

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)
	§	
LEHOTSKY KELLER COHN LLP,	§	
	§	
Plaintiff,	§	Adv. Proc. No. 26-_____
	§	
v.	§	
	§	
SPECIAL COMMITTEE OF THE BOARD OF DIRECTORS OF RHODIUM ENTERPRISES, INC.; DAVID EATON; SPENCER WELLS; AD HOC GROUP OF SAFE PARTIES,	§	
	§	
Defendants.	§	
	§	
	§	
	§	
	§	

ADVERSARY COMPLAINT FOR DAMAGES

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), Rhodium Enterprises, Inc. (6290), Rhodium Technologies 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 Debtors in these chapter 11 cases is 2617 Bissonnet Street, Suite 234, Houston, TX 77005.



Plaintiff Lehotsky Keller Cohn LLP (“**LKC**”) brings this Adversary Complaint against Defendants the Special Committee of the Board of Directors of Rhodium Enterprises, Inc., David Eaton, Spencer Wells (collectively the “**Special Committee**”), and the Ad Hoc Group of SAFE Parties (“**SAFE AHG**”), for tortious interference with a contract, abuse of process, and civil conspiracy. LKC is entitled to more than \$1.5 million in actual damages, plus exemplary damages, attorney’s fees, pre-judgment interest, post-judgment interest, and such other relief as the Court deems just and proper.

INTRODUCTION

1. For months, the Special Committee and the SAFE AHG did everything they could to burden LKC with unnecessary litigation, assault the firm’s professional reputation, and deprive LKC of the success fee it earned through years of exceptional work on behalf of the Debtors. The time has come for Defendants to answer for their abuse of process, tortious interference, and civil conspiracy.

2. LKC represented Rhodium for two years through multiple periods when the survival of Rhodium’s business was on the line. The results LKC obtained were “exceptional.” ECF No. 1111 at 3. Not only did Debtors survive, but they secured a \$185 million settlement with Whinstone in April 2025. The Debtors “fully recognize[d] the value of [LKC’s] services” and acknowledged LKC “paved the way for a settlement with Whinstone.” ECF No. 1111-1 at 4, ¶ 13.

3. Nonetheless, Defendants sought to reduce LKC’s fees and enlarge their own. Seeking to boost their own recovery, the SAFE AHG directed and coordinated with the Special Committee to wage a malicious campaign against LKC—one based entirely on frivolous claims and sanctionable lies. The transparent goal was to coerce LKC into accepting a fraction of what it was owed.

4. The Special Committee admitted to LKC that it was acting at the direction of the SAFE AHG, not the Debtors. Lead counsel to the Special Committee, Mr. Trace Schmeltz of Barnes & Thornburg, referred to the SAFE AHG as his “master.” He also took the position—on the record when disputing LKC’s fees—that the Debtors were not adverse to LKC.

5. In coordination with the SAFE AHG, the Special Committee embarked on a scorched-earth litigation campaign against LKC designed to bully the firm into capitulating and accepting a lower fee. The Special Committee publicly accused LKC of breaching its fiduciary duty to the Debtors, committing malpractice and fraud, and violating its ethical obligations—accusations the Special Committee knew were false and eventually withdrew without explanation. The Special Committee also refused to negotiate in good faith as required by LKC’s court-approved engagement letter. And the Special Committee forced LKC to engage in extensive discovery, motion practice, and four days of trial, all based on a fictitious premise the Special Committee knew was false from the beginning.

6. The damage to LKC has been severe. LKC incurred more than \$1.5 million in attorney’s fees and expenses defending against Defendants’ baseless attacks and recovering its success fee. Payment of the success fee was delayed eight months. And LKC’s professional reputation was damaged by months of public accusations that were reported in the media and remain searchable online today.

7. Ultimately, the Court saw through the Special Committee’s malicious smear campaign and awarded LKC its success fee in full. ECF No. 2198. But that does not undo the harm Defendants caused or excuse their unlawful conduct. Indeed, Defendants *still* have not relented, filing frivolous appeals of the Court’s order approving LKC’s fee in an attempt to keep LKC locked in costly litigation over baseless accusations. *See* ECF Nos. 2213, 2214.

8. The Special Committee and the SAFE AHG tortiously interfered with LKC's contract with the Debtors, abused the judicial process, and conspired to deprive LKC of its hard-earned fee. They must be held accountable.

PARTIES

9. Plaintiff Lehotsky Keller Cohn LLP is a national litigation boutique that handles high-stakes matters in federal and state courts across the country.

