indeed the Defendants are not appealing anything from which to seek a stay. They are instead requesting that this Court issue a discretionary stay pursuant to Landis and its progeny. As the court in City of Annapolis explained:

> [T]he standard for granting a stay pending appeal differs from the standard for a discretionary stay in other circumstances, which is what defendants seek here. The former resembles the familiar analysis for granting a preliminary injunction[.] . . . In contrast, the standard applicable here, as discussed, entails consideration of judicial economy and prejudice to both sides. Under that framework, the likelihood of a movant's success on the merits is not relevant.

City of Annapolis, Md. v. BP P.L.C., 2021 WL 2000469, at *4 (D. Md. May 19, 2021).

7. The "stay pending appeal" case law cited by the Committee, which all involves either: (a) an ***appellant*** seeking to stay a lawsuit while it appeals some issue in that lawsuit,[8] or (b) does not involve a stay or an appeal at all,[9] has nothing to do with these bankruptcy cases.

II. THE COMMITTEE'S ACTIONS HAVE DIVESTED THIS COURT OF JURISDICTION OVER THE ISSUE OF THE PROPRIETY OF THE CORPORATE RESTRUCTURINGS.

8. While the Committee goes to great lengths to argue why jurisdiction has not been divested from this Court, one striking element of its Objection is the Committee's silence in

---

[8] See In re Wellington, 631 B.R. 833 (Bankr. M.D.N.C. 2021); Nken v. Holder, 556 U.S. 418 (2009); In re Frascella Enters., Inc., 388 B.R. 619 (Bankr. E.D. Pa. 2008); Covington v. North Carolina, 2018 WL 604732 (M.D.N.C. Jan. 26, 2018); In re Taub, 470 B.R. 273 (E.D.N.Y. 2012); In re Smith, 2009 WL 366577 (E.D.N.Y. Feb. 12, 2009); In re Davis, 2012 WL 4343761 (Bankr. D.S.C. Sep. 21, 2012).

[9] In re Dairy Mart Convenience Stores, Inc., 351 F.3d 86 (2d Cir. 2003) (not a motion to stay pending appeal; this was discussing a motion for relief from the automatic stay that was appealed); In re Forest Grove, LLC, 448 B.R. 379 (Bankr. D.S.C. 2011) (motion to stay pending the outcome of the movant's motion to alter or amend).

contesting the Stay Motion's demonstration of the near complete identity between: (a) the issues raised in the Dismissal Motion the Committee is seeking to appeal in the District Court, and (b) the issues the Committee is seeking to prosecute in the Adversary Proceedings. This is a creation of the Committee's own making—by continually manufacturing new procedural attacks on the legality of the corporate restructurings, it has created a situation where this Court is divested of jurisdiction over some of them—here, the Adversary Proceedings.

A. The Divestiture Rule Applies To Interlocutory Orders.

9. The Committee contends that the divestiture rule does not apply to appeals of interlocutory orders, particularly where leave to appeal has not yet been granted by the appeals court, like its appeal of Judge Whitley's denial of the Committee's Dismissal Motion. Obj., ¶¶ 35–36. The Committee is incorrect.

10. As the case law in the Motion to Stay more specifically provides, while appeal of an interlocutory order certainly does not divest the lower court of its authority over all issues in a case (and Defendants have never suggested it does) it does "divest[] the district court of jurisdiction over those aspects of the case on appeal." Stay Mot., ¶ 40 n.22; McFadyen, 2011 WL 13134315, at *3 (finding appeal of interlocutory order divested court of jurisdiction of all claims relating to certain defendants, and staying all discovery relating to those claims); Alice L. v. Dusek, 492 F.3d 563, 564 (5th Cir. 2007) ("A notice of appeal from an interlocutory order does not produce a complete divestiture of the district court's jurisdiction over the case; rather, it only divests the district court of jurisdiction over those aspects of the case on appeal.").

11. While the Committee cites Judge Beyer's decision in Bestwall as supporting its claim that jurisdiction is not divested from the bankruptcy court over an interlocutory appeal, the Committee omits the fact that Judge Beyer actually refused to consider the issue that was the subject of the interlocutory appeal where leave to appeal had not yet been granted, because "[t]o

rule on that issue and to reconsider the court's earlier ruling on the First Motion to Dismiss while the appeal remains pending could moot the appeal, lead to inconsistent results, or prompt a second appeal. Undoubtedly, it would unnecessarily muddy the waters." In re Bestwall LLC, 658 B.R. 348, 361 (Bankr. W.D.N.C. 2024), aff'd sub nom. Bestwall LLC v. Off. Comm. of Asbestos Claimants of Bestwall, LLC, 148 F.4th 233 (4th Cir. 2025).

B. Application of the Divestiture Rule Demonstrates that the Committee's Appeal of the Dismissal Motion Denial Divests this Court of Jurisdiction.

12. The Committee does not even attempt to deny that the propriety of the corporate restructurings is the central issue on appeal of the Dismissal Motion and is the central issue it advances in these Adversary Proceedings. Indeed, the Committee does not even mention, let alone take issue with, Exhibit B to the Stay Motion, which demonstrates the nearly identical allegations across these cases. While that dismissal appeal is pending, this Court cannot and should not exercise jurisdiction over those issues and, therefore, should stay the Adversary Proceedings. Levin v. Alms & Assocs., Inc., 634 F.3d 260, 263 (4th Cir. 2011); In re Whispering Pines Ests., Inc., 369 B.R. 752, 759 (B.A.P. 1st Cir. 2007) ("[O]nce an appeal is pending, it is imperative that a lower court not exercise jurisdiction over those issues which, although not themselves expressly on appeal, nevertheless so impact the appeal so as to interfere with or effectively circumvent the appeal process.").

