

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

In re:

RELIZ TECHNOLOGY GROUP HOLDINGS
INC., *et al.*,¹

Debtors.

Chapter 11

Case No. 26-10371 (TMH)

(Jointly Administered)

RELIZ TECHNOLOGY GROUP HOLDINGS
INC., *et al.*,

Plaintiffs,

v.

1548199 ALBERTA LTD. and ROBERT J.
BERTRAM,

Defendants.

Adv. Pro. No. 26-50224 (TMH)

**MEMORANDUM OF LAW IN SUPPORT OF MOTION
OF DEBTORS FOR ENTRY OF TEMPORARY RESTRAINING ORDER
AND PRELIMINARY INJUNCTION (I) ENJOINING CONTINUATION OF CERTAIN
PREPETITION LITIGATION AGAINST DIRECTORS AND OFFICERS OR (II) IN
THE ALTERNATIVE, EXTENDING THE AUTOMATIC STAY TO SUCH
DIRECTORS AND OFFICERS TO PREVENT CONTINUED PROSECUTION
OF PREPETITION LITIGATION AGAINST THEM**

¹ The Debtors in these chapter 11 cases, along with the last four digits of their respective federal tax identification numbers, are: Reliz Technology Group Holdings Inc. (6265); Reliz Technologies LLC (1968); Reliz LTD (N/A); and Reliz CI LTD (N/A) (the “Debtors” or “BlockFills”). The Debtors’ service address is 401 West Ontario St., Suite 400, Chicago, IL 60654.



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BlockFills hereby submits this memorandum (the “Memorandum”) in support of its motion (the “Motion”) for entry of an order, substantially in the form attached to the Motion as Exhibit A (the “Proposed Order”), pursuant to sections 105(a) and 362(a) of title 11 of the United States Code (the “Bankruptcy Code”) and Federal Rule of Civil Procedure 65(b), made applicable to this adversary proceeding by Rule 7065 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), seeking entry of a temporary restraining order and preliminary injunction (i) enjoining continuation of the Prepetition Litigation (as defined below) against certain of BlockFills’ directors and officers or, (ii) in the alternative, extending the automatic stay of section 362(a) of the Bankruptcy Code to such directors and officers to prevent continued prosecution of the Prepetition Litigation against them. In support of the Motion, BlockFills respectfully represents as follows:

PRELIMINARY STATEMENT

1. On March 5, 2026, two of BlockFills’ many creditors, 1548199 Alberta Ltd. (“1548199”) and Robert J. Bertram (together, “Claimants”), filed a lawsuit captioned *1548199 Alberta Ltd. and Robert J. Bertram v. Reliz Technology Group Holdings Inc., et al.*, Case No. 26-cv-02451 (N.D. Ill. March 5, 2026) (the “Prepetition Litigation”). The Prepetition Litigation names as defendants each of the Debtors and three of their executives: Nicholas Hammer (the Debtors’ former Chief Executive Officer and co-founder); Gordon Wallace (the Debtors’ President and co-founder); and Joseph Patrick Perry (the Debtors’ interim Chief Executive Officer) (collectively, the “D&Os”). The Prepetition Litigation is automatically stayed as against the Debtors. For the reasons set forth herein, it should also be stayed against the D&Os.

2. While Claimants allege numerous causes of action against BlockFills and the D&Os, each one seeks the same thing—the return of cryptocurrency that Claimants transferred to

BlockFills. Specifically, Claimants assert causes of action for (i) rescission for fraudulent inducement and material omission, (ii) breach of contract, (iii) unjust enrichment, (iv) fraud, (v) aiding and abetting fraud, (vi) negligent misrepresentation, (vii) conversion, (viii) constructive trust, (ix) violation of the Illinois Consumer Fraud Act, (x) breach of fiduciary duty, and (xi) declaratory judgment. Nine of these eleven causes of actions are asserted solely against BlockFills, while the other two involve the D&Os, namely Count 5 (alleging aiding and abetting fraud) and Count 10² (alleging breach of fiduciary duty) (together, the “D&O Counts”). As more fully explained herein, all of these causes of action hinge on core bankruptcy issues that can and will be resolved in these chapter 11 cases (the “Chapter 11 Cases”).

3. This Court should issue an injunction pursuant to section 105 of the Bankruptcy Code to enjoin the continuation of the Prepetition Litigation against the D&Os or, alternatively, extend the automatic stay to the D&Os to prevent the continuation of the Prepetition Litigation against them, for at least the following reasons.

4. **First**, the D&O Counts are inextricably interwoven with questions of fact and law concerning BlockFills’ alleged conduct. The Prepetition Litigation turns on analysis of the contractual obligations between BlockFills and Claimants, the management of cryptocurrency provided by Claimants to BlockFills, and statements made by BlockFills to Claimants and to the market generally. While Claimants assert claims on their own behalf, they are clearly not unique to Claimants. Indeed, they are core bankruptcy issues in these Chapter 11 Cases impacting BlockFills’ many customers and other creditors.

5. **Second**, continuation of the Prepetition Litigation against the D&Os risks creating inconsistent factual findings and, to the extent applicable, collateral estoppel arguments that could

² Count 10 is also asserted against Reliz CI Ltd. as a director of BlockFills.

be asserted against the Debtors in the Chapter 11 Cases. For instance, Claimants' secondary liability claim against the D&Os for allegedly aiding and abetting fraud (Count 5) would require Claimants to attempt to establish, among other elements, an underlying fraud by BlockFills (which BlockFills expressly disputes and as to which no findings have been made). Accordingly, permitting the Prepetition Litigation to proceed risks conflicting interpretations and adjudication of core bankruptcy issues related to BlockFills' conduct and contractual relationships with its many customers. These issues should be adjudicated in the Chapter 11 Cases.

6. **Third**, one of the two counts against the D&Os (Count 10) alleging breach of fiduciary duty already is stayed as a matter of law. Here, Claimants themselves allege that BlockFills was within the "zone of insolvency" at the time of the alleged conduct. Without conceding the accuracy of those allegations or the existence of any breach, to the extent such claims are properly characterized as derivative in nature, courts have held that they constitute property of the estates, and therefore are subject to the automatic stay. Accordingly, continuation of such claims against the D&Os risks interfering with BlockFills' exclusive ability to administer potential estate causes of action and should be stayed pending further order.

7. **Fourth**, permitting the D&O Counts to continue would directly and adversely impact the Debtors' estates. BlockFills maintains contractual indemnification obligations to its directors and officers, and any continuation of the Prepetition Litigation would likely trigger substantial indemnification and defense costs advancement claims against the Debtors. BlockFills would likely face indemnification claims based on contractual obligations to the D&Os and depletion of a very limited supply of directors and officers insurance, and thus BlockFills would be directly affected if the D&O Counts are not stayed.