10. Defendant Special Committee of the Board of Directors of Rhodium Enterprises, Inc. is a committee formed by the Board of Directors of Rhodium Enterprises, Inc. in connection with these Chapter 11 bankruptcy proceedings. The Special Committee may be served through its counsel, Barnes & Thornburg LLP, One North Wacker Drive, Suite 4400, Chicago, Illinois 60606.

11. Defendant David Eaton is an independent director of Rhodium Enterprises, Inc. and a member of the Special Committee.

12. Defendant Spencer Wells is an independent director of Rhodium Enterprises, Inc. and a member of the Special Committee.

13. Defendant Ad Hoc Group of SAFE Parties is an ad hoc group of holders of certain simple agreements for future equity issued by the Debtors.² The SAFE AHG may be served through its counsel, Akin Gump Strauss Hauer & Feld, 2300 North Field Street, Suite 1800, Dallas, Texas 75201.

² The following individuals and entities are members of the Ad Hoc Group of SAFE Parties: Blockchain Recovery Investment Consortium, LLC, acting in its capacity as the Complex Asset Recovery Manager and Litigation Administrator for Celsius Holding LLC; James M. Farrar and Adda B. Delgadillo-Farrar; Thomas Lienhart; Pepper Grove Holdings Limited; Private Investor Club Feeder Fund 2021-H LLC; Emil Stefkov; Robert Schoemaker; Russell's Bromeliads EQRP 401K; Ten R Ten, LLC; Brad Weber; General Global Capital; JWS QRP Holdings LLC; Permit Ventures LLC; Ranger Private Investment Partners, L.P.; and Winchester Partners L.P. *See* ECF No. 1346 at 6-7 (Third Supplemental Verified Statement of Ad Hoc Group of Safe Parties Pursuant to Bankruptcy Rule 2019).

JURISDICTION AND VENUE

14. This adversary proceeding is brought pursuant to Federal Rule of Bankruptcy Procedure 7001.

15. The Court has jurisdiction over this adversary proceeding under 28 U.S.C. §§ 157, 1334, and 2201.

16. This adversary proceeding is a core proceeding pursuant to 28 U.S.C. § 157(b).

17. Venue is proper under 28 U.S.C. §§ 1408 and 1409.

18. The claims asserted herein arise under Texas law.

19. LKC consents to the entry of final orders or judgment by this Court in this adversary proceeding if it is determined that the Court, absent consent of the parties, cannot enter final orders or judgment consistent with Article III of the United States Constitution.

BACKGROUND

I. LKC's Exceptional Representation of the Debtors

20. Long before bankruptcy proceedings commenced, LKC and Stris & Maher LLP represented Rhodium through multiple periods when the survival of Rhodium's business was on the line. ECF No. 1111 at 3.

21. The results they obtained were "exceptional." *Id.* LKC and Stris repeatedly helped the Debtors secure crucial injunctive relief. According to the Debtors' general counsel, "without the injunctions, Rhodium would have likely been forced out of business." ECF No. 1111-1 at 2 ¶ 6.

22. When the Debtors entered bankruptcy, LKC and Stris continued to represent them in the assumption litigation against Whinstone, delivering critical victories on assumption-related issues. *See, e.g.*, ECF Nos. 579, 763, 800.

23. LKC and Stris also developed affirmative claims against Whinstone and its parent company Riot, allowing the Debtors to file a complaint for more than \$300 million before mediation. ECF No. 770.

24. Due to LKC's and Stris's successful representation, the Debtors secured a \$185 million settlement with Whinstone in April 2025. *See* ECF Nos. 880 at 9, 921 at 11.

25. The Debtors “fully recognize[d] the value of [LKC's] services” and acknowledged LKC “paved the way for a settlement with Whinstone.” ECF No. 1111-1 at 4, ¶ 13. As the Debtors told the Court, “LKC provided enormous value to the estate.” ECF No. 1111 at 10. “LKC's contributions were substantial and critical to the value of the estate.” *Id.* at 11. Its services were “exceptional.” In the words of the Debtors' CEO and chairman of the board, LKC won “[e]very single battle” and never “fail[ed]” or “let [the Debtors] down.” Chase Blackmon Dep Tr. 29:2-13. As he put it, “Y'all are winners. Let the winners continue to win. You know, go forth and conquer.” *Id.* at 29:8-9.

II. The Special Committee Refuses to Negotiate LKC's Success Fee in Good Faith

26. Under the Court's updated retention order, LKC was entitled to a percentage of “any recovered energy credits” and “any additional damages not attributable to energy credits.” ECF No. 1418 at 5-6.

27. In the event of settlement, the engagement letter approved by the Court provided that “the [Debtors] and Lehotsky Keller Cohn LLP will determine in good faith the portion of the transaction value [...] allocable to energy credits.” *Id.* at 6.

