

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:	§	
	§	Chapter 11
	§	
RHODIUM ENCORE LLC, <i>et al.</i> , ¹	§	Case No. 24-90448 (ARP)
	§	
Debtors.	§	(Jointly Administered)
	§	

**STATEMENT OF THE AD HOC GROUP OF SAFE PARTIES IN RESPONSE
TO QUINN EMANUEL URQUHART & SULLIVAN, LLP’S SECOND INTERIM
APPLICATION FOR PAYMENT OF COMPENSATION AND REIMBURSEMENT OF
EXPENSES FOR THE PERIOD DECEMBER 1, 2024, THROUGH FEBRUARY 28, 2025
(RELATED TO DOCKET NO. 1112)**

The Ad Hoc Group of SAFE Parties (the “**SAFE AHG**”)² in the above-captioned chapter 11 cases (the “**Chapter 11 Cases**”) of Rhodium Encore LLC and its affiliated debtors and debtors in possession (collectively, the “**Debtors**”), by and through its undersigned counsel, respectfully submits this statement (the “**Statement**”) in response to the *Quinn Emanuel Urquhart & Sullivan, LLP’s Second Interim Application for Payment of Compensation and Reimbursement of Expenses for the Period December 1, 2024, Through February 28, 2025* [Docket No. 1112] (the “**Application**”). In support of this Statement, the SAFE AHG respectfully represents as follows:

¹ Debtors in these chapter 11 cases and the last four digits of their corporate identification numbers are as follows: Rhodium Encore LLC (3974), Jordan HPC LLC (3683), Rhodium JV LLC (5323), Rhodium 2.0 LLC (1013), Rhodium 10MW LLC (4142), Rhodium 30MW LLC (0263), Jordan HPC Sub LLC (0463), Rhodium 2.0 Sub LLC (5319), Rhodium 10MW Sub LLC (3827), Rhodium 30MW Sub LLC (4386), Rhodium Encore Sub LLC (1064), Rhodium Enterprises, Inc. (6290), Rhodium Industries LLC (4771), Rhodium Ready Ventures LLC (8618), Rhodium Renewables LLC (0748), Air HPC LLC (0387), Rhodium Renewables Sub LLC (9511), Rhodium Shared Services LLC (5868), and Rhodium Technologies LLC (3973). The mailing and service address of Debtors in these chapter 11 cases is 2617 Bissonnet Street, Suite 234, Houston, TX 77005.

² As defined in *First Supplemental Verified Statement of Ad Hoc Group of SAFE Parties Pursuant to Bankruptcy Rule 2019* [Docket No. 607].



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STATEMENT³

1. On May 16, 2025, Quinn Emanuel Urquhart & Sullivan, LLP (“**Quinn**”) filed its second fee application seeking allowance of compensation for professional services rendered and reimbursement of expenses incurred as bankruptcy counsel to the Debtors for the period covering December 1, 2024 through and including February 28, 2025 (the “**Compensation Period**”). By the Application, Quinn seeks allowance of \$2,477,390.50 in fees and reimbursement \$81,892.33 in expenses. The SAFE AHG continues to have concerns with respect to estate professionals acting beyond the scope of their delegated responsibilities and duplicating the work of other estate professionals.

2. As this Court is aware, the primary substantive task remaining in these cases is determining the appropriate allocation of the estates’ assets to the Debtors’ stakeholders (“**Asset Allocation**”). The Special Committee of the Debtors’ board of directors (the “**Special Committee**”) was formed, and the Special Committee retained separate counsel, specifically in recognition of significant conflicts between and among the interests of Rhodium Enterprises, Inc. (“**REI**”), REI’s non-insider stakeholders, and the Related Parties. The REI resolutions (the “**Resolutions**”) establishing the Special Committee define “**Conflict Matter**” to include any:

matter in which a conflict of interest exists or is reasonably likely to exist between [REI], on the one hand, and any of its direct or indirect equity holders, affiliates, subsidiaries, directors, officers, or other stakeholders, or any affiliate or other related party of the foregoing (each a “**Related Party**” and, collectively, the “**Related Parties**”).⁴

³ Capitalized terms used but not defined herein shall have the meanings given to them in this the Application or the *Declaration of David M. Dunn In Support of Chapter 11 Petitions and First Day Relief* [Docket No. 35], as appropriate.