8. *Fifth*, continuation of the D&O Counts will impede BlockFills' ability to proceed with the Chapter 11 Cases expeditiously. Some of the D&Os named in the Prepetition Litigation are integral to the BlockFills' restructuring efforts, and they should not be unnecessarily distracted by the continuation of the Prepetition Litigation. And more generally, if BlockFills is forced to devote significant time to defending the Prepetition Litigation, it may impede BlockFills' ability to reorganize quickly. For instance, both Claimants and the D&Os will undoubtedly seek discovery from BlockFills in the Prepetition Litigation. Such discovery efforts would consume significant time and resources of the estates, absorb the attention of the D&Os, and limit the benefits of the automatic stay.

9. *Finally*, allowing the D&O Counts to proceed will lead to unnecessarily duplication of judicial efforts and waste estate resources. These Chapter 11 Cases provide BlockFills with the best opportunity to preserve value and reorganize effectively. If the Prepetition Litigation continues, two Claimants will benefit at the expense of BlockFills' many other creditors. Again, the issues raised in the Prepetition Litigation are core to these Chapter 11 Cases and can and will be decided by this Court.

10. For these reasons, among others, BlockFills requests that this Court issue an injunction pursuant to section 105 of the Bankruptcy Code or, alternatively, extend the automatic stay of Bankruptcy Code section 362 to the D&Os, to stay and enjoin the prosecution of the Prepetition Litigation against the D&Os until the effective date of a plan in these Chapter 11 Cases.

JURISDICTION AND VENUE

11. This Court has jurisdiction to consider the Motion pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware, dated February 29, 2012. This is a core proceeding under 28 U.S.C.

§ 157(b). Venue of these cases and the Motion in this District is proper under 28 U.S.C. §§ 1408 and 1409.

12. The legal predicates for the relief requested herein are Bankruptcy Code sections 105(a) and 362(a), Bankruptcy Rule 7065, and Federal Rule of Civil Procedure 65(b).

13. The Debtors confirm their consent, pursuant to Rule 9013-1(f) of the Local Rules of the United States Bankruptcy Court for the District of Delaware, to the entry of a final order by the Court in connection with the Motion in the event 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.

STATEMENT OF FACTS

A. Overview of the Debtors

1. BlockFills' Business Operations

14. BlockFills provided technology and digital asset infrastructure focused on serving sophisticated institutional and professional customers in the global cryptocurrency markets. BlockFills operated proprietary trading technology that offered professional and institutional customers the ability to buy and sell cryptocurrency and cryptocurrency derivatives. *See Declaration of Mark Renzi in Support of Chapter 11 Petitions and First Day Motions* [Docket No. 3] ("Renzi Decl.") ¶ 18.

15. Prior to these Chapter 11 Cases, BlockFills' customers could execute transactions using BlockFills' front-end trading platform, application programming interface connection or through over-the-counter ("OTC") trades that linked with cryptocurrency liquidity providers. *Id.* BlockFills provided services to many cryptocurrency native companies and high-net-worth professional traders, as well as traditional financial firms, such as hedge funds, brokers/broker dealers, exchanges, crypto mining companies, investment managers and more. *Id.* ¶ 19.

16. BlockFills’ proprietary and unique aggregation of liquidity created value in its trading ecosystem for customers. *Id.* ¶ 25. Aggregated liquidity refers to BlockFills’ ability to consolidate order books from multiple exchanges and market makers into a unified, deep liquidity pool. *Id.* BlockFills also operated an OTC derivatives desk for qualified individuals and business entity customers in the United States and to certain non-United States customers. *Id.* ¶ 30. In addition, BlockFills offered borrowing and lending services to certain customers. Renzi Decl. ¶ 31. Lastly, BlockFills also offered services geared towards large-scale cryptocurrency miners for mining pool access, trading and OTC support, and treasury services. *Id.* ¶ 32.

2. Events Leading to the Chapter 11 Cases

17. From 2022 through 2025, BlockFills was exposed to several counterparty bankruptcies and disputes from various industry relationships. Renzi Decl. ¶ 43. These counterparties included Babel Finance, Celsius Network Ltd., and AEXA Digital Infrastructure. *Id.* ¶¶ 44–54. All three of these entities filed for bankruptcy, and BlockFills suffered significant losses to its loaned assets. *Id.*

18. BlockFills also suffered significant losses from mining hardware investments. *Id.* ¶ 57. In late 2021 and early 2022, BlockFills purchased mining hardware but, when BlockFills intended to place the Bitcoin (“BTC”) mining hardware at the data site, the data site was not ready to operate. *Id.* ¶¶ 55, 57. As a result, BlockFills was unable to activate its full mining hardware capabilities as originally anticipated. *Id.* This reduced expected revenue and extended the period before BlockFills could realize returns on its capital investment in the mining hardware, keeping liquidity tied to the mining business line for significantly longer than planned. *Id.*

19. On February 2, 2026, following a significant drop in BTC below \$80,000 that created mounting liquidity pressures and significant withdrawal requests that, if honored, would have materially impaired BlockFills’ ability to continue operations, BlockFills temporarily

suspended certain deposit and withdrawal activity. Renzi Decl. ¶ 72. On February 6, 2026, BlockFills publicly announced a broader temporary suspension of deposits and withdrawals. *Id.* BlockFills determined that commencing these Chapter 11 Cases was the best available path to preserve value and pursue a court-supervised restructuring or sale process. *Id.* ¶ 73.

20. Since filing for bankruptcy, the Debtors have agreed on the framework for an exit plan (the “Exit Plan” and, the related term sheet, the “Term Sheet”) with an *ad hoc* group of customers (the “Ad Hoc Group”) which would create a path for the Debtors to successfully emerge from chapter 11. While the Term Sheet is not binding or otherwise executed, it provides a clear path for an expedited bankruptcy in which the Debtors “hand over the keys” to their customers in a debt for equity swap.

B. Overview of the Prepetition Litigation

21. Claimants allege that 1548199 is a corporate entity registered in Alberta, Canada, and Mr. Bertram is the director, officer, and authorized representative of 1548199. *See Declaration of David Hurst in Support of the Motion of Debtors for Entry of Temporary Restraining Order and Preliminary Injunction (I) Enjoining Continuation of Certain Prepetition Litigation Against Directors and Officers or (II) in the Alternative, Extending the Automatic Stay to Such Directors and Officers to Prevent Continued Prosecution of Prepetition Litigation Against Them* (“Hurst Decl.”), Ex. A (the “Corrected Complaint”) at ¶ 1–2. Claimants allege that 1548199 became a customer of BlockFills on January 5, 2026, and transferred 40.001 BTC and 650,050.00 USD Coin (“USDC”) to BlockFills to be used as “collateral” on January 16, 2026. *Id.* ¶¶ 28, 37. Through the Prepetition Litigation, Claimants seek the immediate release and return of their cryptocurrency. *Id.* ¶ 357.