28. Despite this Court-approved framework requiring good-faith determination of the allocation, the Special Committee (after claiming that the Debtors were conflicted) refused to engage in any meaningful negotiation.

29. The Special Committee stonewalled LKC's requests for information and refused to share even documents the Debtors had provided to other parties to the bankruptcy, including the SAFE AHG.

30. The Special Committee's refusal to negotiate or share any documents left LKC no choice but to pursue discovery relevant to the allocation of settlement proceeds. On August 7, 2025, LKC issued Rule 2004 discovery requests to the Debtors seeking targeted information related to LKC's fees—documents the Special Committee should already have voluntarily produced. ECF No. 1515.

III. The Special Committee Initiates a Campaign of False Accusations

31. The Special Committee responded with hostility. On August 13, 2025, Barnes & Thornburg sent a late-night ultimatum demanding withdrawal of the Rule 2004 requests by 1:30 p.m. the next day, accusing LKC of “violat[ing] its professional responsibilities and fiduciary duties” and threatening sanctions. ECF No. 1529-2.

32. The next day, LKC asked for a status conference to get “the Court's guidance.” ECF No. 1529 at 3. The Special Committee then moved to quash LKC's Rule 2004 requests, littering its motion with incendiary allegations, and even opposed the status conference. ECF No. 1530.

33. The Special Committee accused LKC of acting in “utter disregard to [LKC's] clients' need to comply with the Whinstone settlement agreement and the Internal Revenue Code,” *id.* at 2; “violat[ing] its professional responsibilities and its fiduciary duties,” *id.* at 3; making “unethical” and “sanctionable” discovery requests, *id.* at 14; and creating “an artificial emergency,” *id.* at 14.

IV. The SAFE AHG Becomes the Special Committee’s “New Master”

34. The Special Committee’s abusive rhetoric and conduct quickly intensified. After the Court’s ruling on the Debtors’ Objection to the SAFE Proofs of Claim, ECF No. 1592, Trace Schmeltz of Barnes & Thornburg informed LKC’s counsel that he had a “new master.” From that point forward, presumably at the behest of its new master, the Special Committee increased its threats and invectives against LKC. And, ultimately, at the direction of the SAFE AHG, the Special Committee informed LKC that the SAFE AHG would take over negotiations.

35. The SAFE AHG had a direct financial interest in reducing LKC’s success fee, and indeed, a few months earlier, had attempted to block LKC from receiving any success fee at all. As the Court is aware, the SAFE AHG previously complained that the success fee was not fully disclosed, as a result of a decision made by *Debtors’ bankruptcy counsel* to delete details on the fee calculation that LKC had sought to include. And when the Debtors promptly remedied that issue, the SAFE AHG wasted more estate assets by challenging the updated retention application.

36. The Court rejected the SAFE AHG’s meritless challenge. As the Court concluded: “Given the contributions by LKC to the Whinstone matter, it would be unreasonable for this Court to hold that LKC cannot receive a contingent fee.” ECF No. 1418 at 19. The Debtors shared this view, recognizing that LKC had “obtained exceptional results for Rhodium” and “provided enormous value to the estate,” ECF No. 1111 at 3, 10-11, and declaring that “LKC helped save Rhodium from going out of business multiple times and paved the way for a settlement with Whinstone.” *Id.* ¶ 13.

37. Nonetheless, the SAFE AHG refused to accept the Court’s decision. Not only did it file a frivolous appeal,³ but the SAFE AHG continued its efforts in this Court as well. The SAFE AHG publicly—and baselessly—characterized the LKC fee as “extraordinarily large,” ECF No. 1638 at 2-3, an ironic description considering the \$8.5 million “substantial contribution” fee that the Special Committee gifted its master. The SAFE AHG also directed the Special Committee to contest LKC’s fees and, ultimately, to allow the SAFE AHG to handle negotiations.

V. The Special Committee Files Baseless Claims of Fiduciary Breach

38. With its new master in charge, the Special Committee amped up its rhetoric and incendiary accusations. The Special Committee accused LKC of “irrational impatience,” ECF No. 1614 at 1; “alarming” and “improper behavior,” *id.* at 2; “ignoring its ethical obligations,” *id.*; making discovery requests “in bad faith” that were “intended to spook Debtors and the Special Committee into paying LKC prematurely,” *id.* at 8; and demonstrating “disregard for an attorney’s obligation of candor to the Court,” *id.* at 13.

39. The Special Committee then demanded that LKC delay its fee application until the Debtors *and Whinstone*—LKC’s former adversary—reached an agreement on how much of the \$185 million settlement should be allocated to damages. Seeing through this delay tactic and unwilling to let a former adversary dictate its fee, LKC opposed.