⁴ *Declaration of David Eaton in Support of the Application for an Order Authorizing the Retention of Barnes & Thornburg LLP as Counsel to the Special Committee of the Board of Directors of Rhodium Enterprises, Inc.* [Docket No. 175-3], at ¶6.

The resolutions delegate to the Special Committee and its separate counsel, among other things, sole responsibility for (i) “making any decisions or taking any actions respecting any other matter involving Rhodium Enterprises or its subsidiaries *in which a Related Party has an interest*,” (ii) the “investigation, resolution or taking of other action” with respect to any estate claims against the Related Parties, and (iii) “exploring and making all decisions respecting all or part of any transaction” that is a Conflict Matter.

3. In connection with plan related mediation, the agreed mediation order [Docket No. (the “**Plan Mediation Order**”), which was signed by both Quinn and Barnes & Thornburgh, called for the recusal of the plenary board—which includes various of the Debtors’ insiders—and Quinn from most matters at issue in the mediation based on their conflicts of interest. The Plan Mediation Order specifically acknowledges that “current and former members of the full board of directors of REI and investment vehicles owned or controlled by such members, and/or members appointed by them, have individual financial interests in the outcome of the Mediation (‘Insiders’).” Plan Mediation Order, at ¶ 5. The Plan Mediation Order further acknowledged that *“the question of how consideration is allocated, including in a restructuring or as part of a plan of reorganization, between different constituents who have asserted conflicting legal and equitable theories to support their claims and interests, is an inherent Conflict Matter (‘Allocation Conflict’)* over which the Special Committee has authority on behalf of Debtors.” *Id.*

4. The Mediation Order also acknowledged that the Special Committee “retained, and the estates have paid for, independent counsel (Barnes & Thornburg LLP),” and provided that Special Committee would not seek advice from “Quinn Emanuel or any other law firm that reports to the full board of the Debtors concerning the Allocation Conflict or any other Conflict Matter.” *Id.* Notably, the Special Committee is the sole body authorized by the Debtors’ charter to handle

“Conflict Matters” in any context, whether inside or outside of mediation, including any matter “in which a Related Party has an Interest.” The SAFE AHG is concerned that Quinn has nevertheless acted on numerous Conflict Matters, including by advocating for positions that benefit members of the plenary board of directors, at substantial estate expense, including, but not limited to analysis of the claims asserted by the SAFE parties and the viability of exercising warrants by certain parties.

5. Outside of issues related to allocation of value among the Debtors’ stakeholders, as this Court saw play out over the last month, the SAFE AHG is concerned regarding potential significant duplication of efforts between Quinn and Stris & Maher LLP with respect to attempts to modify the Lehotsky Keller Cohn LLP retention order. The SAFE AHG intends to review closely professional fee bills in these cases, and reserves its right to object to any application for payment of fees in a manner inconsistent with the Debtors’ charter, or the Bankruptcy Code and Rules.

RESERVATION OF RIGHTS

6. This Statement is submitted without prejudice to, and with a full reservation of, the SAFE AHG’s rights, claims, defenses and remedies, including the right to amend, modify or supplement this Statement to raise additional objections and to introduce evidence at any interim and/or final hearing relating to the Application, and without in any way limiting any other rights of the SAFE AHG to further respond to the Application on any grounds, as may be appropriate. Among other things, the SAFE AHG reserves its right to object to any other fee applications that may be submitted in the future in connection with the Application.

Dated: June 6, 2025

Respectfully Submitted,

AKIN GUMP STRAUSS HAUER & FELD LLP

/s/ Sarah Link Schultz

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CERTIFICATE OF SERVICE

I hereby certify that on June 6, 2025, a true and correct copy of the foregoing document was served by the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas.

/s/ Sarah Link Schultz
Sarah Link Schultz