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Via ECF

The Honorable John P. Mastando, U.S.B.J.
United States Bankruptcy Court
Southern District of New York
One Bowling Green
New York, New York 10004

Re: *In re Eletson Holdings, Inc., et al.*, Case No. 23-10322 (JPM)

Dear Judge Mastando:

This office represents Lassia Investment Company, Glafkos Trust Company, and Family Unit Trust Company (collectively, the "Majority Shareholders") and Elafonissos Shipping Corporation ("Elafonissos") in connection with various motions for sanctions filed by Reorganized Eletson Holdings, Inc. ("Reorganized Holdings") in the above matter. The proposed judgment submitted to the Court by Reorganized Holdings (the "Proposed Judgment") on August 6, 2025, with no accompanying papers nor any cite to any authority for the Court to enter it, is both unnecessary and an end-run around the appeals of the Court's prior sanctions orders (the "Sanctions Orders"). The Court should not enter the Proposed Judgment.

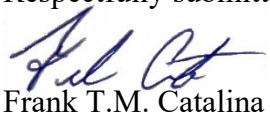
First, Reorganized Holdings' baseless request for the Court to enter the Proposed Judgment is unnecessary because the Court's prior Sanctions Orders are "judgments" under the Federal Rules of Civil Procedure. Rule 54(a) defines a "judgment" as including "a decree and any order from which an appeal lies." All of the Sanctions Orders have been appealed and are currently before the District Court. None have been dismissed for lack of appealability. Accordingly, the Sanctions Orders are already "judgments" and Reorganized Holdings' current request for entry of an additional judgment is needlessly duplicative. Beyond being unnecessary, entry of the Proposed Judgment would be wasteful, both of the Court's and the parties' time and resources. Entry of an additional duplicative judgment will inevitably lead to additional appeals of the very same Sanctions Orders that have already been appealed. This procedure would be spectacularly inefficient, burdening the District Court with numerous appeals implicating the same subject matter. Rather, the Court should decline to enter seriatim judgments while the Sanctions Orders are on appeal at least until resolution of those appeals.

Second, entry of the Proposed Judgment implicates issues that have been properly placed before the District Court, and amount to an end-run around the District Court's jurisdiction to determine those issues. In particular, the Majority Shareholders' appeal of the Sanctions Order entered on

March 13, 2025 (the "March 13 Order") has been fully briefed in the District Court. In that appeal, the Majority Shareholders argue, among other things, that the primary basis for sanctioning the Majority Shareholders in the March 13 Order—their purported participation in court proceeding in Liberia—was eliminated on March 14, 2025, when the relevant Liberian action was voluntarily dismissed by Reorganized Holdings' affiliates. (*See* Appeal Dkt.[1] No. 10 § III.) Reorganized Holdings' Proposed Judgment amounts to a request for the Court to determine—without the submission of any proofs—that the Majority Shareholders were in continuing violation of the Court's prior orders while this very question is before the District Court. As the Court is well aware, "[t]he filing of a bankruptcy appeal 'confers jurisdiction on the [appellate court] and divests the [trial] court of control over those aspects of the case involved in the appeal.'" *In re Sabine Oil & Gas Corp.*, 2016 WL 4203551, at *6 (S.D.N.Y. Aug. 9, 2016) (quoting *In re Wilmo Corp.*, 270 B.R. 99, 105 (S.D.N.Y. 2001)). The Court should decline to enter the duplicative judgment because the Sanctions Orders are before the District Court and this Court lacks jurisdiction to take further action on them.

Finally, Reorganized Holdings' request to enter the Proposed Judgment amounts to a request for the Court to impose fixed sanctions on the parties included therein without showing that these parties have been in continuing violation of the Court's prior orders throughout the durations specified in the Proposed Judgment. This is prohibited by law. The Proposed Judgment amounts to a finding that each of the parties named therein was in violation of the Court's orders every day between February 27, 2025 and July 31, 2025. But Reorganized Holdings has submitted no proofs to support this assumption, despite that it is Reorganized Holdings' burden to so prove. *See, e.g.*, *Markus v. Rozhkov*, 615 B.R. 679, 710 (S.D.N.Y. 2020) (holding that in order for court to impose civil sanctions, "a ***movant must establish***[,]" among other things, that "proof of noncompliance is clear and convincing") (emphasis added). Here, Reorganized Holdings asks the Court to impose fixed monetary sanctions for durations of time where the Court has made no findings as to whether the sanctioned parties have been in compliance with its orders, and Reorganized Holdings submits no proofs in support of its request for entry of the Proposed Judgment. Even if the Court were inclined to enter a duplicative judgment as to matters currently pending before the District Court, which it should not, the Court should at least require Reorganized Holdings to follow the law requiring it to prove by clear and convincing evidence that the sanctioned parties were in violation of the Court's orders throughout the durations for which they seek sanctions.

Respectfully submitted,



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[1] "Appeal Dkt." refers to the docket for the matter *In re Eletson Holdings, Inc.*, No. 25-cv-02897-LJL (S.D.N.Y.).