40. In response, the Special Committee threatened to bring claims against LKC “for breach of fiduciary duty, malpractice, and fraud.” ECF No. 1633-3. The Special Committee said it would publicly file these claims if LKC did not acquiesce.

³ See ECF No. 2275 at 34 (statement of issues to be presented on appeal) (“Whether the Bankruptcy Court erred in granting Debtors’ *Application for an Updated Order Authorizing the Retention and Employment of Lehotsky Keller Cohn LLP as Special Litigation Counsel* [Dkt. No. 835]?”). Even if the SAFE AHG could establish an abuse of discretion—and it absolutely cannot—LKC could still recover its fees under the original retention order. And, even if that retention order were invalid too, LKC could recover its fees as a creditor. Thus, the SAFE AHG’s position is triply meritless and nothing more than another attempt to burden LKC.

41. LKC asked counsel for the Special Committee what basis it had for accusing LKC of misconduct. Counsel for the Special Committee admitted he could not articulate any claim. *See* ECF No. 1633 at 6.

42. LKC warned the Special Committee against making a frivolous filing. LKC also requested that if the Special Committee insisted on filing a claim, it do so under seal to avoid public damage to LKC's reputation. But the Special Committee refused. *See* Exs. A, B to ECF No. 2151 (Sept. 10 and Sept. 30, 2025 emails from T. Schmeltz to J. Wolfshohl).

43. On September 30, 2025, the Special Committee sent an email to LKC's counsel stating: "Tomorrow, we will be filing our objection to your client's application and our affirmative claim for breach of fiduciary duty. We do not intend to file this document under seal." ECF No. 2151, Ex. B.

44. The next day, the Special Committee filed its objection to LKC's fee application, publicly declaring: "The Debtors hold and assert a claim against LKC for breach of fiduciary duty in connection with the Fee Application." ECF No. 1732 at 20.

45. The Special Committee baselessly contended that:

- a. "LKC breached its fiduciary duty by demanding fees before they are due—and by making that demand in such a manner that, if Rhodium acquiesced, would create substantial liability," *id.* at 21;
- b. "Making the payment that LKC demands would cause Rhodium to breach the PSA and possibly violate the Internal Revenue Code and the Treasury Regulations thereunder," *id.*; and
- c. "LKC is putting the Debtors—its own clients—in a terrible position as part of what looks like an effort to leverage a favorable result," *id.*

46. As expected, the false allegations were reported in the media and damaged LKC's professional reputation. The reports are still public and come up with a Google search of "Lehotsky Keller Cohn" and "bankruptcy."⁴

47. The Special Committee eventually abandoned its breach-of-fiduciary-duty allegations against LKC. On November 1, 2025, just two days before trial, the Special Committee filed a notice withdrawing its "arguments and/or claims related to any breach of privilege, ethical obligations, fiduciary duty or other misconduct by Lehotsky Keller Cohn." ECF No. 1930 at 1.

48. The Special Committee's filing provided no explanation for this abrupt reversal after months of public accusations. The Special Committee never apologized for its baseless accusations or acknowledged their falsity.

VI. The Special Committee's Vexatious Litigation Conduct

49. The Special Committee abused the discovery process as well, unilaterally refusing to attend depositions or to produce documents, and imposing needless expense on LKC.

50. For example, LKC noticed the deposition of Chase Blackmon, the Debtors' CEO and Chairman of the Board, for October 16, 2025. Two LKC attorneys traveled from Washington, D.C. for the deposition. After those attorneys were in flight, the Special Committee notified LKC that Mr. Blackmon would not be appearing for his duly noticed deposition. The Special Committee acknowledged to the Court that it would not produce Mr. Blackmon for his scheduled deposition. Hearing Tr. Oct. 15, 2025 at 17:4-10, 18:25-19:1.

51. Likewise, the Special Committee chose not to follow this Court's order to produce third-party communications. The Special Committee produced none of its correspondence with

⁴ See, e.g., Ben Zigterman, *Fee Dispute Stalls Rhodium Ch. 11 Plan*, Law360 (Dec. 3, 2025), <https://tinyurl.com/ycxz7dfk>; Randi Love, *Rhodium Board Committee, Stakeholders Appeal Bankruptcy Fees*, Bloomberg Law (Jan. 8, 2026), <https://tinyurl.com/mrywrcbx>.

the SAFE AHG (not even the paltry handful of documents the SAFE AHG produced), concealing the full extent to which the Special Committee served its master.

