Docket #0233 Date Filed: 5/15/2026

UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF NORTH CAROLINA
CHARLOTTE DIVISION

In re ALDRICH PUMP LLC, *et al.*,[1] Debtors.	Chapter 11 Case No. 20-30608 (LMJ) (Jointly Administered)
OFFICIAL COMMITTEE OF ASBESTOS PERSONAL INJURY CLAIMANTS, Plaintiff, v. ALDRICH PUMP LLC, MURRAY BOILER LLC, TRANE TECHNOLOGIES COMPANY LLC, and TRANE U.S. INC., Defendants.	Adv. Pro. No. 21-03029 (LMJ)
OFFICIAL COMMITTEE OF ASBESTOS PERSONAL INJURY CLAIMANTS, on behalf of the estates of Aldrich Pump LLC and Murray Boiler LLC, Plaintiff, v. INGERSOLL-RAND GLOBAL HOLDING COMPANY LIMITED, TRANE TECHNOLOGIES HOLDCO INC., TRANE TECHNOLOGIES COMPANY LLC, TRANE INC., TUI HOLDINGS INC., TRANE U.S. INC., and MURRAY BOILER HOLDINGS LLC, Defendants.	Adv. Pro. No. 22-03028 (LMJ)

[1] The Debtors are the following entities (the last four digits of their respective taxpayer identification numbers follow in parentheses): Aldrich Pump LLC (2290) and Murray Boiler LLC (0679). The Debtors' address is 800-E Beaty Street, Davidson, North Carolina 28036.

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DEFENDANTS' REPLY TO PLAINTIFF'S OBJECTION TO DEFENDANTS' SUPPLEMENTAL MEMORANDUM IN SUPPORT OF MOTION TO STAY ADVERSARY PROCEEDINGS

Aldrich Pump LLC ("Aldrich") and Murray Boiler LLC ("Murray"), as debtors and debtors in possession (together, the "Debtors"), and Trane Global Holding Company Limited f/k/a Ingersoll-Rand Global Holding Company Limited, Trane Technologies Holdco Inc., Trane Technologies Company LLC ("TTC"), Trane Inc., TUI Holdings Inc., Trane U.S. Inc. ("TUI," and together with TTC, the "NDAs"), and Murray Boiler Holdings LLC (collectively, the "Trane Defendants," and together with the Debtors, "Defendants") hereby file this reply: (1) in response to *Plaintiff's Objection to Defendants' Supplemental Memorandum in Support of Motion to Stay Adversary Proceedings* ("Comm. Suppl."), and (2) in further support of *Defendants' Motion to Stay Adversary Proceedings* (the "Stay Motion"). Defendants respectfully state as follows:

PRELIMINARY STATEMENT

The Committee's claim that Defendants seek a stay to "avoid their obligation to produce documents"—documents that might fill "evidentiary gaps" in the Committee's claims (Comm. Suppl., ¶¶ 2, 4)—is wrong. Defendants have continued to search for, review, and prepare responsive documents for production; will make a production of approximately 1,000 documents on or about May 18, 2026; and, pending the Court's decision on the Stay Motion, are prepared to complete production by the Court's July 6, 2026 deadline. The Committee's new search terms and custodians have returned relatively few new responsive documents, which is not at all surprising given the extensive discovery—on every subject at issue in the Adversary Proceedings—already provided in the PI Proceeding. While Defendants believe a complete stay is appropriate, the Court could, if it deemed appropriate, address the Committee's primary objection by conditioning a stay on completion of outstanding document productions by July 6.

