

**IN THE UNITED STATES BANKRUPTCY COURT
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)
	§	

**SPECIAL COMMITTEE'S STATUS REPORT REGARDING
MEDIATION AND COMMENT ON THE SAFE AHG's EMERGENCY
REQUEST FOR A STATUS CONFERENCE REGARDING
DEBTORS' INSURANCE SETTLEMENT AGREEMENT
AND SAFE AHG MOTION TO COMPEL**

The Special Committee of the Board of Directors of Debtor Rhodium Enterprises, Inc. (the "Special Committee") respectfully submits this Status Report as an update to the Court regarding the June 23, 2025, mediation on the D&O Claims involving: (i) Rhodium Encore LLC and its associated debtors and debtors-in-possession (collectively, the "Debtors"); (ii) Chase Blackmon, Cameron Blackmon, Nathan Nichols, and Nicholas Cerasuolo (the "Founders"); (iii) Imperium Investments Holdings, Inc. ("Imperium"); (iv) the Transcend Parties (as defined in the Plan);² and (v) certain of the insurance carriers providing directors and officers

¹ The 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), Rhodium Enterprises, Inc. (6290), Rhodium Technologies LLC (3973), Rhodium Renewables LLC (0748), Air HPC LLC (0387), Rhodium Shared Services LLC (5868), Rhodium Ready Ventures LLC (8618), Rhodium Industries LLC (4771), Rhodium Encore Sub LLC (1064), Jordan HPC Sub LLC (0463), Rhodium 2.0 Sub LLC (5319), Rhodium 10MW Sub LLC (3827), Rhodium 30MW Sub LLC (4386), and Rhodium Renewables Sub LLC (9511). The mailing and service address of the Debtors in these Chapter 11 Cases is 2617 Bissonnet Street, Suite 234, Houston, TX 77005.

² All capitalized terms not defined herein shall have the definitions attributed to them in the Plan and/or Plan Support Agreement.



insurance (the “D&O Insurers”). The Special Committee also comments on the SAFE AHG’s Emergency Request for a Status Conference Regarding Debtors’ Putative D&O Insurance Settlement Agreement and SAFE AHG Motion to Compel. This Status Report does not contain any mediation privileged information and is in no way intended to waive the protections applicable to the mediation or any other privilege.

BACKGROUND

1. The Debtors and the Transcend Parties have identified and asserted certain claims against the Founders and Imperium, including: (i) certain colorable claims that the Debtors may assert against the Founders and Imperium as detailed in the report arising from the Special Committee’s investigation into such claims (“Rhodium D&O Claims”); and (ii) the claims asserted in a lawsuit filed by the Transcend Parties in Tarrant County, Texas and subsequently removed to bankruptcy court (“Transcend Contributed Claims” and, together with the Rhodium D&O Claims, the “D&O Claims”).

2. On June 10, 2025, the Special Committee filed the Plan Support Agreement (ECF No. 1257) between: (i) the Debtors; (ii) the Transcend Parties; (iii) Imperium; (iv) certain supporting holders of Class A Common Stock in REI (the “Settling Common Interests”); and (v) the Founders (collectively, the “PSA Parties”).

3. The Plan Support Agreement provides the terms and conditions on which the Consenting Stakeholders agree to support the Debtors’ Amended Chapter 11 Plan (ECF No. 1297), following settlement discussions concerning the D&O Claims

as well as the Warrant Dispute and the Imperium Equity Claim (as those claims are defined in the Plan Support Agreement).

4. The Plan Support Agreement includes the potential for reaching a settlement with the D&O Insurers (the “Insurance Settlement”) in advance of confirmation of the proposed Plan. The Founders submitted three demand letters to the D&O Insurers for coverage relating to the D&O Claims and the Special Committee organized a mediation for the purpose of attempting a settlement of the demands to the D&O Insurers (the “D&O Mediation”).

THE MEDIATION

5. On June 23, 2025, mediator Jed Melnick conducted the D&O Mediation for a full day in White Plains, New York. Mr. Melnick required all parties, entities, and individuals who were represented at the mediation session to execute a confidentiality agreement.

6. The following parties attended the D&O Mediation:

- a. the Debtors;
- b. the Special Committee;
- c. the Founders;
- d. Imperium;
- e. counsel for the Official Committee of Unsecured Creditors appointed in the Debtors’ chapter 11 cases (the “UCC”);
- f. counsel for the Transcend Parties (attending virtually); and
- g. certain of the D&O Insurers.