52. The Special Committee also engaged in gamesmanship with its disclosures of experts and expert reports. At noon on October 30, 2025—the deadline for exchanging witness and exhibit lists—the Special Committee identified Joe Nardini as a “fact and expert witness” and produced a purported expert report from B. Riley just minutes before the filing deadline. ECF No. 1897; *see* ECF No. 1933 at 3-4. The Special Committee offered the witness for a one-hour remote deposition on Sunday, November 2, the day before trial.

53. The Court made clear it would not tolerate this “trial by ambush.” Hearing Tr. Oct. 30, 2025 at 15:24-16:1. The Special Committee withdrew the B. Riley expert entirely. Shortly thereafter, at 9:04 p.m. Central Time, the Special Committee clawed back the B. Riley expert report, instructing LKC to “cease any review, dissemination, or use of these materials, and return or destroy all copies immediately.” ECF No. 1933-3 at 4.

54. The Special Committee then pivoted to a new expert, Mike Rosten from BDO. On the evening of October 30, the Special Committee informed LKC that it would produce its “BDO representative” for deposition the following afternoon. ECF No. 1933-4 at 4-5. The Special Committee did not provide Mr. Rosten’s untimely expert report until midnight Central Time, just 14 hours before Mr. Rosten’s scheduled deposition. ECF No. 1933-7.

55. Mr. Rosten’s deposition revealed he had not reached his own expert opinions. The Special Committee had retained Mr. Rosten just two days earlier. ECF No. 1933-2 at 11:9-17. He did not even author the report bearing his signature; it was written by his colleague, Jeff Katz, who would be unavailable to testify at trial. *Id.* at 35:5-37:1; 132:12-16.

56. After this disastrous deposition, the Special Committee elected not to call Mr. Rosten as a witness at trial, rendering the entire costly exercise a waste of estate resources and LKC's time.

VII. The Special Committee's Story Unravels

57. The fee dispute proceeded to trial, requiring the Court to conduct hearings on four separate days: November 3, December 3, December 11, and December 17, 2025. As this process played out, it became increasingly clear that the Special Committee had no basis for its allegations against LKC or the positions it was taking before the Court.

58. The crux of the Special Committee's objection to LKC's fee application was that LKC and the Court must wait for the Debtors' "agreed upon" tax allocation with Whinstone. ECF No. 1732 at 17. The Special Committee claimed that the tax allocation would "determine how the settlement payment will be allocated as between a Damages Amount and an Asset Purchase Amount." ECF No. 1732 at 17. At every stage of this dispute, the Special Committee relied on the supposed need to wait for the tax allocation.

59. The Special Committee refused to negotiate with LKC until "after that allocation is completed." ECF No. 1614 at 3; *see also id.* at 7. Indeed, lead counsel for the Special Committee "asked one of [his] colleagues to inform [LKC] that the tax allocations had not yet been resolved and we could not proceed in further fee discussions until the Allocation Statement was completed." ECF No. 1530-1 at 5.

60. The Special Committee also resisted Rule 2004 discovery on the ground that it predated an agreement with Whinstone on the tax allocation. In moving to quash Rule 2004 discovery, the Special Committee argued that the tax "allocation must be determined first, and agreed upon with Whinstone." ECF No. 1614 at 3. The Special Committee insisted "[t]here [wa]s nothing to

discover” before the tax allocation was complete because the “evidence . . . d[id] not yet exist.” *Id.* at 10.

61. The Special Committee used the supposedly forthcoming agreed-upon tax allocation to delay the Court’s consideration of LKC’s fee application. In reply in support of its motion for an extension of time, the Special Committee again asserted that “[o]nly *after* that allocation is complete can the Debtors and LKC (or the Court) negotiate the amount of the success fee, which is dependent on the amount allocated to the settlement of legal claims.” ECF No. 1665 at 2. It labelled LKC’s fee application “premature” because “[c]alculation of the Success Fee . . . would be futile and improper *unless and until* the Debtors and Whinstone reach agreement on how, for tax purposes, to allocate the money paid by Whinstone to Debtors.” ECF No. 1732 at 17. According to the Special Committee, “[t]he Success Fee can only be calculated after the Debtors and Whinstone determine how the settlement payment will be allocated as between a Damages Amount and an Asset Purchase Amount.” *Id.*

62. The Special Committee knew all along that the Whinstone allocation was irrelevant.

63. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

64. After all, as Mr. Topping was well aware, the retention agreement approved by this Court expressly required *the Debtors and LKC*—not Whinstone—to determine the allocation for LKC’s success fee in good faith. ECF No. 1418 at 6. Likewise, the PSA between the Debtors and Whinstone provided that those parties would negotiate an “Allocation Statement” “[f]or tax purposes.” ECF No. 1530-3 at 7. The PSA even specified, “[f]or the avoidance of doubt, nothing contained herein shall be deemed an allocation of asset value for purposes of distribution to any Seller’s stakeholders.” *Id.*

