HERBERT SMITH FREEHILLS KRAMER

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VIA ECF AND EMAIL

The Honorable John P. Mastando III
United States Bankruptcy Court
Southern District of New York
One Bowling Green
New York, NY 10004

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

Dear Judge Mastando:

We write on behalf of Eletson Holdings, Inc. ("Holdings"), in response to the letters filed by (a) Rolnick Kramer Sadighi in its capacity as counsel to Lassia Investment Company ("Lassia"), Glafkos Trust Company ("Glafkos"), Family Unity Trust Company ("Family Unity", and together with Lassia and Glafkos, the "Former Majority Shareholders"), and Elafonissos Shipping Corporation ("Elafonissos", and together with the Former Majority Shareholders, the "Former Shareholders"), and (b) Reed Smith, purportedly on behalf of the fictitious entity named Provisional Holdings ("Purported Provisional Holdings", and together with the Former Majority Shareholders, the "Sanctioned Parties"). [Dkt Nos. 1769, 1770].

This Court has issued multiple Sanctions Orders.[1] The Sanctions Orders are designed to coerce compliance by parties that "oppose or undermine . . . judicial recognition of the Confirmation Order." Further Foreign Opposition Sanction Order at ¶1. The Sanction Orders are judgments of the Court that are "immediately effective and enforceable upon [their] entry." *E.g., id.* at ¶6. Yet, the Sanctioned Parties have refused to comply in the face of daily increasing penalties.

As is necessary when a party in contempt refuses to comply, Holdings seeks entry of a money judgment (the "Judgment") based on the sums accumulated through July 31, 2025. *See Sistem Muhendislik Insaat Sanayi Ve Ticaret, A.S. v. Kyrgyz Republic*, 624 F. Supp. 3d 432, 435 (S.D.N.Y. 2022) (holding that entering periodic judgments based on accumulated sanctions or fines is appropriate where a contemnor refuses to comply), *report and recommendation adopted*, No. 12-CV-4502 (ALC), 2022 WL 5246422 (S.D.N.Y. Oct. 6, 2022); *see also See Agudas Chasidei Chabad of United States v. Russian Fed'n*, 128 F. Supp. 3d 242, 249 (D.D.C. 2015) (entering an interim judgment in the amount of accrued sanctions). The Former Shareholders'

[1] The "Sanctions Orders" are, together (i) the Order in Support of Confirmation and Consummation of the Court-Approved Plan of Reorganization and Imposing Sanctions on Certain Parties [Dkt No. 1495] (the "AOR Sanctions Order"); (ii) the Order in Further Support of Confirmation and Consummation of the Court-Approved Plan of Reorganization [Dkt No. 1537] (the "Foreign Opposition Sanctions Support of Confirmation and Consummation of the Court-Approved Plan o "Further Foreign Opposition Sanctions Order").

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concession that the Sanctions Orders are judgments should preclude their opposition to simply liquidating the amounts owed thereunder.

The two letter objections submitted (the "Objections") demonstrate the need for entry of a Judgment because they evidence such parties' derisive belief that they are not required to comply with the Sanctions Orders. Although the simple act of reducing the Sanctions Order to judgement should not be an opportunity for such parties to take yet another bite at the apple, Holdings briefly addresses their arguments below.

The Pending Appeals Are Irrelevant

There is no need for the Court to again address the misguided argument that pending appeals justify non-compliance. "[I]t is well-established that [f]ederal courts have the authority to enforce their judgments and retain jurisdiction over supplementary proceedings to do so." *Arrowhead Cap. Fin., Ltd. v. Seven Arts Ent., Inc.*, No. 14 CIV. 6512 (KPF), 2017 WL 3394604, at *6 (S.D.N.Y. Aug. 8, 2017) (alterations in original) (internal quotation marks and citations omitted). The pendency of any appeals has no bearing on the Court's power to enforce its own orders. *See In re Prudential Lines, Inc.*, 170 B.R. 222, 243 (S.D.N.Y. 1994).

The Requested Relief Is Not Duplicative

As the foregoing cases show, reducing or liquidating the existing judgment is not a "duplicative order." Once an order granting sanctions has been issued, the subsequent act of entering it with the Clerk of the Court, who can then transcript or abstract it for other jurisdictions, is nothing more than the enforcement of the existing order. In this District, upon letter motion, sanction judgments can be converted into "interim judgment[s] confirming . . . a specific dollar amount." *Joint Stock Co. Channel One Russia Worldwide* v. *Infomir LLC*, No. 16-cv-1318, 2019 WL 8955234, at *17 (S.D.N.Y. Oct. 25, 2019) (internal citation omitted), *report and recommendation adopted sub nom. Joint Stock Co. "Channel One Russia Worldwide"* v. *Infomir LLC*, 2020 WL 1467098 (S.D.N.Y. Mar. 26, 2020).