13. In an effort to sidestep the impact of the divestiture rule, the Committee relies on a series of unsupported, irrelevant, and incorrect conclusions: (a) that the Adversary Proceedings could not affect its appeal, and thus, the divestiture rule should not apply (see Obj., ¶ 38); (b) that the Adversary Proceedings and appeal of the Dismissal Motion involve "distinct procedural postures and legal issues," (id. ¶ 41); and (c) that "allowing the Adversary Proceedings to move forward does not alter the appealed order in any way" but instead "enforces and implements the

order." Id. ¶ 43. But these assertions, while incorrect, are also irrelevant to the application of the divestiture rule.

14. The various "tests" the Committee posits for application of the divestiture rule are inconsistent with Fourth Circuit law. Instead, as set forth in the Motion to Stay, courts in this Circuit, when considering the intersection of the divestiture rule and complex bankruptcies, have routinely found that the bankruptcy court is divested of jurisdiction over issues both on appeal and pending before the bankruptcy court that are "closely related." In re Bryant, 175 B.R. 9, 12–13 (W.D. Va. 1994) (vacating a bankruptcy court's order after the court found that "jurisdiction in this matter is solely vested in the Fourth Circuit Court of Appeals and that the bankruptcy court acted without jurisdiction.").

15. A ruling by this Court as to whether the corporate restructurings constituted a fraudulent transfer, or provides grounds to substantively consolidate the Debtors and the NDAs, certainly would have an impact on the Committee's pending dismissal appeal. In order for this Court to rule on the merits of the Committee's adversary proceeding claims, this Court would be making findings on the same issues being reviewed by the appellate court. Consideration of judicial efficiency and deference to the appellate process indicates that such a continuation of the proceedings here would frustrate the appellate process rather than aid it. See, e.g., Ritzen Grp., Inc. v. Jackson Masonry, LLC, 589 U.S. 35, 38–39 (2020).

16. The ACC suggests that its appeal may share "common facts" as the claims asserted in the Adversary Proceedings but that they involve "distinct legal theories," Obj., ¶ 42, and misleadingly states that the appeal involves "solely [a] jurisdictional challenge to the bankruptcy filings." Obj., ¶ 39. These assertions are belied by the record.

17. First, while the central issue in both the Adversary Proceedings and the appeal is identical (the propriety of the Corporate Restructuring), the facts as alleged in the Adversary Proceedings (i.e., that the Corporate Restructuring left the Debtors unable to pay their asbestos liabilities) flatly contradict the facts as alleged in the dismissal appeal (i.e., that the Debtors are not insolvent and do not suffer any financial distress at all). This is not a simple matter of alternative pleadings arguing for different theories of liability that could follow from an alleged set of facts; it is two different legal theories based on two contradictory sets of alleged facts. Even if the ACC had a correct view of what constitutes pleading in the alternative, the problem for the ACC is that one of its "alternatives" is now involved in an appeal, subjecting the other alternative to the divestiture rule in the meantime.

18. Second, the ACC does not limit itself to jurisdictional arguments in its appeal and, in fact, is presently urging both the District Court and the Fourth Circuit to address the merits of their challenge to the propriety of the Corporate Restructuring and the application of the Carolin standard to solvent debtors. See Consolidated Memorandum of Law to Support Motion for Leave to Appeal the Orders Denying Aldrich Committee's, Mr. Robert Semian and Forty-Six Other MRHFM Plaintiffs', and Mr. Wilson Buckingham and Ms. Angelika Weiss's Motions to Dismiss (filed in consolidated district court dismissal appeal for Bestwall and these cases), Aug. 28, 2025 (attached to the Stay Motion as Exhibit A); see also Amicus Brief of the Official Committee of Asbestos Personal Injury Claimants in In re Aldrich Pump LLC and In re Murray Boiler LLC in Support of Appellant's Petition for Rehearing En Banc, Sep. 22, 2025 (attached hereto as Exhibit A).

19. The ACC also points out that there is no case law applying the divesture rule in these exact circumstances. Obj., ¶ 42. This is not surprising. As the Fourth Circuit explained in

the context of the Bestwall appeal, in which the ACC is participating as amicus, the ACC's legal strategy in the appeal is not supported by any case law, anywhere, in the centuries that have passed since the signing of the Constitution. See Bestwall LLC v. Off. Comm. of Asbestos Claimants of Bestwall, LLC, 148 F.4th 233 (4th Cir. 2025).

20. Finally, in its last-ditch attempt to avoid application of the divestiture rule, the Committee suggests that if its appeal of the Dismissal Motion divests this Court of jurisdiction over the Adversary Proceedings, it should also divest the Court of jurisdiction over the Estimation Proceeding. Not so. The issue to be litigated in the Estimation Proceeding is the amount of the Debtors' current and future asbestos liabilities. While that is certainly an issue in the Adversary Proceedings (and yet another reason why the Adversary Proceedings should be stayed, see infra § IV), it is not an issue in the Committee's pending appeal of the Dismissal Motion. See, e.g., In re Taylor, 198 B.R. 142, 155 (Bankr. D.S.C. 1996) ("a pending appeal of a bankruptcy decision does not deprive the bankruptcy court of jurisdiction ***over issues not involved in the appeal***.") (emphasis added). Thus, the Court is not divested of jurisdiction to decide that issue, and the Estimation Proceeding can continue forward. See id. (noting that too broad an application of the divestiture rule in bankruptcy court would "potentially allow a single disgruntled party to appeal and thus defeat the means by which a debtor could timely reorganize").