22. Among other things, Claimants assert a fraud and misappropriation claim against certain Debtors in Count 4 of the Corrected Complaint. *See id.* ¶¶ 173–205. Specifically, Claimants allege that:

- a. “BlockFills made misrepresentations of material fact to [Claimants]” regarding the financial condition of BlockFills (*id.* ¶ 174);³
- b. “BlockFills had a duty to keep the assets of 1548199 and other customers segregated, which arose from the [parties’] **contractual relationship**” and that BlockFills was required to “[hold] 1548199’s assts in trust” (*id.* ¶ 177 (emphasis added));
- c. “BlockFills had a fiduciary or confidential relationship with [Claimants] as a custodian of customer assets” (Prepetition Litigation, Docket No. 10 at ¶ 182); and
- d. “BlockFills improperly commingled customer assets and used customer assets (the ‘Misappropriation’)” (*id.* ¶ 178).

23. According to Claimants, these purported duties, the creation of a fiduciary relationship, and the propriety of how customer assets were allegedly used, all arise under BlockFills’ Application Agreement, Terms of Business and Client Agreement, and Professional Electronic Trading Agreement (collectively, the “BlockFills Agreements”). *Id.* ¶¶ 16–17.

24. In connection with the fraud and misappropriation claim, Claimants assert an aiding and abetting fraud claim against the D&Os in Count 5 of the Corrected Complaint. *See id.* ¶¶ 206–

235. Specifically, Claimants allege that:

³ The Debtors do not concede, and nothing herein shall be deemed to concede, that any of the Debtors or D&Os engaged in any wrongdoing, or that the D&Os acted outside the scope of their roles. Nothing in this Motion shall constitute an admission of liability, act as a waiver of any defense (including jurisdictional defenses), or be used for evidentiary or preclusive purposes in any other proceeding as to Debtors or the D&Os.

- a. “BlockFills committed [the] fraud by misrepresenting solvency, concealing financial distress, and misappropriating client assets” (*id.* ¶ 207);
- b. the D&Os “provided substantial assistance to the fraud” (*id.* ¶ 213); and
- c. the D&Os “directed or approved [BlockFills’ purported] misappropriation of funds” (*id.* ¶¶ 214–16).

25. Claimants further assert a breach of fiduciary duty claim against the D&Os in Count 10 of the Corrected Complaint. *See* Prepetition Litigation, Docket No. 10 at ¶¶ 332–52. Specifically, Claimants allege that:

- a. the D&Os “had a fiduciary relationship with creditors once the company entered the zone of insolvency” (*id.* ¶¶ 337, 339–41);
- b. “[t]hese duties included the duties to act in the best interest of the company with regard to the interests of BlockFills’ creditors” (*id.* ¶ 342); and
- c. the D&Os “breached their [fiduciary] duties,” resulting in “financial losses . . . caused to [BlockFills’] creditors,” including Claimants. *Id.* ¶ 344.

26. Claimants have aggressively pursued their claims since initiating the Prepetition Litigation less than three weeks ago. Indeed, on March 5, 2026, Claimants filed a motion for a temporary restraining order and preliminary injunction, seeking an order enjoining BlockFills and the D&Os from certain activities and freezing the disputed assets. *See* Prepetition Litigation, Docket No. 5. On March 6, 2026, the court granted Claimants’ request and entered an *Ex Parte* Temporary Restraining Order (the “TRO”). *See* Hurst Decl., Ex. B. The TRO was filed and initially heard *ex parte*, without any participation by BlockFills or any of the D&Os.

27. On March 20, 2026, the court held a telephonic status hearing in the Prepetition Litigation, wherein the court extended the TRO to April 3, 2026 “[p]ending further advice from

the bankruptcy court regarding the extent of the automatic stay as it relates to the [D&Os].” *See* Prepetition Litigation, Docket No. 25 (Hurst Decl., Ex. C). A further in-person status hearing is currently scheduled for April 1, 2026 (hereinafter, the “Illinois TRO Hearing”). *Id.*

28. For the purposes of this Motion only, the Debtors assert that the claims alleged against the D&Os arise from acts undertaken in their capacities as officers and or directors of the Debtors. Nothing herein shall constitute a binding adjudication of the scope of any D&Os duties, conduct, or liability.

C. The Debtors’ Indemnification Obligations⁴

29. The Debtors organizational documents contain obligations to indemnify the D&Os for the costs related to the Prepetition Litigation. The by-laws of parent holding company Debtor Reliz Technology Group Holdings Inc. state:

[T]he corporation shall indemnify any person who was or is a party . . . to any threatened, pending or completed action, suit or proceeding . . . by reason of the fact that he or she is or was a director, officer, employee or agent of the corporation, against expenses.

Hurst Decl., Ex. D.

30. Regarding Debtor Reliz Ltd., the Articles of Association state:

Every Director . . . or other officer . . . of [BlockFills] . . . shall be indemnified and secured harmless out of the assets and funds of [BlockFills] against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by him . . . in or about the conduct of [BlockFills’] business or affairs or in the execution or discharge of his duties.

See id., Ex. E.

31. Lastly, the Debtor Reliz CI Ltd. Memorandum of Association of Debtor Reliz CI Ltd. states:

⁴ The absence of identifying a particular indemnification obligation does not prejudice any parties’ rights to assert their respective indemnification rights.

Every Director, Secretary, or other officer of [BlockFills] (including . . . former directors and officers) . . . shall be entitled to be indemnified out of the assets of [BlockFills] against all actions, proceedings, costs, damages, expenses, claims, losses or liabilities which they or any of them may sustain or incur by reason of any act done or omitted in or about the execution of the duties of their respective offices or trusts or otherwise in relation thereto...

See id., Ex. F.

32. The Debtors' indemnification and advancement obligations are potentially triggered by the continuation of the Prepetition Litigation against the D&Os, and any such obligations would constitute claims against the Debtors' estates.

ARGUMENT

I. THE AUTOMATIC STAY PURSUANT TO SECTION 362(A) SHOULD BE EXTENDED TO THE D&Os

33. Section 362(a)(1) of the Bankruptcy Code prohibits “the commencement or continuation ... of a judicial ... action or proceeding against the debtor that was or could have been commenced before the commencement of the case under this title, or to recover a claim against the debtor that arose before the commencement of the case under this title.” 11 U.S.C. § 362(a)(1). Section 362(a)(3) similarly prevents “any act to obtain possession of property of the estate or of property from the estate or to exercise control over property of the estate.” 11 U.S.C. § 362(a)(3). The automatic stay is “one of the fundamental debtor protections provided by the bankruptcy laws.” *Midlantic Nat’l Bank v. N.J. Dep’t of Env’t Prot.*, 474 U.S. 494, 503 (1986). A primary purpose of the stay is to provide “a breathing spell from creditors” so that the debtor can reorganize or otherwise “be relieved of the financial pressures that drove [the debtor] into bankruptcy.” *Lansaw v. Zokaites (In re Lansaw)*, 853 F.3d 657, 666 (3d Cir. 2017); *see also Maritime Elec. Co., Inc. v. United Jersey Bank*, 959 F.2d 1194, 1204 (3d Cir. 1991).

34. For the following reasons, to effectuate the purpose of the automatic stay and provide the Debtors the protections it affords, this Court should extend the stay pursuant to sections

105 and 362 of the Bankruptcy Code, thereby preventing the continuation of the Prepetition Litigation against the D&Os.