65. When asked whether it would violate the PSA “if Rhodium and Whinstone reach one allocation for the purposes of the PSA and then Rhodium and LKC reach a different allocation for purposes of the fee dispute,” Debtors’ tax advisor testified that his “personal view is it wouldn’t violate the PSA.” Hearing Tr. Dec. 3, 2025 at 119:19-24. Nor would any inconsistency be evident. Debtors’ tax advisor explained that “the Debtors and Whinstone agreed that the only item to be reported on Form 8594, Asset Acquisition Statement Under Section 1060, was the tangible assets,” meaning the tax allocation need not even address the value of the settled litigation claims. ECF No. 2140 at 4.

66. Summing it up, Debtors’ bankruptcy counsel described the tax allocation with Whinstone as “not connected to LKC at all.” Hearing Tr. Dec. 3, 2025 at 94:15-16.

67. But even if an agreed-upon tax allocation could have had some relevance to the LKC fee dispute, the Special Committee knew that Debtors and Whinstone could not reach an agreement. They were at an impasse: The Debtors’ tax consultants valued the tangible assets at more than \$43.5 million—which was six times higher than the \$7.2 million valuation Whinstone proposed. ECF No. 2140 ¶¶ 6, 8. The parties also attributed vastly different values to the intangible

assets. In negotiations with Whinstone, “[t]he debtors ascribed \$56.89 million to intangible assets.” *Id.* ¶ 8. But Whinstone valued the intangible assets at *zero*. *Id.*

68. Whinstone’s parent company, Riot Platforms, Inc., publicly disclosed its position in its Form 10-Q filed on July 31, 2025, two weeks before the Special Committee’s first brief demanding that LKC wait for the Whinstone allocation: “The fair market value of the tangible assets acquired was estimated to be \$7.3 million and was determined using the cost approach, which utilizes replacement cost as an indicator of fair value.” Riot Platforms, Inc., Form 10-Q (July 31, 2025), at 9. “Whinstone was not able to sign an Allocation Statement because it would vary from its publicly filed statements” ECF No. 2140 at 5. Thus, the Special Committee knew, no later than September 2025, that Debtors and Whinstone “were at an impasse on tangible asset valuation.” *Id.* at 4.

69. Nevertheless, the Special Committee insisted that LKC wait for this fictional (and irrelevant) “agreed upon” tax allocation. The Special Committee then doubled down on its position by accusing LKC of violating fiduciary duties by not waiting. Thus, for months, the Special Committee was peddling a malicious fiction in a sanctionable attempt to gain negotiating leverage and to punish LKC for deigning to seek the fees it earned.

VIII. LKC Prevails at Trial

70. At the conclusion of the December 17, 2025 hearing, the Court rejected the Special Committee’s objection to LKC’s fee application, stating, “based on the record in front of me, and the state of the facts, I am going to award the fee as filed.” Hearing Tr. Dec. 17, 2025 at 81:19-21.

71. On December 24, 2025, the Court entered its Final Order Allowing Compensation and Reimbursement of Expenses, awarding LKC the full amount sought in its final fee application. ECF No. 2198.

IX. LKC Suffers Harm as a Result of Defendants' Misdeeds

72. Defendants' bad-faith conduct caused LKC substantial harm.

73. LKC incurred more than \$1.5 million in attorney's fees and expenses defending against the Special Committee's meritless objection and accusations and recovering the success fee to which LKC was entitled. *See* ECF No. 2151 at 3.

74. Payment of LKC's success fee was delayed eight months for reasons that trial revealed to be entirely baseless.

75. LKC's professional reputation was damaged by months of public accusations of ethical violations, breach of fiduciary duty, malpractice, and fraud. These baseless accusations were reported in the media during the proceedings, and the Special Committee never publicly recanted or acknowledged that the allegations were false.

76. Ultimately, the Court saw through the Special Committee's unfounded smear campaign and meritless arguments and awarded LKC its success fee in full. ECF No. 2198. But the damage to LKC's reputation and the substantial costs incurred cannot be undone.

77. Indeed, those harms to LKC are ongoing. Even after the Court vindicated LKC's position, the Special Committee and the SAFE AHG filed frivolous appeals, ensnaring LKC in additional costly litigation predicated on the same unsupported arguments. ECF Nos. 2213, 2214. These appeals were reported in the press, which repeated the Special Committee's meritless accusations that LKC's "success fees were requested too early, creating 'an unnecessary risk around competing allocations.'" Randi Love, *Rhodium Board Committee, Stakeholders Appeal Bankruptcy Fees*, Bloomberg Law (Jan. 8, 2026), <https://tinyurl.com/mrywrcbx>.