III. THE QUESTION OF THE DEBTORS' ABILITY TO PAY ASBESTOS CLAIMANTS IS NOT RIPE FOR ADJUDICATION IN THE ADVERSARY PROCEEDINGS.

21. The Committee's second central theory in these Adversary Proceedings is that the corporate restructurings created a fraudulent transfer because, according to the Committee, it left

the Debtors unable to pay their asbestos liabilities.[10] But as explained in detail in the Stay Motion, this issue is not yet ripe, because determining whether the Committee's contention is correct depends on: (a) determining the amount of the Debtors' asbestos liabilities, and whether the Debtors' assets were insufficient to satisfy them, and (b) determining whether the NDA's would fail to honor their obligations under the Funding Agreements.[11]

22. The Committee seeks to duck this reality by describing its "position as nuanced here" and that the question is not "whether the Funding Agreement will be sufficient to pay asbestos claims, but rather whether the replacement to direct access of the enterprise with a funding agreement ensured those assets were beyond the reach of asbestos creditors." Obj., ¶ 46. The Committee's effort to hide in nuance, however, runs counter to black-letter law and their own pleadings.

23. First, even the Committee's "nuanced" revision of its claim does not avoid the fact that in order to assess whether the Debtors' assets are sufficient to pay asbestos liabilities depends on a determination of what those liabilities are. And that determination will take place during the trial of the Estimation Proceeding. To require the parties to divert and waste estate resources in the adversary proceedings while those proceedings hinge on the outcome of both the pending appeals and the Estimation Proceeding would run counter to principles of sound case management and judicial efficiency. Green v. 1900 Cap. Tr. II by U.S. Bank Tr. Nat'l Ass'n, 619 B.R. 121, 134 (D. Md. 2020), aff'd sub nom. Green v. Shellpoint Mortg. Servicing, 834 F. App'x

---

[10] See, e.g., Fraudulent Transfer Compl., Adv. No. 22-03028 [Adv. Dkt. 1], ¶ 67 ("As a result of the divisional merger, Aldrich was rendered insolvent, with no ability on its own to meet its existing liabilities to asbestos victims."); id. ¶¶ 10, 67, 75, 107, 146, 157, 176, 183 (alleging debtors were "rendered insolvent" by the Corporate Restructuring); Fiduciary Duty Compl., Adv. No. 22-03-29 Adv. Dkt. 1], ¶¶ 10, 81, 90, 124, 139, 167 (alleging debtors "rendered insolvent" by the Corporate Restructuring); SubCon Compl., Adv. No. 21-03029 [Adv. Dkt. 1], ¶¶ 2, 26, 42, 52.

[11] See Stay Mot., § II.

18 (4th Cir. 2021) ("[t]he adversary proceeding raised issues that were largely identical to those at issue in the 2270 Appeal. . . . Exercising jurisdiction over the adversary proceeding therefore would have run counter to the purpose of the rule that appeals divest lower courts of jurisdiction over issues on appeal.").

24. Second, the Committee's claim that the Funding Agreement places the assets out of "reach" of the claimants fares no better. Today, there has been no determination that there are any such amounts due. And in the very likely event the NDA's do provide funding necessary to meet the Debtors' liabilities, then the requisite assets have not and were not placed beyond the reach of the Debtors' creditors. Either way, the Committee's claim "rests upon contingent future events that may not occur as anticipated, or indeed may not occur at all." Texas v. United States, 523 U.S. 296, 300 (1998) (quotation omitted). As a result, the claim is not ripe.

IV. A DISCRETIONARY STAY AT LEAST THROUGH THE CONCLUSION OF ESTIMATION IS APPROPRIATE UNDER FOURTH CIRCUIT LAW.

25. Finally, staying the Adversary Proceedings at least until the conclusion of the Estimation Proceeding complies with the Fourth Circuit's three-part test for assessing stay requests.

26. First, staying the Adversary Proceedings promotes judicial economy. See Van Laningham, 2018 WL 11238908, at *2 (finding a stay would "promote judicial economy by avoiding inconsistent rulings, waste of judicial resources, and the potential for the parties to incur unnecessary expenses"). Staying the Adversary Proceedings would at least temporarily pause the spend on needless professional fees and ensure that significant issues central to the Adversary Proceedings are decided in their appropriate venues—the amount of the Debtors' current and future asbestos liabilities determined in the Estimation Proceeding, and the propriety of the corporate restructurings and these bankruptcy cases in the pending dismissal appeal. See, e.g.,

Paxton v. Jacobs L. Grp., 2022 WL 1164912, at *2 (W.D.N.C. Mar. 21, 2022) (granting discretionary stay over federal court collections action pending resolution of state court collections proceeding where resolution of state court action "will clarify the arguments and the role of the Court in this matter").[12]

27. Second, the Defendants unquestionably face hardship in being forced to litigate the Adversary Proceedings at this time. Most obvious will be the diversion of the parties' time and efforts away from the Estimation Proceeding, accompanied by the ongoing, ever-increasing expenditure of estate assets on the payment of professionals in Adversary Proceedings that are necessarily secondary to estimation.