The case for staying the Adversary Proceedings is clear and convincing. The Committee continues to skirt the key reasons that support a stay of the proceedings. The Committee cannot, and does not, explain why the Court should adjudicate the Committee's attacks on the "Texas Two-Step"—the "Texas Two-Step Hinder and Delay Contention"[2]—in the Adversary Proceedings when the ***exact same substantive attacks*** were already rejected in the dismissal litigation, the proper venue for such challenges. There is nothing unique about the Committee's challenges to the 2020 Corporate Restructuring and bankruptcy filings in these cases. The only thing unique here is that, across the three "Texas Two-Step" cases pending in this District, this is the only one where the Committee is attempting to make the same arguments in both dismissal and in adversary proceedings.[3] Further adjudication of this issue should be stayed unless a higher court reverses what the Committee has conceded: the Fourth Circuit has "upheld" the general use of the "Texas Two-Step."[4]

That is not to say that every "Texas Two-Step" is forever "immune" from challenge. But as the Committee's "alternative positions" on the Debtors' solvency effectively concede, the contention that the Corporate Restructuring rendered the Debtors' "insolvent" and "inadequately capitalized"—the "Insufficient Assets Contention"—depends, at a minimum, on whether the

[2] As detailed in Defendants' prior briefing, the Adversary Proceedings are premised on two underlying contentions. The first, the "Texas Two-Step Hinder and Delay Contention," alleges the "Texas Two-Step" nature of Debtors' bankruptcy filings constitutes a "stratagem" to trap asbestos claimants into a prolonged bankruptcy proceeding until claimants capitulate to a "bankruptcy discount." Stay Motion at 1-2, 11-13 (citing Committee allegations). The second, the "Insufficient Assets Contention," contends the Corporate Restructuring rendered the Debtors "insolvent," "inadequately capitalized," and unable to satisfy their asbestos liabilities, id. at 1-2, 11-13 (citing Committee allegations), a position directly at odds with the position the Committee took in the dismissal litigation. See Defendants' Suppl. at 4 n.4. The Committee has not disputed, nor could it, that these two contentions underlie the entirety of the Adversary Proceedings.

[3] In Bestwall, the official committee made its attacks, unsuccessfully, in connection with dismissal, but has not sought to bring derivative actions. In DBMP, the official committee is advancing its attacks in connection with adversary proceedings, but has not moved to dismiss that case.

[4] *Brief of the Asbestos Creditors' Committees in the* DBMP *and* Aldrich *Bankruptcies as Amici Curiae in Support of Petitioner*, *Official Committee of Asbestos Claimants of Bestwall LLC v. Bestwall LLC* (S. Ct.) ("Supreme Court Amicus Brief"), at 19 (attached hereto as **Exhibit B** to Defendants' Suppl.).

Debtors and the NDAs enforce and honor the Funding Agreements. The Committee does not dispute that any inability to pay the Debtors' asbestos liabilities depends on the uncertain (and unlikely) contingent future event that the NDAs refuse to comply with their obligations under the Funding Agreements. The Committee provides no counter to the precedent granting a stay under such circumstances. Ironically, the Committee instead derides recent events that may promote a consensual resolution as a "series of 'what-ifs,'" Comm. Suppl., ¶ 6, overlooking that its Insufficient Assets Contention is itself completely an unlikely "what-if."

Nor does the Committee meaningfully explain why these proceedings should not be stayed at least until completion of estimation, which will inform whether sufficient assets and resources are available to pay the Debtors' asbestos liabilities, even disregarding the uncapped Funding Agreements. The Court has itself suggested this would make sense as a matter of judicial economy. Otherwise, the estates will be burdened by millions of dollars in escalating costs associated with dozens of depositions, expert reports and expert discovery, and responding to increasingly broad and burdensome discovery requests, all in pursuit of a hypothetical injury.

Finally, the Committee's strained efforts to twist the recent decisions in Red River and DBMP (the Fourth Circuit's decision in Herlihy and Judge Edwards' decision on privilege issues), to support its objection to the Stay Motion, are groundless. These decisions indisputably reject one or both of the Committee's two underlying contentions in these Adversary Proceedings.

ARGUMENT

I. DEFENDANTS ARE NOT SEEKING A STAY TO AVOID PRODUCING DOCUMENTS THAT MIGHT FILL "EVIDENTIARY GAPS" IN THE COMMITTEE'S CLAIMS.