A. The Claims Against the Debtors and D&Os are Inextricably Interwoven

35. The automatic stay is extended to non-debtors where “there is such identity between the debtor and the third-party defendant that the debtor may be said to be the real party defendant.” *McCartney v. Integra Nat. Bank North*, 106 F.3d 506, 510 (3d Cir. 1997) (quoting *A.H. Robins Co. v. Piccini*, 788 F.2d 994, 999 (4th Cir. 1986)). To that point “a stay should be provided to codefendants when the claims against them and the claims against the debtor are ‘inextricably interwoven, presenting common questions of law and fact, which can be resolved in one proceeding.’” *In re Ionosphere Clubs, Inc.*, 111 B.R. 423, 434 (Bankr. S.D.N.Y. 1990) (quoting *Fed. Life Ins. Co v. First Fin. Grp.*, 3 B.R. 375, 376 (S.D. Tex. 1980); *In re W.R. Grace & Co.*, 386 B.R. 17, 30–32 (Bankr. D. Del 2008) (finding identity of interest where the debtor’s conduct and operations were “at the core” of third-party claims against non-debtors); *Friedman’s v. Zale Corp. (In re Friedman’s, Inc.)*, 336 B.R. 896, 898 (Bankr. S.D. Ga. 2005) (same); *In re The 1031 Tax Grp., LLC*, 397 B.R. 670, 684 (Bankr. S.D.N.Y 2008) (same); *In re Jefferson County, Ala.*, 491 B.R. 277, 287 (Bankr. N.D. Ala. 2013).

36. The D&O Counts are undoubtedly “inextricably interwoven” with the claims asserted against BlockFills in the Prepetition Litigation. Indeed, for Claimants to succeed on their aiding and abetting fraud theory against the D&Os (Count 5), they will need to first prove that BlockFills committed fraud. *LoggerHead Tools, LLC v. Sears Holding Corp.*, 19 F. Supp. 3d 775, 784–85 (N.D. Ill. 2013) (“Under Illinois law, to state a claim for aiding and abetting, one must allege [that] the party whom the defendant aids performed a wrongful act causing an injury.”). Similarly, Claimants’ allegations that the D&Os “directed and approved the misappropriation” of Claimants’ cryptocurrency hinges on whether BlockFills was obligated to segregate customer

assets or whether a “fiduciary” relationship existed between BlockFills and customers like Claimants under the BlockFills Agreements. *See* Prepetition Litigation, Docket No. 10 at ¶ 182. As Claimants themselves admit, at the center of the Prepetition Litigation is the interpretation of the “contractual relationship” created under the BlockFills Agreements—the very same agreements executed by BlockFills’ many other customers. In short, these issues are not unique to Claimants; they are core bankruptcy issues that will be resolved by this Court as to all creditors in the Chapter 11 Cases.

37. Further, as detailed in the chart below, each of Claimants’ eleven causes of action stems from the same alleged conduct: (1) misrepresenting the financial condition of the Debtors; (2) the management of cryptocurrency deposited with BlockFills; and (3) the contractual relationship between BlockFills and its customers.

Count	Target	Allegations
Count 1: Rescission for Fraudulent Inducement and Material Omission	Debtors	Claimants allege that “BlockFills made misrepresentations of material facts to [Claimants]” and that “BlockFills omitted material facts[.]” It was allegedly represented that “BlockFills was ‘as good as it gets’ in the market” when they were aware that \$77 million was missing and that customer funds were improperly commingled and spent for corporate purposes. Prepetition Litigation, Docket No. 10 at ¶¶ 86–116.
Count 2: Breach of Contract	Debtors	Claimants allege that the BlockFills Agreements provide that “money deposited by customers...will be segregated from their working capital.” BlockFills breached this contract “by failing to keep [Claimants’] funds segregated.” BlockFills also failed to act in good faith by “concealing their known insolvency while continuing to onboard [Claimants]” and “by suspending customer withdrawals.” <i>Id.</i> ¶¶ 117–45.
Count 3: Unjust Enrichment	Debtors	Claimants allege that they “conferred benefits on BlockFills by transmitting cryptocurrency assets to BlockFills” and that BlockFills appreciated the benefit conferred by the [Claimants.]” But this benefit was fraudulently induced because “BlockFills was obligated to segregate customer funds and... not [use them] for BlockFills’ corporate purposes.” And that “BlockFills made material misrepresentations and omissions regarding their financial condition.” <i>Id.</i> ¶¶ 146–72.
Count 4: Fraud	Debtors	Claimants allege that “BlockFills had a duty to keep the assets of 1548199 and other customers segregated, which arose from the [parties’] contractual relationship” and that BlockFills was required to “[hold] 1548199’s assets in trust,” that “BlockFills had a fiduciary or confidential relationship with [Claimants] as a custodian of customer assets,” and that “BlockFills improperly commingled customer assets and used customer assets (the ‘Misappropriation’).” <i>Id.</i> ¶¶ 173–205.

Count 5: Aiding and Abetting Fraud	D&Os	Claimants allege that “BlockFills committed fraud by misrepresenting solvency, concealing financial distress, and misappropriating client assets,” the D&Os “provided substantial assistance to the fraud,” and the D&Os “directed or approved [BlockFills’ purported] misappropriation of funds.” <i>Id.</i> ¶¶ 206–35.
Count 6: Negligent Misrepresentation	Debtors	Claimants allege that “BlockFills made misrepresentation of material fact,” “failed to disclose material information regarding financial distress, and “failed to verify the accuracy of their representations.” <i>Id.</i> ¶¶ 236–53.
Count 7: Conversion	Debtors	Claimants allege that “BlockFills intentionally commingled [Claimants’] assets with firm assets and used customer funds for corporate purposes...[and] has refused [Claimants’] redemption request.” Prepetition Litigation, Docket No. 10 at ¶¶ 254–76.
Count 8: Constructive Trust	Debtors	Claimants allege that “BlockFills acquired the property through wrongful conduct...[by making] material misrepresentations...[and omitting] material facts.” <i>Id.</i> ¶¶ 277–304.
Count 9: Violation of Illinois Consumer Fraud Act	Debtors	Claimants allege that “BlockFills improperly commingled customer funds with company assets,” and that “BlockFills’ leadership discovered the Misappropriation... [and] did not disclose the Misappropriation to [Claimants] until early February 2026.” <i>Id.</i> ¶¶ 305–31.
Count 10: Breach of Fiduciary Duty	Debtors & D&Os	Claimants allege that the D&Os “had a fiduciary relationship with creditors once the company entered the zone of insolvency,” “[t]hese duties included the duties to act in the best interest of the company with regard to the interests of BlockFills’ creditors,” and that the D&Os “breached their [fiduciary] duties,” resulting in “financial losses . . . caused to [BlockFills’] creditors,” including Claimants. <i>Id.</i> ¶¶ 332–52.
Count 11: Declaratory Judgment	Debtors	Claimants seek a declaratory judgment that the assets are not BlockFills. <i>Id.</i> ¶¶ 353–59.