28. Third and finally, there is little-to-no prejudice to the Committee in staying the Adversary Proceedings at this time. Even if a stay of the Adversary Proceedings occurs, litigation will continue concerning: (a) the Committee's challenge to the propriety of the divisional merger, and (b) the amount of the Debtors' current and future asbestos liabilities—the two issues that Judge Whitley sought to provide a path for the parties to litigate in granting derivative standing in the first place.[13] In addition, the Committee has already received what Defendants believe to be all relevant discovery relating to the propriety of the corporate restructurings, through the discovery that took place in the PI Proceeding in late 2020 and early 2021 where that issue was front and center. That discovery included the production of approximately 94,000 pages of documents by the Defendants concerning the corporate restructurings and the Committee also deposed twenty of the Defendants' executives and

---

[12] Further, as discussed in Section II.B. supra, if the Adversary Proceedings continue to move forward (and particularly if they move forward on the ACC's proposed schedule) the Court will almost certainly be asked to answer questions which are already the subject of the ACC's appeal, the Estimation Proceeding, or depend on events which have not happened yet.

[13] See Jan. 27, 2022 Hr'g Tr. [Dkt. 976], at 19:21–25.

employees that were most heavily involved in the corporate restructurings. Finally, a stay would temporarily relieve the Committee from the distraction of further discovery sought by the Defendants in these Adversary Proceedings—discovery which in large part the Committee has tried to avoid already. See Stay Mot., ¶ 66.[14]

CONCLUSION

29. For all of the foregoing reasons, the Stay Motion should be granted.

[14] The Committee's Rule 2004 argument (see Stay Mot., ¶¶ 48-51) is fully addressed in the *Debtors' Reply in Support of Motion for Bankruptcy Rule 2004 Examination of the Official Committee of Asbestos Personal Injury Claimants* [Dkt. 2849] and the *Debtors' Motion for Bankruptcy Rule 2004 Examination of the Official Committee of Asbestos Personal Injury Claimants* [Dkt. 2824].

Dated: October 20, 2025
Charlotte, North Carolina

Respectfully submitted,

/s/ John R. Miller, Jr.

Bradley R. Kutrow (NC Bar No. 13851)
McGUIREWOODS LLP
201 North Tryon Street, Suite 3000
Charlotte, NC 28202
Telephone: (704) 343-2000
Facsimile: (704) 343-2300
Email: bkutrow@mcguirewoods.com

K. Elizabeth Sieg (admitted *pro hac vice*)
McGUIREWOODS LLP
800 East Canal Street
Richmond, VA 23141
Telephone: (804) 775-1137
Facsimile: (804) 698-2257
Email: bsieg@mcguirewoods.com

-and-

Gregory J. Mascitti (admitted *pro hac vice*)
Phillip S. Pavlick (admitted *pro hac vice*)
McCARTER & ENGLISH, LLP
250 W. 55th Street, 13th Floor
New York, NY 10019
Telephone: (212) 609-6810
Facsimile: (212) 609-6921
Email: gmascitti@mccarter.com
ppavlick@mccarter.com

COUNSEL TO TRANE TECHNOLOGIES COMPANY LLC AND TRANE U.S. INC.

C. Richard Rayburn, Jr. (NC 6357)
John R. Miller, Jr. (NC 28689)
RAYBURN COOPER & DURHAM, P.A.
227 West Trade Street, Suite 1200
Charlotte, North Carolina 28202
Telephone: (704) 334-0891
Facsimile: (704) 377-1897
E-mail: rrayburn@rcdlaw.net
jmiller@rcdlaw.net

-and-

Brad B. Erens (IL Bar No. 6206864)
Mark A. Cody (IL Bar No. 6236871)
Morgan R. Hirst (IL Bar No. 6275128)
JONES DAY
110 North Wacker Drive
Chicago, Illinois 60606
Telephone: (312) 782-3939
Facsimile: (312) 782-8585
E-mail: bberens@jonesday.com
macody@jonesday.com
mhirst@jonesday.com
(Admitted *pro hac vice*)

ATTORNEYS FOR DEBTORS AND DEBTORS IN POSSESSION

Exhibit A

No. 24-1493

United States Court of Appeals for the Fourth Circuit

BESTWALL LLC

Debtor-Appellee,

v.

THE OFFICIAL COMMITTEE OF ASBESTOS CLAIMANTS OF BESTWALL LLC,

Creditor-Appellant.

On Direct Appeal from the United States Bankruptcy Court
for the Western District of North Carolina
Case No. 17-31795 (LTB), Hon. Laura T. Beyer

AMICUS BRIEF OF THE OFFICIAL COMMITTEE OF ASBESTOS PERSONAL INJURY CLAIMANTS IN *IN RE ALDRICH PUMP LLC* AND *IN RE MURRAY BOILER LLC* IN SUPPORT OF APPELLANT'S PETITION FOR REHEARING *EN BANC*

Kevin C. Maclay, Esq.
Todd E. Phillips, Esq.
Jeffrey A. Liesemer, Esq.
CAPLIN & DRYSDALE, CHARTERED
1200 New Hampshire Ave. NW, 8th Floor
Washington, DC 20036
Telephone: (202) 862-5000

Counsel for Amicus Curiae Official Committee of Asbestos Personal Injury Claimants in In re Aldrich Pump LLC and In re Murray Boiler LLC

Elizabeth J. Ireland, Esq.
WINSTON & STRAWN LLP
300 South Tryon Street, 16th Floor
Charlotte, NC 28202
Telephone: (704) 350-7700

Carrie V. Hardman, Esq.
WINSTON & STRAWN LLP
200 Park Avenue
New York, NY 10166
Telephone: (212) 294-6700