CLAIMS FOR RELIEF

COUNT I
TORTIOUS INTERFERENCE WITH CONTRACT
(against the Special Committee)

78. LKC repeats and incorporates by reference all preceding paragraphs.

79. LKC and the Debtors entered into an engagement letter, approved by the Court, that constituted a valid and enforceable contract. ECF No. 1418.

80. The engagement letter required the Debtors and LKC to “determine in good faith the portion of transaction value to the client allocable to the energy credits and damages.” *Id.* at 6. The engagement letter also provided for reimbursement of LKC’s “reasonable expenses . . . including but not limited to . . . legal advice on retention and compensation matters.” ECF No. 835 at 14.

81. The Special Committee was aware of the engagement letter and LKC’s contractual rights.

82. The Special Committee willfully and intentionally interfered with the Debtors’ contractual obligations to LKC by: refusing to negotiate in good faith with LKC as required by the engagement letter; refusing to provide documents or information necessary to determine the success fee; stonewalling LKC’s attempts to obtain information from the Debtors; filing baseless motions and objections designed to delay payment and coerce LKC into accepting a lower fee; publicly attacking LKC with false accusations of misconduct; objecting to reimbursement of LKC’s expenses for “legal advice on retention and compensation matters” despite the engagement letter’s express provision for such reimbursement; and contesting LKC’s hourly fees and success fee based on false premises.

83. The Special Committee’s interference was a proximate cause of LKC’s damages.

84. The Special Committee acted solely in furtherance of its own interests or the interests of the SAFE AHG, rather than the Debtors' interests.

85. The Special Committee's interference was so contrary to the Debtors' best interests that its actions could only have been motivated by interests other than the Debtors'—specifically, its own interest in generating hourly fees and the SAFE AHG's interest in reducing LKC's fee.

86. The Special Committee publicly distinguished itself from the Debtors during the fee dispute litigation. The Special Committee claimed that it—not the Debtors—was the “adverse party” litigating claims against LKC. *See, e.g.*, Hearing Tr. Nov. 3, 2025 at 149:24-150:19 (Special Committee's counsel arguing that “the adverse party is the Special Committee” and that the Debtors' CEO “is neither an adverse party, because the adverse party is the Special Committee”).

87. As a direct and proximate cause of the Special Committee's tortious interference, LKC suffered actual damages including more than \$1.5 million in attorney's fees and expenses incurred in defending against the Special Committee's attacks and objections, eight months of delay in payment of LKC's success fee, and harm to LKC's professional reputation.

88. The Special Committee acted with malice, defined as ill will, evil motive, or gross indifference or reckless disregard for LKC's rights. Evidence of the Special Committee's malice includes: its false accusations of misconduct and breach of fiduciary duty; refusal to file accusations under seal; withdrawal of claims without explanation; and knowledge that the central premise of its objection to LKC's fees regarding the Whinstone tax allocation was false.

89. LKC is entitled to an award of actual damages and exemplary damages as a result of the Special Committee's tortious interference.

COUNT II
TORTIOUS INTERFERENCE WITH CONTRACT
(against the SAFE AHG)

90. LKC repeats and incorporates by reference all preceding paragraphs.

91. LKC and the Debtors entered into an engagement letter, approved by this Court, that constituted a valid and enforceable contract. ECF No. 1418.

92. The SAFE AHG was aware of the engagement letter and LKC's contractual rights to a success fee.

93. The SAFE AHG willfully and intentionally interfered with the Debtors' contractual obligations to LKC.

94. Upon information and belief, the SAFE AHG's acts of interference included: directing, coordinating with, or otherwise inducing the Special Committee to refuse to negotiate with LKC in good faith; and directing, coordinating with, or otherwise inducing the Special Committee to file baseless accusations against LKC.

95. Evidence of the SAFE AHG's inducement of the Special Committee includes: Trace Schmeltz's statement that he had a "new master" following the ruling on the SAFE claims; the timing of the escalation in the Special Committee's attacks on LKC, which coincided with the ruling on the SAFE claims; and the alignment of the Special Committee's and the SAFE AHG's positions throughout the dispute.

96. Also, Mr. Schmeltz informed LKC in November that the SAFE AHG directed him to stop negotiating with LKC and that the SAFE AHG would likely retreat from the already-inadequate numbers Mr. Schmeltz had put on the table.

97. The SAFE AHG has since formally taken over the Special Committee's meritless appeal of this Court's decision granting LKC its success fee. The SAFE AHG took over the appeal just days after the Special Committee filed it—confirming the coordination between the two defendants.