38. Clearly, it is not possible to sever the D&O Counts from the claims asserted against BlockFills. Each of these causes of action seeks the return of cryptocurrency Claimants deposited with BlockFills and is “inextricably interwoven” with core bankruptcy issues that will be considered in these Chapter 11 Cases. *Ionosphere Clubs*, 111 B.R. at 434. Clearly, BlockFills is “the real party defendant” and, as such, this Court should stay the Prepetition Litigation. *McCartney*, 106 F.3d at 510 (quoting *A.H. Robins Co.*, 788 F.2d 994 at 999).

B. Allowing the Prepetition Litigation to Proceed Against the D&Os Will Taint the Evidentiary Record and Risk Collaterally Estopping the Debtors

39. Courts have extended the automatic stay where there is a risk that a decision against non-debtors will be given collateral estoppel effect and applied against the debtors. *See W.R. Grace & Co.*, 386 B.R. at 34–5; *United Nat. Ins. Co. v Equip. Ins. Mgmt, Inc.*, No. 95-0116, 1997

WL 241152, at *4 (E.D. Pa. May 6, 1997) (“[P]laintiffs cannot escape the fact that while they desire to prove liability as against the two individual defendants, their business relationship was with [the debtor]. It was [the debtor] that was the entity through which the individuals acted, and [the debtor] might be impaired or impeded by proof at a trial of only its officers.”); *In re American Film Technologies, Inc.*, 175 B.R. 847, 850 (Bankr. D. Del. 1994).

40. Even without collateral estoppel, courts may extended the automatic stay where the evidentiary record risks being tainted without the debtor’s presence. *See W.R. Grace Co.*, 386 B.R. at 34–35. For instance, witnesses would be confronted with their prior testimony in a future proceeding involving the debtor regardless of whether the debtor was present in the prior proceeding. *See In re Johns-Manville Corp.*, 40 B.R. 219, 225 (S.D.N.Y. 1984) (noting that a “witness may be confronted with his prior testimony under oath in a future proceeding directly involving [the debtor], whether or not [the debtor] was a party to the record on which the initial testimony was taken”); *In re Lion Capital Grp.*, 44 B.R. 690, 703 (Bankr. S.D.N.Y. 1984) (“[T]he risk that testimony by employees or agents might be subsequently employed against the debtor... warranted the issuance of a stay.”).

41. Here, BlockFills’ alleged liability is substantially based on the D&Os’ alleged conduct managing the Debtors, and any decision or evidence gleaned against the latter will be used against the Debtors. For instance, Claimants’ aiding and abetting claim attempts to impose secondary liability on the D&Os for fraud allegedly committed by BlockFills. To prove that claim, Claimants will need to prove both that BlockFills committed fraud and the D&Os aided and abetted the same. *See LoggerHead Tools, LLC.*, 19 F. Supp. 3d at 784–85. If the Prepetition Litigation moves forward, BlockFills will inevitably get dragged into the case because Claimants and the

D&Os will be litigating over whether BlockFills committed fraud and misappropriated customer funds in the first place.

42. The D&O Counts will also require adjudicating issues surrounding the interpretation of the BlockFills Agreements and BlockFills obligations thereunder. *See* Prepetition Litigation, Docket No. 10 at ¶¶ 177–78. These are core bankruptcy issues in these Chapter 11 Cases and highly significant to the Debtors’ restructuring efforts.

43. Further, continuation of the Prepetition Litigation would impose substantial litigation burdens on the D&Os, including discovery obligations that would interfere with the administration of these Chapter 11 Cases and indirectly burden the Debtors. To the extent any party seeks to proceed nominally against the D&Os for purposes of establishing liability, including to pursue recovery from insurance, such proceedings would nevertheless impose material litigation burdens, create a risk of preclusive findings, and undermine the protections afforded by the automatic stay. As such, the requested relief should apply notwithstanding the existence of any insurance coverage and should prohibit the continuation or commencement of any such actions absent further order of this Court.

44. Accordingly, the collateral estoppel, *stare decisis*, and evidentiary prejudice to the Debtors warrant extending the automatic stay to prohibit the continuation of the Prepetition Litigation against the D&Os.

C. Continuation of the Prepetition Litigation Could Create Significant Indemnification Obligations for the Debtors’ Estates

45. Courts have explained that extending the automatic stay is justified where “the Debtors owe[] *potential* indemnification obligations.” *See Lane v. Philadelphia Newspaper, LLC (In re Philadelphia Newspapers, LLC)*, 423 B.R. 98, 104 (E.D. Pa. 2010) (emphasis added); *see also In re W.R. Grace & Co.*, No. 01-1139, 2004 WL 954772, at *2 (Bankr. D. Del. Apr. 29, 2004)

(reasoning indemnity obligations did not have to be absolute); *American Film Technologies, Inc.*, 175 B.R. at 853. Courts in this Circuit have held that even the “mere possibility of indemnification obligations warrants extension of the automatic stay.” *In re LTL Mgmt., LLC*, 638 B.R. 291, 312 (Bankr. D.N.J. 2022); *In re W.R. Grace & Co.*, 115 F. App’x 565, 568–69 (3d Cir. 2004) (“The prospect of indemnification by [the debtor] made inclusion of a stay of suits against [non-debtor] appropriate.”).

46. Here, there exists more than the “mere possibility” of indemnification. The organizational documents of certain Debtors, including parent company Debtor Reliz Technology Group Holdings Inc., explicitly create indemnification obligations. *See* Hurst Decl. Exs. D-F.

47. Extension of the stay is likewise warranted because continuation of the Prepetition Litigation against the D&Os will expose BlockFills and the Debtors’ estates to increased indemnification claims and advancement obligations, whether asserted directly or indirectly, and regardless of whether such obligations are contingent, unliquidated, or disputed. Refusing to extend the stay “would defeat the very purpose and intent of the statute.” *LTL Mgmt.*, 638 B.R. at 306 (quoting *A.H. Robins Co.*, 788 F.2d at 999. Accordingly, to preserve estate resources, this Court should extend the automatic stay to the D&Os in the Prepetition Litigation.

II. CLAIMANTS’ PURPORTED BREACH OF FIDUCIARY DUTY CLAIM (COUNT 10) IS A DERIVATIVE CLAIM THAT IS PROPERTY OF THE ESTATE

48. Claimants’ breach of fiduciary claim against the D&Os is a derivative claim that belongs to the Debtors and is property of the Debtors’ estates. “One of the primary goals of the automatic stay is to protect property of the estate and thereby ensure equal treatment among, and provide equal protection to, all creditors of the debtor.” *In re Soundview Elite Ltd.*, 565 B.R. 534, 543 (Bankr. S.D.N.Y. 2017). Property of the estate is defined as “all legal or equitable interests of the debtor in property as of the commencement of the case.” 11 U.S.C. § 541(a)(1). Property

of the estate includes causes of action that exist as of the petition date and could have been asserted by the debtor on its own behalf. *See In re Emoral Inc.*, 740 F.3d 875, 879 (3d Cir. 2014). Courts are often tasked with determining whether a particular claim is property of a debtor’s estate and whether the pursuit of such claim by a non-debtor violates the automatic stay. A common “general claim” is a “derivative claim,” which has been defined as “[a] claim based on rights ‘derivative’ of, or ‘derived’ from, the debtor.” *Soundview Elite*, 565 B.R. at 544 (quoting *Bernard L. Madoff Inv. Sec. LLC*, 740 F.3d 81, 89 (2d Cir. 2014)). Conversely, a claim is not property of the estate, but rather a creditor claim, when the claim particularly injures a creditor. *See In re Tronox*, 855 F.3d 84, 100 (2d Cir. 2017).