Special Litigation Counsel for Amicus Curiae Official Committee of Asbestos Personal Injury Claimants in In re Aldrich Pump LLC and In re Murray Boiler LLC

UNITED STATES COURT OF APPEALS FOR THE FOURTH CIRCUIT

DISCLOSURE STATEMENT

- In civil, agency, bankruptcy, and mandamus cases, a disclosure statement must be filed by **all** parties, with the following exceptions: (1) the United States is not required to file a disclosure statement; (2) an indigent party is not required to file a disclosure statement; and (3) a state or local government is not required to file a disclosure statement in pro se cases. (All parties to the action in the district court are considered parties to a mandamus case.)
- In criminal and post-conviction cases, a corporate defendant must file a disclosure statement.
- In criminal cases, the United States must file a disclosure statement if there was an organizational victim of the alleged criminal activity. (See question 7.)
- Any corporate amicus curiae must file a disclosure statement.
- Counsel has a continuing duty to update the disclosure statement.

No. 24-128 Caption: Official Committee of Asbestos Personal Injury Claimants of Bestwall LLC v. Bestwall LLC

Pursuant to FRAP 26.1 and Local Rule 26.1,

Official Committee of Asbestos Personal Injury Claimants of Aldrich Pump LLC and Murray Boiler LLC
(name of party/amicus)

who is Amicus, makes the following disclosure:
(appellant/appellee/petitioner/respondent/amicus/intervenor)

1. Is party/amicus a publicly held corporation or other publicly held entity? ☐ YES ☑ NO

2. Does party/amicus have any parent corporations? ☐ YES ☑ NO
If yes, identify all parent corporations, including all generations of parent corporations:

3. Is 10% or more of the stock of a party/amicus owned by a publicly held corporation or other publicly held entity? ☐ YES ☑ NO
If yes, identify all such owners:

4. Is there any other publicly held corporation or other publicly held entity that has a direct financial interest in the outcome of the litigation? ☐YES ☑NO
If yes, identify entity and nature of interest:

5. Is party a trade association? (amici curiae do not complete this question) ☐YES ☑NO
If yes, identify any publicly held member whose stock or equity value could be affected substantially by the outcome of the proceeding or whose claims the trade association is pursuing in a representative capacity, or state that there is no such member:

6. Does this case arise out of a bankruptcy proceeding? ☑YES ☐NO
If yes, the debtor, the trustee, or the appellant (if neither the debtor nor the trustee is a party) must list (1) the members of any creditors' committee, (2) each debtor (if not in the caption), and (3) if a debtor is a corporation, the parent corporation and any publicly held corporation that owns 10% or more of the stock of the debtor.

7. Is this a criminal case in which there was an organizational victim? ☐YES ☑NO
If yes, the United States, absent good cause shown, must list (1) each organizational victim of the criminal activity and (2) if an organizational victim is a corporation, the parent corporation and any publicly held corporation that owns 10% or more of the stock of victim, to the extent that information can be obtained through due diligence.

Signature: /s/ Jeffrey A. Liesemer Date: 9/22/2025

Counsel for: Official Committee of Asbestos Personal Injury Claimants of Aldrich Pump LLC and Murray Boiler LLC

TABLE OF CONTENTS

TABLE OF AUTHORITIES

Page(s)

Cases

Statutes

Dockets

IDENTITY AND INTEREST OF *AMICUS CURIAE*[1]

The Official Committee of Asbestos Personal Injury Claimants ("Aldrich Committee") appointed in the chapter 11 bankruptcy cases of *In re Aldrich Pump LLC*, No. 3:20-bk-30608 (LMJ) (Bankr. W.D.N.C.) and *In re Murray Boiler LLC*, No. 3:20-bk-30609 (LMJ) (Bankr. W.D.N.C.) (collectively, "*Aldrich*") hereby files this *amicus curiae* brief in support of Appellant's petition for rehearing *en banc* ("Petition"). The Aldrich Committee is concurrently filing a motion for leave in accordance with Rule 29(b)(2) of the Federal Rules of Appellate Procedure.

Appellant asks that this Court reconsider *en banc* the decision of a divided panel of this Court that an entity with a conceded ability to fully and timely pay its current and anticipated liabilities can invoke bankruptcy jurisdiction to circumvent its state law and commercial obligations. Petition at 1. Appellant contends that the divided panel's finding that bankruptcy courts have jurisdiction over any bankruptcy petition, regardless of the debtor's ability to pay, conflicts with the U.S. Constitution's Bankruptcy Clause. *Id.*[2]

---

[1] No party's counsel authored this brief in whole or in part, and no entity or person, aside from *amicus curiae*, its members, or its counsel, contributed any money to fund the preparation or submission of this brief.

[2] The Aldrich Committee has sought leave to appeal to the District Court for the Western District of North Carolina a decision made by the bankruptcy court denying the Aldrich Committee's motion to dismiss. Civ. Action No. 3:24-cv-00042-FWV (W.D.N.C.). The subject matter of that appeal partially overlaps with this appeal; not only did the Aldrich Committee's motion to dismiss address the subject-matter jurisdiction issue before this Court, it also addressed the dismissal standard under

This appeal has ramifications beyond *Bestwall* and a direct impact upon *Aldrich* because *Aldrich* was modeled after the stratagem deployed in *Bestwall*. Both cases involve debtors specifically created by multibillion-dollar corporations to confine their asbestos liabilities in bankruptcy while the valuable business assets remain outside and unencumbered by bankruptcy. Both cases involve debtors and nonbankrupt affiliates of an enterprise that is not in financial distress, has no need for bankruptcy protection, and could fully pay asbestos-related settlements and verdicts in the tort system. And the enterprises in both cases directly benefit from the drawn-out bankruptcy proceedings that prejudice the rights of their asbestos victims. The Aldrich Committee supports Appellant's Petition to protect the rights and interests of its creditor constituency and to halt the improper invocation of bankruptcy protection by multibillion-dollar corporations, such as Georgia-Pacific in the case of *Bestwall* and Trane in the case of *Aldrich*.