1. The Committee's principal contention in its supplemental brief—that Defendants "seek[] to avoid their obligation to produce documents by the July 6, 2026 deadline set in the

Court's most recent Case Management Order," which documents might fill "evidentiary gaps" in its claims (Comm. Suppl., ¶¶ 2, 4)—is groundless for several reasons.

2. *First*, Defendants have never asked the Court to suspend the July 6 deadline despite the not-insignificant effort and expense associated with searching for, de-duplicating, and producing documents by that deadline. Defendants finalized search terms with the Committee on December 31, 2025, which enabled the vendor to process the relevant ESI, run search terms, and set up a review database. Defendants then trained document reviewers and commenced document review by mid-February 2026. The document review team has since reviewed nearly 160,000 documents. As expected, less than 10% of the 160,000 documents reviewed were deemed responsive to the Committee's document requests and many of the responsive documents are duplicative of documents already produced (which has prolonged the review process). Defendants are currently reviewing documents for privilege redactions and preparing a privilege log, and will make rolling productions to the Committee as documents clear quality control review. Defendants have undertaken this extremely burdensome and expensive document review despite the fact that it has yielded very little new information to be produced. The scope and pace of this effort demonstrates that Defendants have always intended to meet the July 6 deadline. Pending the Court's decision on the Stay Motion, Defendants can and will complete production by the July 6 deadline.

3. *Second*, there is no basis to suggest that responses to new document requests served in this case will fill "evidentiary gaps" in the Committee's claims. Id. at 11, ¶¶ 4, 27. The Committee fails to identify any matter upon which it needs additional discovery, or why. Defendants provided ***extensive*** discovery on the matters at issue in the Adversary Proceedings—Project Omega, the Corporate Restructuring, the Debtors' bankruptcy filings, and all of the "non-

estimation" topics identified by the Committee (see id., ¶ 40)—in connection with the PI Proceeding. This includes 22 depositions of key witnesses and the production of more than 94,000 pages of documents. Because the Committee's current requests are almost entirely duplicative of that prior discovery, it is not at all surprising that the Committee's search terms and custodians returned relatively few additional responsive documents. The shortcomings in the Committee's claims are not about "evidentiary gaps." As detailed in the Stay Motion and Defendants' supplemental memorandum, and reiterated below, the Committee's core contentions in the Adversary Proceeding have already been rejected, are not ripe, and/or are baseless.[5]

4. *Third*, Defendants have not sought a stay simply to avoid the unnecessary cost of document discovery. Absent a stay, the estates will also incur substantially escalating other costs related to the Adversary Proceedings, including millions of dollars in other legal and professional fees associated with dozens of depositions and expert discovery, on top of responding to or litigating the Committee's recent additional and incredibly broad and burdensome discovery requests. See Defendants' Suppl., ¶¶ 19-21.

II. THE CASE FOR STAYING THE ADVERSARY PROCEEDINGS IS CLEAR AND CONVINCING.

5. "[T]he Court has inherent discretionary power to stay proceedings in order to achieve equity and to ensure the efficient management of its docket." Landress v. Tier One Solar LLC, 243 F. Supp. 3d 633, 646 (M.D.N.C. 2017) (citing Williford v. Armstrong World Indus., Inc., 715 F.2d 124, 127 (4th Cir. 1983)). Neither the Committee's unfounded-premise contention

[5] The Committee's claim that Defendants provided only a "cursory response" to a recent Committee interrogatory asking Defendants to explain and support "their" claim that they "acted in good faith, in compliance with the applicable law, and with no intent to hinder, delay, or defraud asbestos claimants," id. at 12 n. 13, is incorrect. The Trane Defendants provided a full response covering more than two pages, which was more than adequate to an interrogatory calling for a legal conclusion. The related complaint that the "Debtors declined to provide any response at all," id., is baseless. The Committee's interrogatory was directed to the ***Trane Defendants'*** assertions in their answer to the complaint in the Fraudulent Transfer Proceeding.

as to why Defendants seek a stay, nor its take on recent developments, meaningfully addresses the three principal bases why the Adversary Proceedings should be stayed.