98. The SAFE AHG acted with an improper motive: to reduce or eliminate LKC's success fee in order to increase recoveries available to the SAFE AHG.

99. The SAFE AHG's interference was a proximate cause of LKC's damages.

100. As a direct and proximate result of the SAFE AHG's tortious interference, LKC suffered actual damages including more than \$1.5 million in attorney's fees and expenses incurred in defending against the Special Committee's attacks and objections, eight months of delay in payment of LKC's success fee, and harm to LKC's professional reputation.

101. The SAFE AHG acted with malice, defined as ill will, evil motive, or gross indifference or reckless disregard for LKC's rights.

102. LKC is entitled to an award of actual damages and exemplary damages as a result of the SAFE AHG's tortious interference.

COUNT III
ABUSE OF PROCESS
(against the Special Committee)

103. LKC repeats and incorporates by reference all preceding paragraphs.

104. The Special Committee made illegal, improper, and perverted use of court process, including discovery requests, motions, objections, and hearings.

105. The Special Committee's abuse of process was neither warranted nor authorized by the process itself.

106. The Special Committee used legitimately issued process for improper purposes after it was issued.

107. Specific instances of the Special Committee's abuse of process include: the Special Committee's motion to quash LKC's Rule 2004 discovery requests, filed not to protect legitimate interests but to prevent LKC from obtaining information necessary to calculate its success fee and publicly attack LKC with baseless accusations; the Special Committee's objection to LKC's fee

application and affirmative claim for breach of fiduciary duty, filed not based on legitimate grounds but as leverage to coerce LKC into accepting a lower fee; the Special Committee's emergency motions and discovery demands, used not for legitimate litigation purposes but to harass LKC and multiply proceedings; the Special Committee's last-minute expert witness gamesmanship, including ambushing LKC with untimely experts from B. Riley and BDO, using the expert disclosure and deposition process to harass LKC rather than to present legitimate expert testimony; the Special Committee's demand for extensions of time accompanied by threats to publicly accuse LKC of fraud, malpractice, and breach of fiduciary duty if LKC did not consent; the Special Committee's withdrawal of expert witnesses and expert reports after forcing LKC to prepare for and conduct depositions; and the Special Committee's unexplained refusal to pay LKC its success fee after the Court's entry of its final order approving LKC's fee application, forcing LKC to seek contempt.

108. The Special Committee had an ulterior motive in its improper use of process: to delay payment of LKC's success fee, to coerce LKC into accepting a lower fee, and to harm LKC's professional reputation.

109. As a direct and proximate result of the Special Committee's abuse of process, LKC suffered actual damages including more than \$1.5 million in attorney's fees and expenses, eight months of delay in payment, and harm to LKC's professional reputation.

COUNT IV
CIVIL CONSPIRACY
(against the Special Committee and SAFE AHG)

110. LKC repeats and incorporates by reference all preceding paragraphs.

111. The Special Committee and the SAFE AHG are two or more persons.

112. The Special Committee and the SAFE AHG had a common object to be accomplished: to deprive LKC of its success fee or to coerce LKC into accepting a substantially reduced success fee.

113. The Special Committee and the SAFE AHG had a meeting of the minds on the object and course of action.

114. Evidence of the meeting of the minds includes: Trace Schmeltz's statement to LKC's counsel that he had a "new master" following the Court's ruling on the SAFE claims; the timing and escalation in the Special Committee's attacks on LKC, which coincided with the ruling on SAFE claims; the SAFE AHG's filing in support of the Special Committee's extension motion; the alignment of the Special Committee's and the SAFE AHG's positions throughout the fee dispute; and the SAFE AHG's involvement in the Special Committee's negotiations with LKC.

115. The Special Committee and the SAFE AHG committed one or more unlawful overt acts in furtherance of the conspiracy, including tortious interference with LKC's contract with the Debtors and abuse of process through improper use of discovery, motions, and court proceedings.

116. As a direct and proximate result of the conspiracy, LKC suffered actual damages including more than \$1.5 million in attorney's fees and expenses, eight months of delay in payment of LKC's success fee, and harm to LKC's professional reputation.

PRAYER FOR RELIEF

For these reasons, LKC respectfully requests that the Court:

- a. Enter judgment in favor of LKC on each of its claims;
- b. Award LKC actual damages in an amount to be proven at trial, including but not limited to \$1.5 million in fees and expenses, plus exemplary damages;
- c. Award LKC pre-judgment and post-judgment interest at the maximum rate allowed by law;

- d. Award LKC its costs of suit, including reasonable attorney's fees; and
- e. Grant such other and further relief as the Court deems just and proper.

Dated: February 13, 2026
Houston, Texas

Respectfully submitted,

/s/ Joshua W. Wolfshohl

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