PRELIMINARY STATEMENT

At issue in this appeal is whether a massively profitable tort defendant, readily able to pay its liabilities, may invoke bankruptcy jurisdiction and use the bankruptcy laws as a leverage tactic to absolve itself of vast asbestos liabilities without bringing all its assets into bankruptcy. Exercising jurisdiction over such a defendant and

---

Carolin Corp. v. Miller, 886 F.2d 693 (4th Cir. 1989), and *In re Premier Automotive Services, Inc.*, 492 F.3d 274, 279-80 (4th Cir. 2007), and the "cause" standard under 11 U.S.C. § 1112(b).

giving it access to the extraordinary relief available under the Bankruptcy Code conflicts with bankruptcy's fundamental tenets. Indeed, federal courts have "consistently dismissed Chapter 11 petitions filed by financially healthy companies with no need to reorganize under the protection of Chapter 11." *Premier*, 492 F.3d at 280 (citation omitted).

Bankruptcy's purpose is to aid the "honest but unfortunate debtor"[3] by allowing it "a discharge of its debts if it proceeds with honesty and places virtually all its assets on the table for its creditors."[4] A debtor must bear the burdens and fulfill the obligations of bankruptcy to enjoy its extraordinary benefits.[5] These maxims are not fulfilled by allowing wealthy corporate enterprises to separate their assets and liabilities to preserve enormous value for shareholders, and invoke bankruptcy jurisdiction over their liabilities, but not their assets, leaving relatively little behind for involuntary tort creditors. To address this improper invocation of bankruptcy jurisdiction and this grave abuse of the bankruptcy process, this Court should grant the Petition.

---

[3] *Loc. Loan Co. v. Hunt*, 292 U.S. 234, 244 (1934).

[4] *Harrington v. Purdue Pharma L.P.*, 603 U.S. 204, 209 (2024).

[5] "It is elementary that a bankrupt is not entitled to a discharge unless and until he has honestly surrendered his assets for the benefit of creditors . . . ." *In re Seats*, 537 F.2d 1176, 1178 (4th Cir. 1976) (citation omitted). Further, a "cardinal principle of bankruptcy law" is to provide relief to only those debtors that come into bankruptcy with all of their liabilities *and* all of their assets. *Robbins v. Chase Manhattan Bank, N.A.*, CIV. A. No. 93-0063-H, 1994 WL 149597, at *6 (W.D. Va. Apr. 4, 1994) (citation omitted).

ARGUMENT

I. The Petition Should Be Granted Because This Appeal Raises Questions of Exceptional Importance That Implicate More Than *Bestwall*

Bestwall and its nonbankrupt parent, Georgia-Pacific, created the Texas Two-Step playbook that has since been followed by Trane (*Aldrich*), CertainTeed (*DBMP*), and Johnson & Johnson (*LTL Management* and *Red River Talc*).[6] These wealthy corporations invoked a novel provision in Texas law to split themselves into two companies, with one company receiving the bulk of the operating assets ("GoodCo") and the other receiving all the asbestos liabilities ("BadCo"). BadCo then sought relief in bankruptcy. As the *Aldrich* bankruptcy court found, the Two-Step stratagem's purpose is to "*isolate* the asbestos claimants from the overall corporate enterprise and *strand* them in bankruptcy"[7] indefinitely to coerce them into agreeing to a steep "bankruptcy discount" on the value of their claims, without any negative effect on GoodCo's business operations.

Once in bankruptcy, the BadCo debtors sought to maximize the benefits available in bankruptcy for their entire enterprises by obtaining indefinite preliminary injunctions to shield GoodCo and their other nonbankrupt affiliates from

---

[6] Trane employees used the *Bestwall* bankruptcy as a template when devising the *Aldrich* corporate restructurings and eventual bankruptcy filings, calling *Bestwall* a "data information jackpot." *In re Aldrich Pump LLC*, No. 20-30608 (JCW), 2021 WL 3729335, at *9 (Bankr. W.D.N.C. Aug. 23, 2021).

[7] *Id.* at *21 (emphasis added).

asbestos lawsuits.[8] These nondebtor affiliates, in turn, have upstreamed billions of dollars to their parent holding companies and then to shareholders.[9] To prolong the bankruptcy process and pressure claimants, the debtors have sought nonbinding but incredibly time-consuming judicial estimations of their asbestos liabilities. In the face of these interminable delays, current claimants are left with an untenable and intolerable dilemma: either they knuckle under and accept pennies on the dollar for their claims, or they remain in bankruptcy indefinitely, unable to exercise their state-law and constitutional rights.

Accordingly, several years in and far from "the eleventh hour,"[10] these cases remain on this Circuit's bankruptcy dockets; none of them are close to a consensual resolution or even a contested estimation trial. Instead, they are "spinning round and about, to the growing frustration of all," awaiting guidance from this Court to rule on the "propriety of the 'Texas Two-Step' and its use by solvent 'non-distressed' corporations."[11]

---

[8] *Id.* at *1, *38.