49. To determine whether a claim is derivative (general) or particular, courts are tasked with “inquir[ing] into the factual origins of the injury and, more importantly, into the nature of the legal claims asserted.” *Madoff*, 740 F.3d at 89. If the claim “arises from the wrongdoer’s breach of a separate legal obligation owed to the victim . . . that results in an injury particularized to the victim,” then the claim is non-derivative. *Sec In’r Prot. Corp v. Bernard L. Madoff Inv. Sec. LLC*, 568 B.R. 203, 209 (Bankr. S.D.N.Y. 2017). If the claim “is a general one . . . , the trustee is the proper person to assert the claim, and the creditors are bound by the outcome of the trustee’s action.” *St. Paul Fire & Marine Insurance Co. v. PepsiCo, Inc.*, 884 F.2d 688, 701 (2d Cir. 1989).

50. Claimants’ breach of fiduciary duty claim is a derivative claim. Claimants did not suffer any “particularized” injury. Rather, any injury resulting from an alleged breach of fiduciary duty owed by the D&Os was suffered by the Debtors and is common to all similarly-situated creditors. In *Gheewalla*, the Delaware Supreme Court held that creditors of a Delaware corporation that was within the “zone of insolvency” or insolvent may not bring direct claims against directors for breach of fiduciary duty because the directors’ fiduciary duties are owed to

the corporation. *See N. Am. Cath. Educ. Programming Found., Inc. v. Gheewalla*, 930 A.2d 92, 101–03 (Del. 2007). Under *Gheewalla*, standing to bring such claims on behalf of the corporation may be expanded to include creditors if the corporation is insolvent, but the claim itself remains property of the corporation and constitutes property of a debtor’s estates. *In re RNI Wind Down Corp.*, 348 B.R. 286, 293 (Bankr. D.Del. 2006) (alleged derivative claims “committed by the debtor’s officers and director become property of the estate under 11 U.S.C. § 541.”).

51. Here, Claimants admit in the Prepetition Litigation that BlockFills “entered the zone of insolvency.” Prepetition Litigation, Docket No. 10 at ¶ 337. Thus, as a matter of law, the derivative claims asserted by Claimants for breach of fiduciary duty belong to the Debtors—not individualized creditors like Claimants. *See Gheewalla*, 930 A.2d 92 at 103. Accordingly, Claimants’ breach of fiduciary duty claims against the D&Os are property of the Debtors’ estates and therefore already are subject to the automatic stay.

III. THE CONTINUED PROSECUTION OF THE ACTION SHOULD BE ENJOINED UNDER SECTION 105

52. Having clearly established that BlockFills is entitled to extension of the automatic stay under section 362 of the Bankruptcy Code above (*see supra* Section I.A.-C.), BlockFills seeks injunctive relief on an emergent basis given the continuing effect of the Illinois TRO and the pending Illinois TRO Hearing scheduled for April 1, 2026.

53. This Court should enjoin the continued prosecution of the Prepetition Litigation as against the D&Os pursuant to section 105(a) of the Bankruptcy Code. Section 105(a) authorizes the bankruptcy court to “issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of [title 11],” and gives this Court broad powers to enjoin actions against non-debtors. *See LTL Mgmt., LLC v. State of New Mexico (In re LTL Mgmt., LLC)*, 645 B.R. 59, 81 (Bankr. D.N.J. 2022); *In re Philadelphia Newspapers, LLC*, 423 B.R. 98, 105 (E.D. Pa. 2010)

(reasoning 105 authorizes the issuance of injunctions); *In re Zenith Labs., Inc.*, 104 B.R. 659, 665 (D.N.J. 1989); *In re Chateaugay Corp.*, 93 B.R. 26, 29 (S.D.N.Y. 1988) (“[T]he Bankruptcy Court has authority under section 105 broader than the automatic stay provisions of section 362 and may use its equitable powers to assure the orderly conduct of the reorganization proceedings.”).

54. Injunctive relief under section 105 may be broader than the applicable relief under section 362. *See Penn Terra Ltd. v. Dep’t of Env’t Res., Com. of Pa.* 733 F.2d 267, 273 (3d Cir. 1984) (“[I]n some individual situations... [t]he bankruptcy court, in its discretion, may issue an appropriate injunction, even if the automatic stay is not operative.”); *Haw. Structural Ironworkers Pension Trust Fund v. Calpine Corp. Inc.*, 2006 WL 3755175, at *4 (S.D.N.Y. Dec. 20, 2006) (“Section 105 may support the issuance of an injunction to parties who do not fall within the scope of section 362(a.)”); *The 1031 Tax Grp.*, 397 B.R. at 684 (“Section 105 authorizes a bankruptcy court to exercise power outside the bounds of the automatic stay.”); *In re Chateaugay Corp.*, 93 B.R. 26, 29 (S.D.N.Y. 1988) (“[T]he Bankruptcy Court has authority under section 105 broader than the automatic stay provisions of section 362 and may use its equitable powers to assure the orderly conduct of the reorganization proceedings.”).

55. A debtor’s request for an injunction pursuant to section 105 is treated as a request for a preliminary injunction. In evaluating the merits of an injunction, courts “often use traditional preliminary injunction standards, although such standards may be adapted to the bankruptcy context.” *In re JMO Wind Down, Inc.*, No. 16-10682, 2018 WL 1792185, at *6 n.9 (Bankr. D. Del. Apr. 13, 2018); *In re Chateaugay*, 201 B.R. 48, 71 (Bankr. S.D.N.Y. 1996) (noting that a debtor need not satisfy the more rigorous requirements for a preliminary injunction under Fed. R. Civ. P. 65). That standard involves evaluating four factors, none of which is determinative:

- (1) whether the movant has shown a reasonable probability of success on the merits;
- (2) whether the movant will be irreparably injured by denial of the relief;

(3) whether granting preliminary relief will result in even greater harm to the nonmoving party; and (4) whether granting the preliminary relief will be in the public interest.

See LTL Mgmt., 645 B.R. at 81 (quoting *McTernan v. City of York, Pa.*, 557 F.3d 521, 527 (3d Cir. 2009)). As outlined below, the Debtors satisfy all four of these factors.