6. *First*, the Committee's decision to litigate its attacks on the "Texas Two-Step" in the context of dismissal, after filing the Adversary Proceedings, has clear ramifications on the latter. Defendants have not "repackaged" or "repurposed" their "prior divestiture-rule" or "stay-pending-appeal arguments." Comm. Suppl., ¶¶ 5, 39.[6] The Stay Motion explained what would happen if the Committee's motion for leave to appeal Judge Whitley's *Order Denying Motions to Dismiss* [Dkt. 2047] was granted (the divestiture rule would apply) or, as happened, denied (law of the case would apply).

7. The Committee's attempts to avoid the law of the case are meritless. The Committee has not disputed, nor could it, that it made the exact same substantive challenges to the "Texas Two-Step" in the dismissal litigation—often using the same words (see Exhibit B to Stay Motion)—as it makes in the Adversary Proceeding, and that Judge Whitley nonetheless found that Aldrich and Murray were proper debtors. See Defendants' Suppl., ¶¶ 26-28. Apart from irrelevant suggestions of a "different procedural context" and unhelpful exaggeration (claiming Defendants argue that any unsuccessful motion to dismiss a bankruptcy case would "forfeit" fraudulent transfer, substantive consolidation, or other claims "touching the same transactions"), Comm. Suppl., ¶¶ 32-33, 36, the Committee again fails to explain how or why the same substantive challenges to the "Texas-Two Step" in the Adversary Proceedings should fare any better than they did in the dismissal context.

[6] Defendants never made a "stay-pending-appeal" argument, which was a creature of Committee's own imagination. See *Defendants' Reply in Support of Motion to Stay Adversary Proceedings* [Dkt. 2851] at 5-8.

8. Nor does Judge Whitley's grant of derivative standing to the Committee, and later denial of Defendants' motion to withdraw that standing [Dkt. 2046], help the Committee on this issue. Judge Whitley granted derivative standing because he found a possibility the Adversary Proceedings might augment the estates, on the basis of the allegedly contingent nature of the Funding Agreements. See Stay Motion, ¶¶ 13-14, 26. This concerns the Committee's alternative theory that the Debtors are "insolvent," "inadequately capitalized," and unable to satisfy their asbestos liabilities (*i.e.*, the "Insufficient Assets Contention"). But unless a higher court overturns this Court's prior ruling that Aldrich and Murray are proper debtors under the Bankruptcy Code, the Committee's seriatim contention that the "Texas Two-Step" approach to bankruptcy necessarily serves to "hinder and delay" claimants has been rejected. See *Order Denying Motions to Dismiss* [Dkt. 2047], at 58 (rejecting Committee's "sundried arguments that the 'Texas Two-Step' is a manipulation of the bankruptcy process—that it creates prejudicial delays, and that these Debtors are simply a modern take on the 'new debtor syndrome'"). In evaluating the Stay Motion, the Court should consider only those substantive allegations that remain viable in the Adversary Proceedings.[7]

9. *Second*, the Adversary Proceedings should be stayed because the Committee's "Insufficient Assets Contention" is unripe, speculative, and dependent on future contingencies, including (1) whether the Debtors' aggregate asbestos liabilities exceed the assets and financial resources available to pay those liabilities, before even considering the uncapped Funding Agreements, and (2) speculation that the Debtors and the NDAs would not enforce and honor those Funding Agreements. See Stay Motion at 5-6, 31-35. The Stay Motion cites cases that

[7] In addition, Judge Whitley's denial of withdrawal of derivative standing is just that. He denied a motion that would have terminated the Fraudulent Transfer and Fiduciary Duty Proceedings. Defendants do not seek termination, but instead a stay.