7. With respect to the UCC, the Special Committee invited the UCC's counsel—Nathaniel Allard and Joseph Evans of McDermott, Will & Emery, to attend the mediation. The UCC's counsel participated in extensive discussions with Michael Robinson (Co-Chief Restructuring Officer) and received a download by the Special Committee on its analysis of the claims and potential settlement.

8. The mediation itself proved to be productive; the participants engaged in a fulsome and professional discussion of the issues. Following the in-person meeting, the Founders, Imperium, Special Committee, and D&O Insurers continued discussions and eventually reached an agreement in principle on June 30, 2025. Certain of the PSA Parties covered by the mediation privilege received updates regarding the potential settlement and have agreed to continue supporting the proposed Plan including the proposed Insurance Settlement.

9. The mediation parties continue to work on a term sheet outlining the principal terms of the Insurance Settlement. On July 24, 2025, the Special Committee shared a draft of the Insurance Settlement term sheet with counsel for the SAFE AHG subject to the terms of this Court's Protective Order [ECF No. 152], and, on August 2, 2025, shared a draft of the same with counsel for the UCC subject to the same protections. Once the requisite parties finalize the Insurance Settlement, the Special Committee will seek approval from this Court and will make additional information from its Report available to parties in interest, subject to the terms of the Protective Order and the entry of a 502(d) order.

10. The Special Committee also expects that Mr. Melnick will file a Mediator's Declaration.

11. At present, the Court has abated all confirmation matters and deadlines pending the outcome of the Debtors' Omnibus Objection to the SAFE Claims [ECF No. 1126] indefinitely. *See* Scheduling Order at ECF No. 1316. The SAFE AHC filed its Emergency Request For a Status Conference Regarding Debtors' Putative D&O Insurance Settlement Agreement and Safe AHG Motion To Compel filed at ECF No. 1493 (the "Second Motion to Compel") but never justified any basis for emergency consideration other than the impatient and repeated efforts to invade the Special Committee's process to maximize value for these bankruptcy estates.

12. As to the Debtors, no discovery request remains pending because the Debtors satisfied all requirements of the SAFE AHG's prior Motion to Compel at ECF Nos. 1079 & 1080. The SAFE AHG never issued any new discovery to the Debtors and has failed and refused to provide any discovery to the Debtors. As such, the Second Motion to Compel merely rehashes old arguments that this Court already rejected—the Special Committee cannot be compelled to produce documents relating to its negotiation of a settlement until that settlement becomes final or fails. At the hearing on the SAFE Motion to Compel, the Court considered the precise issue of producing documents consisting of settlement negotiations and ruled that:

THE COURT: And look, they -- that's absolutely fair, okay. And to the extent that they're saying this is the value that's available, you're entitled to test whether, in fact, there's more value available or less value available. And you're going to have, you know, whatever you need to do that. But we're in a situation where Mr. Schmeltz is trying to create

value, okay, and I'm not -- again, I'm going to let him do that without somebody looking over his shoulder.

5/21/25 Hr'g Tr. at 77. In that ruling, the Court identified the fundamental issue with the SAFE AHG's approach. The Special Committee (alone) identified causes of action, participated in a mediation that procured the Insurance Settlement, and will present the Insurance Settlement to the Court when it becomes final and binding, subject to Court approval. Before then, the SAFE AHG's "looking over the shoulder" threatens to upend that hard-fought progress and interfere with causes of action and contract rights that are paradigmatically property of these bankruptcy estates. The Special Committee's actions to document the Insurance Settlement with multiple participating parties should not be upended prematurely because of the SAFE AHG's impatience. Given the indefinite stay of confirmation related activities, no cause exists to rush the Special Committee's efforts or to force disclosure of sensitive settlement negotiations.

Respectfully submitted this 2nd day of August, 2025.

BARNES & THORNBURG LLP

/s/ Trace Schmeltz

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Board of Directors of Rhodium Enterprises,
Inc.*

Certificate of Service

I, Vincent P. (Trace) Schmeltz III, hereby certify that on the 2nd day of August, 2025, a copy of the foregoing was served via the Clerk of the Court through the ECF system to the parties registered to receive such service.

/s/ Trace Schmeltz
Vincent P. (Trace) Schmeltz III