A. Continuation of the Prepetition Litigation Will Irreparably Harm the Debtors.

56. Courts have explained that “the test for whether irreparable harm has been demonstrated in the context of a bankruptcy case should encompass a broader view of the impact on the debtor and can take into account risks of negative consequences.” *See LTL Mgmt.*, 645 B.R. at 82; *see also ADP, Inc. v. Levin*, No. 21-2187, 2022 WL 1184202, at *2 (3d Cir. Apr. 21, 2022) (quoting *Campbell Soup v. ConAgra, Inc.*, 977 F.2d 86, 91 (3d Cir. 1992)) (“In order to demonstrate irreparable harm the plaintiff must demonstrate *potential* harm which cannot be redressed by a legal or an equitable remedy following a trial.”) (emphasis added); *In re W.R. Grace & Co.*, 386 B.R. at 35 (adopting a “broader view of the potential impact of the debtor...”). The Debtors will suffer irreparable harm to both their estates and their ability to successfully restructure. In turn, this will harm BlockFills’ stakeholders and creditors for several reasons.

57. *First*, as detailed above (*see supra* Section I.A.), the claims against the Debtors and D&Os are “inextricably interwoven, presenting common questions of law and fact.” *In re Ionosphere Clubs, Inc.*, 111 B.R. 423, 434 (Bankr. S.D.N.Y. 1990) (quoting *Fed. Life Ins. Co. v. First Fin. Grp.*, 3 B.R. 375, 376 (S.D. Tex. 1980)). If the D&O Counts proceed, Claimants will need to litigate factual issues concerning BlockFills’ conduct, such as whether BlockFills committed fraud to establish secondary liability against the D&Os for purportedly aiding and abetting the same. Further, the Prepetition Litigation court would need to adjudicate issues surrounding the interpretation of the BlockFills Agreements. Any findings or rulings against the D&Os, and any evidence generated, could later be used against BlockFills. *See McCartney*, 106

F.3d at 510 (reasoning cause to extend the stay could exist where “a judgment against the third-party defendant will in effect be a judgment or finding against the debtor”).

58. BlockFills therefore would be in a difficult position if the Prepetition Litigation is allowed to proceed against the D&Os, and would have to either: (1) take advantage of the protections of the automatic stay and be saddled with the evidence generated, findings made, and decisions rendered; or (2) spend significant time and resources to participate in the defense of the Prepetition Litigation to protect its litigation interests. The latter would effectively mean the Debtors lose the essential benefits of the automatic stay. This quandary alone “would defeat the very purpose and intent” of the stay. *See LTL Mgmt., LLC v. Those Parties Listed on Appendix A to Complaint (In re LTL Mgmt., LLC)*, 638 B.R. 291 (Bankr. D.N.J. 2022) (quoting *A.H. Robins*, 788 F.2d 994, 999 (4th Cir. 1986)). And either option constitutes irreparable harm. *See W.R. Grace & Co.*, 386 B.R. at 34–35 (“[T]his court takes into account the risks of collateral estoppel and record taint. Additionally, forcing the Debtors to now participate in the Montana Actions to prevent these adverse consequences (indemnity, collateral estoppel, and record taint) will encumber the estates with additional litigation burdens from which the stay specifically protects them.”); *United Nat. Ins. Co. v Equipment Ins. Managers, Inc.*, No. 95-0116, 1997 WL 241152, at *4 (E.D. Pa. May 6, 1997); *In re American Film Tech., Inc.*, 175 B.R. 847, 850 (Bankr. D. Del. 1994) (“If the directors are found liable for fraudulent misrepresentations, the liability will be as agents of AFT. Such liability exposes the corporation to both vicarious liability under the doctrine of respondeat superior and the risk of being collaterally estopped from denying liability for its directors’ actions.”) (internal citations omitted).

59. *Second*, the risk of collateral estoppel, *stare decisis*, and evidentiary prejudice to BlockFills also warrants an injunction. *See Friedman’s v. Zale Corp. (In re Friedman’s, Inc.)*, 336

B.R. 896, 898 (Bankr. S.D. Ga. 2005) (“The [Debtor] would be forced to participate in the... Action as if it were a party to the case because of the potential prejudicial effect the outcome of the... Action.”); *In re Jefferson County, Ala.*, 491 B.R. 277, 287 (Bankr. N.D. Ala. 2013) (“The potential preclusive effect of allowing the... Action to proceed... presents a concern for the [Debtor]...”); *The 1031 Tax Grp., LLC*, 397 B.R. at 684. As explained above, Claimants’ causes of action against the D&Os clearly hinge on core bankruptcy issues that can and will be decided by this Court.

60. *Third*, as discussed above (*see supra* Section I.C.), BlockFills will likely face substantial indemnification obligations for any attorneys’ fees/expenses and losses that the defendant directors incur in the Prepetition Litigation. These indemnification claims also constitute irreparable harm. *See Lane v. Philadelphia Newspaper, LLC (In re Philadelphia Newspapers, LLC)*, 423 B.R. 98, 104 (E.D. Pa. 2010) (reasoning potential indemnification could cause irreparable harm); *see also In re W.R. Grace & Co.*, No. 01-1139, 2004 WL 954772, at *2 (Bankr. D. Del. Apr. 29, 2004) (enjoining litigation because the “Debtors are contractually obligated to defend Samson and, to the extent Samson is found liable, Debtors must indemnify Samson.”); *In re American Film Technologies, Inc.*, 175 B.R. 847, 850 (Bankr. D. Del. 1994).

61. *Finally*, even if BlockFills chose not to participate actively in the Prepetition Litigation, it would certainly face substantial burdens. Because the D&O Counts are so interwoven with BlockFills, Claimants will undoubtedly request discovery from BlockFills to prove their claims against the D&Os. Likewise, the D&Os would have to obtain discovery from BlockFills to adequately defend against these same claims. Producing and defending against discovery would cause substantial economic strain, and also distract key personnel from the restructuring efforts. *See In re Residential Cap., LLC*, 480 B.R. 529, 541 (Bankr. S.D.N.Y. 2012) (“The scope, timing,

burden and expense of the proposed discovery are all factors in determining whether proposed discovery will thwart or frustrate the debtor's reorganization.”).

62. Courts have found that debtors would suffer irreparable harm where the failure to stay an action against a non-debtor would result in material obligations on the debtors that would frustrate their efforts to restructure successfully. *See Philadelphia Newspapers LLC v. Lane (In re Philadelphia Newspapers LLC)*, 410 B.R. 404, 409 (Bankr. E.D. Pa. 2009) (“[A]n irreparable injury might well occur if an injunction were not issued. [Key employees], whose focus at the time needed to be on the critical reorganization of the Debtors, would be distracted from this task if the underlying litigation were permitted to proceed.”), *aff'd*, 423 B.R. 98 (E.D. Pa. 2010); *Haw. Structural Ironworkers Pension Trust Fund v. Calpine Corp., Inc.*, No. 06-5358, 2006 WL 3755175, at *5 (S.D.N.Y. 2006) (affirming extension of stay to halt claims against non-debtors where “the logistical stress on [the Debtors] from attempting to simultaneously undertake a massive reorganization while monitoring and producing documents in the State Court Action threatened to irreparably impair the company’s reorganization process”); *Lomas Fin. Corp. v. Northern Trust Co. (In re Lomas Fin. Corp.)*, 117 B.R. 64, 67–68 (S.D.N.Y. 1990) (upholding extension of automatic stay where “key personnel would be distracted from participating in the reorganization process”); *Residential Cap.*, 480 B.R. at 541 (“The scope, timing, burden and expense of the proposed discovery are all factors in determining whether proposed discovery will thwart or frustrate the debtor’s reorganization.”).