have stayed litigation in analogous circumstances, including in particular Pardee v. Consumer Portfolio Services, Inc., 344 F. Supp. 2d 823, 833 (D.R.I. 2004) and Terra Nova Ins. Co. Ltd v. DiStefano, 663 F. Supp. 809, 812 (D.R.I. 1987).[8]

10. The Committee cannot dispute the contingent nature of its "Insufficient Assets Contention." As noted, its "alternative positions" that the Debtors are both solvent (the Committee's position on dismissal) and insolvent (its position in the Adversary Proceedings) are ***premised on*** the uncertainty of contingent future events. See Defendants' Suppl. ¶ 9. The Committee contends that Defendants "invert the relevant inquiry" because "[s]olvency for fraudulent-transfer purposes is measured at the time of transfer—here, the 2020 Corporate Restructuring—not on some future date dependent on voluntary performance by third parties." Comm. Suppl. ¶ 30. That assertion is both academic and baseless.[9] Among other things, the Funding Agreements were put in place as part of the Corporate Restructuring and are binding contractual commitments presumed valid unless and until breached. See Stay Motion, ¶ 58.

11. The Committee's efforts to bolster its unprecedented substantive consolidation claim fare no better. That claim may have "survived a motion to dismiss," Comm. Suppl. ¶ 28, but only because it was based on what the Committee appears to have now admitted were

[8] Instead of addressing these on-point authorities, the Committee merely cites a number of inapposite cases denying a discretionary stay of discovery. Comm. Suppl., ¶¶ 22, 24; see Kennedy v. Fed. Nat. Mortg. Ass'n, 2013 WL 5885154 (E.D.N.C. Oct. 31, 2013) (granting motion to stay pretrial deadlines and discovery related to lease dispute); Kron Medical Corp v. Groth, 119 F.R.D. 636, 638 (M.D.N.C. 1988) (denying motion to stay discovery due to pending motion to transfer suit alleging appropriation of business secrets and opening of unlawful business); Brown-Thomas v. Hynie, 2019 WL 1043724 (D.S.C. Mar. 5, 2019) (declining to stay discovery, but partially staying dispositive motions related to claims primarily under the Copyright Act regarding the administration of famous singer James Brown's estate). The cases cited by the Committee for the proposition that discovery costs are insufficient grounds for granting a stay are similarly factually distinct and unrelated. See Williford v. Armstrong World Indus., Inc., 715 F.2d 124 (4th Cir. 1983) (denying motion to stay trial of personal injury claim against remaining co-defendants due to a co-defendant's bankruptcy filing); E.E.O.C. v. Rath Packing Co., 787 F.2d 318 (8th Cir. 1986) (denying stay motion, which was based on litigation expense argument, because employment discrimination claim and related governmental unit are exempt from the automatic stay).

[9] As noted in Defendants' supplemental brief, the Committee's contention ignores that its derivative claims must actually provide some real benefit to the estate. See Defendants' Suppl. at 8, n.8.

unsubstantiated allegations of creditor reliance. See Defendants' Suppl. at 2, ¶¶ 22-24. Moreover, Judge Whitley's comment that "tort creditors are, in fact, involuntary creditors," Comm. Suppl., ¶ 28 n.14, in no way endorsed any suggestion that merely being a creditor is sufficient to meet the creditor-reliance factor for substantive consolidation. The law is decidedly to the contrary. See Defendants' Suppl., ¶ 22 n.20.