The Judgment also will enable enforcement of the Court's Sanctions Orders and allow Holdings to seek attachment of the Sanctioned Parties' assets. And clearly it is needed. Look no further than the Sanctioned Parties' letters to this Court, which show indifference to the ever-increasing sanctions upon them, because those sanctions are yet to be enforced. The Judgment is a means for that enforcement. *See* 11 U.S.C. §105; *see also In re Adkins*, 656 B.R. 425, 428 (Bankr. E.D. Mich. 2024) ("[T]he Court's entry of the [first] Order, and the later order enforcing that [first] Order by dismissing this case, were actions 'necessary or appropriate to enforce or implement court orders or rules.'").

The Athens Order Is a Red Herring

As a preliminary matter, the Court can and should ignore the submission by Reed Smith LLP. It was submitted on behalf of Purported Provisional Holdings, a fake entity even according to the Greek court upon which Reed Smith relied to fabricate its existence. *See Letter re: June*

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6, 2025, Greek Decision, [Dkt No. 1697] (dismissing the petition to appointment of interim management for Holdings). Further, Holdings revised the Judgment to remove Purported Provisional Holdings because it simply does not exist. *Id.* In any event, all of the arguments made by Reed Smith are baseless, for the reasons set forth above.

Reed Smith's reliance on a recent Athens court decision (the "Athens Order") denying recognition of the Confirmation Order is a perfect example of the Sanctioned Parties' continual mockery of this Court, the Confirmation Order, and the Bankruptcy Code. This is an irrelevant document and the citation of it is knowingly misleading.[2]

First, as Judge Liman pointed out back in February, Reed Smith and its true clients—the former management and directors of Holdings—have a duty to *support* recognition of the Confirmation Order abroad, not oppose it, as they did in Greece. *See* Feb. 14, 2025, Hr'g Tr., 54:15-57:12, Case No. 23-cv-7331 (LJL) (S.D.N.Y), [Dkt No. 270]. The decision in Athens, to which Reed Smith clings, exemplifies the damage done by Holdings' former management in their efforts to thwart implementation of the Plan. A sanction order was issued, the contempt was clear, that another court, outside the United States, issued an order has nothing to do with what is requested.

Second, to the extent the Court even entertains the submission, the description of the Athens Order is misleading. Holdings has taken the position that it does not need to seek recognition in Greece. It took the recognition step only because of the contemptuous actions of Sanctioned Parties. Nothing in the Athens Order (at least as translated by Reed Smith) alters that.

The Form of the Proposed Judgment

Reed Smith argues that the Judgment "is not in any proper form" yet does not present the Court with any purportedly correct template. The form of a judgment is standard – it states the amount owed by a particular party for a given matter, which the Judgment here accomplishes. It is valid and Reed Smith has not demonstrated anything to the contrary.

Reed Smith also complains that the Judgment improperly "lumps orders together." But each of the Sanctions Orders addresses the same scheme of the Sanctioned Parties—to circumvent the Confirmation Order. In Holdings' view, the Judgment more efficiently addresses that coordinated misconduct. However, if the Court prefers that Holdings propose separate judgments for each party/Sanctions Order, Holdings will do so.

The Continued Contempt

The Sanctioned Parties' ongoing contempt appears to be second nature at this point. *Compare In re Eletson Holdings Inc.*, No. 25-CV-02895 (LJL), 2025 WL 1898931, at n.3, n.8

[2] Indeed, to the extent the Athens Order has any relevance, it appears to confirm that the COMI of Holdings is in New York and does not overturn or alter the order of First Instance (Piraeus), which rejected the existence of a Provisional Board.

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(S.D.N.Y. July 9, 2025) (directing "the parties", which includes "Provisional Holdings Inc.", to refer to Holdings by its proper name, "Eletson Holdings Inc." and not "Reorganized Holdings") *with* Dkt No. 1770 (Reed Smith and Purported Provisional Holdings failing to refer to Holdings as "Eletson Holdings Inc." and instead referring to it incorrectly as Reorganized Holdings). Reed Smith has pivoted again and instead of claiming that it represents "Provisional Holdings," it now starts its letters to this Court with the false statement that Holdings is the "entity that the Second Circuit recognizes as being represented by Reed Smith." The Second Circuit never said that, and Reed Smith should be ashamed of making such a gross misrepresentation of fact to this Court.

All this underscores why the Sanctions Orders were issued in the first place, and why the Judgment is now a necessary next step.

* * * * * *

Accordingly, the Court should overrule the Former Shareholders' and Purported Provisional Holdings' objections and enter the Judgment.

Respectfully submitted,

/s/ *Kyle J. Ortiz*

Kyle J. Ortiz
Partner