[9] *E.g.*, JA2157 ¶ 10; *In re Aldrich Pump LLC*, No. 20-30608, 2023 WL 9016506, at *7 (Bankr. W.D.N.C. Dec. 28, 2023) ("[T]he Debtors' corporate affiliates distributed excess cash flow totaling over $1,065,000,000 ($1.065 billion)--more than 400% of Debtor's sworn, audited estimate of its all-in, forever asbestos liabilities, net of insurance.").

[10] Op. 23 n.2 (Agee, J., concurring).

[11] *Aldrich Pump*, 2023 WL 9016506, at *11.

Meanwhile, the bankruptcies of *LTL Management* and *Aearo* (a 3M affiliate) were dismissed in other circuits because those debtors were not in financial distress. *See In re LTL Mgmt., LLC*, 64 F.4th 84, 103, 110 (3d Cir. 2023) (dismissing the case of a non-distressed debtor because, *inter alia*, "financial distress is vital to good faith"); *In re Aearo Techs. LLC*, No. 22-02890-JJG-11, 2023 WL 3938436, at *15 (Bankr. S.D. Ind. June 9, 2023) (same), *appeal dismissed*, No. 22-2606, 2024 WL 5277357 (7th Cir. July 11, 2024).[12] These decisions are in line with this Court's holding in *Premier*, 492 F.3d at 280, and the Supreme Court's recent statement about what bankruptcy is: protecting debtors in financial distress. *See Truck Ins. Exch. v. Kaiser Gypsum Co.*, 602 U.S. 268, 272 (2024) ("Bankruptcy offers individuals and businesses *in financial distress* a fresh start to reorganize, discharge their debts, and maximize the property available to creditors." (emphasis added)).

This Court should hold that corporations that are not in financial distress may not seek refuge in bankruptcy for lack of subject-matter jurisdiction. Already, four Two-Step bankruptcies (*Bestwall*, *DBMP*, *Aldrich*, and *LTL Management*) have originated within the Fourth Circuit.[13] If the divided-panel decision in this appeal is

[12] Johnson & Johnson's most recent attempt at moving its talc liabilities into a bankruptcy vehicle was dismissed earlier this year for cause when there was no "present likelihood of rehabilitation." *In re Red River Talc LLC*, 670 B.R. 251, 307 (Bankr. S.D. Tex. 2025).

[13] After its original filing in the Western District of North Carolina, the bankruptcy court transferred the *LTL Management* case to the District of New Jersey. *LTL Mgmt., LLC*, 64 F.4th at 93.

allowed to stand, it will encourage deep-pocket tortfeasors to file more Two-Step bankruptcies in this Circuit to disadvantage their unwanted creditors. Without a rehearing *en banc*, the Fourth Circuit may continue as a refuge for bad actors.

II. The Court Should Grant the Petition and Reverse the Lower Court's Ruling to Stop the Abuse of Bankruptcy by Deep-Pocket Tortfeasors

Both *Bestwall* and *Aldrich* are mired in intractable disputes, with no clear path to resolution. The interminable delays these multibillion-dollar tortfeasors have caused benefit themselves and their shareholders; the tortfeasors enjoy an indefinite payment holiday from asbestos claims and can freely access their assets without judicial or creditor oversight.

Meanwhile, their tort victims have gone unpaid for years. "[B]ankruptcy significantly disrupts creditors' existing claims against the debtor." *LTL Mgmt., LLC*, 64 F.4th at 103. Among other things, the automatic stay delays claimants from obtaining compensation for their asbestos-related injuries indefinitely while the lengthy bankruptcy case is pending.[14] Accordingly, sick and dying claimants may not receive funds for medical care or to support their families.[15] Many claimants

[14] *See* 11 U.S.C. § 362(a) (West, Westlaw through Pub. L. No. 119-36). As discussed above, the automatic stays have been "extended" through preliminary injunctions to "protect" the nondebtor affiliates in these Two-Step cases.

[15] *See, e.g.*, *Kadel v. Folwell*, 446 F. Supp. 3d 1, 11 (M.D.N.C. 2020) (identifying harm from continued denial of healthcare coverage for medically necessary procedures), *aff'd sub nom. Kadel v. N.C. State Health Plan for Tchrs. & State Emps.*, 12 F.4th 422 (4th Cir. 2021), *as amended* (Dec. 2, 2021).

afflicted with mesothelioma will die during the enterprise-fabricated delay. And a claimant's death can result in lost legal rights and compensation. Some states limit the causes of action or damages a decedent's estate or personal representative may assert.[16] In some states, compensation for pain and suffering—often valued in the millions of dollars—is not available to a decedent's estate.[17] A lengthy delay also risks critical evidence being lost, as aging witnesses die or their memories fade,[18] and pressures the surviving asbestos victims to agree to a less-than-adequate settlement to obtain some semblance of compensation rather than wait indefinitely.

The delays endemic in bankruptcy become even more pronounced and acute in Two-Step bankruptcies. By design, they alleviate the challenges experienced in typical reorganizations—such as the impact on customers, vendors, and employees—that normally incentivize debtors to reach a deal with their creditors and exit chapter 11 quickly. With the nondebtor affiliates free to conduct business

---

[16] *See, e.g.*, FLA. STAT. ANN. § 768.21 (West, Westlaw through 2025 Reg. Sess.) (specifying damages available to decedent's estate or personal representative); *Bailey ex rel. Brown v. Exxon Mobil Corp.*, 2011-0177 (La. App. 4 Cir. 8/31/11), 76 So. 3d 53, 54-55 (holding that punitive damages could not be recovered in a wrongful death action).