63. The D&Os would likewise suffer irreparable harm absent an injunction, including the burden of defending complex litigation, the risk of inconsistent rulings, and the potential for preclusive effects.

B. There is a Reasonable Likelihood the Debtors Will Successfully Restructure

64. “In the bankruptcy context, reasonable likelihood of success is equivalent to the debtor’s ability to successfully reorganize.” *See LTL Mgmt., LLC v. State of New Mexico (In re LTL Mgmt., LLC)*, 645 B.R. 59, 81–82 (Bankr. D.N.J. 2022) (quoting *In re Union Tr. Philadelphia, LLC*, 460 B.R. 644, 660 (E.D. Pa. 2011)). To satisfy this factor “a movant need only show the prospect or possibility that he or she will succeed, and need not prove same with certainty.” *Id.*

65. Courts have also found a reasonable likelihood of a successful reorganization where “the Debtors are proceeding on track, and there is no reason to believe or suspect that their reorganization will fail—unless, of course, the acts sought to be enjoined cause it to fail.” *Lyondell Chem. Co. v. CenterPoint Energy Gas Serv. Inc. (In re Lyondell Chem. Co.)*, 402 B.R. 571, 590 (Bankr. S.D.N.Y. 2009); *W.R. Grace & Co.*, 386 B.R. at 33 (even finding there was a reasonable likelihood of success notwithstanding the fact that the debtors had toiled in bankruptcy for seven years).

66. BlockFills is “proceeding on track” toward a successful restructuring in its early stages. BlockFills has agreed to a framework for an Exit Plan that “hands the keys over” to its customers. *See Renzi Decl.* ¶¶ 10–11. As such, BlockFills has a clear path to implement a successful and timely restructuring, and interfering with that path could harm BlockFills’ ability to successfully reorganize.

C. The Balance of Harms Favors an Injunction.

67. The balance of harms weighs in favor of issuing an injunction. As described above, the harm to BlockFills would be irreparable if this Court does not enjoin the Prepetition Litigation against the D&Os. BlockFills would risk rulings that could be used against them; the estates’ resources would be depleted; and BlockFills’ efforts to restructure would be thwarted.

68. By contrast, there would be only *de minimis* harm to Claimants if the Prepetition Litigation is enjoined. First, the Prepetition Litigation is in its very early stages, having only been initiated less than three weeks ago. Second, ten out of the eleven counts should already be stayed as a matter of law: the nine counts naming solely the Debtors as defendants; and Count 10 alleging a derivative breach of fiduciary duty against the D&Os. Thus, to the extent staying the Prepetition Litigation constitutes harm, Claimants already face this harm regardless of whether the lone remaining D&O Count is enjoined.

69. Finally, BlockFills does not anticipate these Chapter 11 Cases dragging on and, as such, the stay sought here is temporary. BlockFills' current plan laid out in the Term Sheet calls for an expedited bankruptcy. *See* Renzi Decl. ¶¶ 10–11. BlockFills is not engaging in a sprawling marketing or sale process that would cause delay, but instead is moving directly toward confirmation with a “hand over the keys” transaction. *See In re Calpine Corp.*, 365 B.R. 401, 413 (S.D.N.Y. 2007) (“The inability of [the defendant] to obtain a hypothetical recovery sooner ... is not a harm—and is certainly not an irreparable harm sufficient to outweigh the irreparable harm that [the debtors] will suffer if the ... litigation were permitted to proceed.”).

D. An Injunction Serves the Public Interest

70. An injunction here would serve the public interest. “To the extent that the injunction is necessary to and will foster the Debtor’s reorganization it serves ‘one of the most important public interests.’” *In re Saxby’s Coffee Worldwide, LLC*, 440 B.R. 369, 384 (Bankr. E.D. Pa. 2009) (quoting *In re Integrated Health Serv., Inc.*, 281 B.R. 231, 239 (Bankr. D. Del. 2002)). This is because “completing the reorganization process also serves the public interest by resolving thousands of claims in a uniform and equitable manner.” *See W.R. Grace & Co.*, 386 B.R. at 34–35.

71. Here, enjoining the Prepetition Litigation against the D&Os to avoid harm to the Debtors and allow them to restructure successfully is a far greater public interest than allowing one singular customer to continue pursuing claims against the D&Os that are in the earliest stages of litigation. BlockFills is committed to confirming a plan that would benefit all creditors. Without the injunction, two Claimants of BlockFills will benefit at the expense of its many other creditors and stakeholders.

E. Emergent Relief is Necessary to Properly Administer These Chapter 11 Cases

72. “In the Third Circuit, the four requirements [a movant] must satisfy to obtain the *emergent* injunctive relief” are the same factors as delineated in Section III. *Koons v. Reynolds*, 649 F. Supp. 3d 14, 21 (D.N.J. 2023) (citing *Reilly v. City of Harrisburg*, 858 F.3d 173, 176 (3d Cir. 2017)) (emphasis added).

73. The need for emergent injunctive relief is particularly evident here for two reasons. First, the Claimants in the Prepetition Litigation are seeking to restrain Debtors’ assets. Second, the Illinois TRO already has been extended once to April 3, 2026. And if the in-person Illinois TRO Hearing goes forward on April 1, 2026, indemnifiable costs will be incurred by Debtors because all parties, including the D&Os, will be required to attend.

74. In light of the foregoing, this Court should grant the requested emergent relief to ensure the proper administration of the estates and prevent any further irreparable harm to BlockFills and its many customers.

IV. THE COURT SHOULD ENTER A TEMPORARY RESTRAINING ORDER PENDING THE OUTCOME OF THE HEARING ON PRELIMINARY INJUNCTION

75. BlockFills requests that the Court enter a temporary restraining order substantially in the form attached to the Motion as Exhibit A.

76. BlockFills further requests that the Court not require it to post any bond or security in connection with the proposed temporary restraining order, or a preliminary injunction, as permitted by Bankruptcy Rule 7065. In particular, because Claimants have no risk of economic harm attributable to a temporary restraining order or preliminary injunction due to the fact that Claimants will substantially benefit from the Chapter 11 Cases and are therefore not impaired by any stay against their claims against the Debtors' D&Os.

CONCLUSION

For the foregoing reasons, BlockFills respectfully requests that this Court enter an order enjoining the continuation of the Prepetition Litigation as against the D&Os pursuant to section 105(a) of the Bankruptcy Code or, alternatively, extending the automatic stay to the Prepetition Litigation as against the D&Os pursuant to section 362 of the Bankruptcy Code, until the effective date of a plan in these Chapter 11 Cases, and grant such other and further relief as this Court deems just and proper.

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Dated: March 25, 2026
Wilmington, Delaware

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 25th day of March, 2026, I caused a true and correct copy of the foregoing to be served by e-mail upon the following:

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