[17] *See, e.g.*, ARIZ. REV. STAT. ANN. § 14-3110 (West, Westlaw through 2025 Reg. Sess.) (providing that damages for pain and suffering do not survive death of tort victim); IDAHO CODE ANN. § 5-327(2) (West, Westlaw through 2025 Reg. Sess.) (specifying limited damages available in survival actions).

[18] *See, e.g.*, *Shearin v. Doe 1 Through 10*, Civ. Action No. 03-503-JJF, 2007 WL 4365621, at *2 (D. Del. Dec. 11, 2007) ("The lengthy passage of time involves the risk of loss of evidence or the fading of memory.").

as usual outside of the bankruptcy court's jurisdiction, the Two-Step debtors' incentives to timely resolve their cases are greatly reduced, if not eliminated, which traps asbestos victims in the bankruptcy process—without payment of their claims—for many years.

The Aldrich Committee understands that Joseph W. Grier, III, the *Aldrich* future claimants' representative ("Aldrich FCR") will file an *amicus* brief opposing the Petition. This Court should reject any suggestion from the Aldrich FCR or otherwise that asbestos plaintiffs' lawyers are the cause of delays because they are allegedly holding out for larger fees. Apart from unfairly maligning injured claimants and their lawyers, the suggestion is especially perverse given that the debtors in these cases have paid their own lawyers tens of millions of dollars to engineer and implement a bankruptcy strategy that deliberately delays claimant recoveries.

In a similar vein, the Aldrich Committee expects the Aldrich FCR to suggest that *any* bankruptcy settlement that brings these Two-Step cases to a rapid conclusion is better than no settlement at all since *any* settlement will presumably push out money to asbestos victims faster. However, nothing gives the Aldrich FCR a roving commission to purport to represent future claimants in other cases and advise this Court regarding the best interests of such other future claimants. Moreover, such arguments are misguided because they favor outcomes that would

not serve the best interests of claimants and would reward deep-pocket tortfeasors for using the bankruptcy laws to dodge accountability in the tort system. Chapter 11 debtors have a duty to maximize the value of their assets to increase distributions to creditors.[19] Two-Step debtors breach that duty when they use Texas law to jettison their assets and then file chapter 11. These Two-Step cases are not normal chapter 11 bankruptcies and should not be treated as such.

CONCLUSION

After eight years and four Texas Two-Step filings in the Western District of North Carolina, the aim of these Two-Step bankruptcies has become clear: to use the Bankruptcy Code's extraordinary protections and remedies to shield multibillion-dollar tortfeasors from accountability in the tort system and coerce asbestos victims into agreeing to inadequate bankruptcy "settlements." To stop this abuse and manipulation of the bankruptcy process and the coercion of asbestos creditors through undue delay, this Court should grant the Petition and reverse the Bankruptcy Court's order denying dismissal.

---

[19] *E.g.*, *In re Massenburg*, 554 B.R. 769, 776 (D. Md. 2016) (explaining that a chapter 11 debtor-in-possession had a "fiduciary obligation . . . 'to maximize the value of the estate'" (quoting *In re Brook Valley VII, Joint Venture*, 496 F.3d 892, 900-01 (8th Cir. 2007))); *In re Tubular Techs., LLC*, 372 B.R. 820, 823 (Bankr. D.S.C. 2007) ("As an officer of the court and as a representative of creditors, trustee has a duty to realize the maximum return for bankruptcy estate for further distribution to creditors." (quoting *In re Balco Equities Ltd., Inc.*, 323 B.R. 85, 98 (Bankr. S.D.N.Y. 2005))).

September 22, 2025 Respectfully submitted,

/s/ Jeffrey A. Liesemer

Kevin C. Maclay, Esq.
Todd. E. Phillips, Esq.
Jeffrey A. Liesemer, Esq.
CAPLIN & DRYSDALE, CHARTERED
1200 New Hampshire Avenue NW
8th Floor
Washington, DC 20036
Telephone: (202) 862-5000
kmaclay@capdale.com
tphillips@capdale.com
jliesemer@capdale.com

Counsel for Amicus Curiae Official Committee of Asbestos Personal Injury Claimants in In re Aldrich Pump LLC and In re Murray Boiler LLC

Elizabeth J. Ireland, Esq.
WINSTON & STRAWN LLP
300 South Tryon Street, 16th Floor
Charlotte, NC 28202
Telephone: (704) 350-7700
eireland@winston.com

Carrie V. Hardman, Esq.
WINSTON & STRAWN LLP
200 Park Avenue
New York, NY 10166
Telephone: (212) 294-6700
chardman@winston.com

Special Litigation Counsel for Amicus Curiae Official Committee of Asbestos Personal Injury Claimants in In re Aldrich Pump LLC and In re Murray Boiler LLC

CERTIFICATE OF SERVICE

I certify that on this 22nd day of September, 2025, I filed the foregoing brief with the Clerk of Court using the CM/ECF system, which will automatically serve electronic copies on all counsel of record.

/s/ Jeffrey A. Liesemer

CERTIFICATE OF COMPLIANCE

I certify that this brief complies with the type-volume limitations of Fed. R. App. P. 29(b) because it contains 2,550 words, excluding the parts of the brief exempted by Fed. R. App. P. 32(f). This brief complies with the typeface and type-style requirements of Fed. R. App. P. 32(a)(5) & (6) because it has been prepared in a 14-point, proportionally spaced typeface.

/s/ Jeffrey A. Liesemer