12. *Third*, the Adversary Proceedings should at least be stayed until completion of the estimation proceedings. See id. at 35-37. The Committee's allegations concerning the Debtors' solvency require a determination of their asbestos liability. While the Committee suggests that the parties could undertake both the estimation proceedings and the Adversary Proceedings simultaneously, Comm. Suppl., ¶ 39, it makes no compelling argument on ***why*** the parties and the Court should do so.[10] The Court has already remarked that, as a matter of judicial economy, the Adversary Proceedings should generally await completion of the estimation proceedings. See Feb. 26, Hr'g Tr. at 122:22 ("If you're only going to rely on [the Committee's estimation of Debtors' asbestos liability] after estimation, that only, I mean, to me, that is exactly why this should be stayed. Because, you know, it's just too soon if, if you want to go through all of estimation before you talk about what your, what the number, the liability is, the amount."); see also In re PG&E Corp. Sec. Litig., 100 F.4th 1076, 1085 (9th Cir. 2024) (noting a "district court 'may, with propriety, find it is efficient for its own docket and the fairest course for the parties to enter a stay of an action before it, pending resolution of independent proceedings which bear upon the case'") (citation omitted).

[10] Moreover, the Committee's suggestion that "***the Trane Defendants are not participants in estimation***," id., is incorrect. Trane Defendants are Parties to the estimation proceeding and are actively participating in the proceedings, including attendance at recent depositions.

13. The Committee's assertion that a stay will cause "substantial and irreparable harm to the Committee," Comm. Suppl. ¶¶ 53-57, is unfounded. As noted above, the Committee has already obtained through the PI Proceeding extensive discovery into every matter at issue in the Adversary Proceedings. The Committee's complaints about "prolonged stays" causing lost documents, inaccessible data, and faded memories (id. ¶ 54) ignore the extensive document and ESI production and deposition testimony preserved through the PI Proceeding, and cannot be squared with its inaction on these claims since they were filed four years ago. See Stay Motion, ¶¶ 18-19. In any event, as noted, the Court could address the Committee's primary objection by modifying the stay to require completion of document productions by the July 6 deadline.[11]

14. The Committee's suggestion that the prejudice of a stay is "particularly acute" here "because the Committee represents asbestos creditors," Comm. Suppl. ¶ 55, is unsupportable. Defendants reiterate their view that the upcoming Phase 1 estimation proceeding, particularly when coupled with reconstitution of the Committee and mediation, provide a potential path for resolving these cases. The Committee shows no connection between staying the Adversary Proceedings and when asbestos claimants will receive compensation from the Debtors; there is none. If the Committee wants timely compensation for asbestos claimants, it should join the Debtors and the FCR in meaningfully negotiating a plan of reorganization rather than continuing to pursue dismissal of these bankruptcies through the back door of the Adversary Proceedings. See *The Future Claimants' Representative's Response to Defendants' Supplemental Memorandum in Support of Motion to Stay Adversary Proceedings* [Dkt. 3141] at 3, 5-7.

[11] The Committee's claim that Defendants seek to avoid producing documents "before the discovery period closes," which would "deprive the Committee of evidence" (id. ¶¶ 23, 56), is exaggerated. If the Court grants the Stay Motion in its entirety, it can extend the period for document discovery as appropriate.

III. RECENT DECISIONS INVOLVING ANALOGOUS FACTS FURTHER SUPPORT A STAY OF THE ADVERSARY PROCEEDINGS.

15. The Committee's attempts to interpret the recent decisions in Red River and DBMP to suggest they support its positions fall flat. Respectfully, no one reading the decision in Red River could credibly dispute that it rejected the same actual fraudulent-transfer "hinder and delay" theory the Committee advances in the Adversary Proceedings. See, e.g., *Complaint* [Adv. Dkt. 1] at ¶¶ 4-5, 7-9, Adv. No. 22-03028. Red River expressly held that "bankruptcy delay" was not a valid basis for a fraudulent-transfer claim: "Plaintiffs fail to cite any authority holding that a delay in litigation—whether caused by a bankruptcy stay or otherwise—constitutes a cognizable injury for the purposes of Article III standing." 2026 WL 242061 (D.N.J., Jan. 29, 2026), at *4.

16. The Committee resorts to irrelevant distinctions and otherwise misstates the holding in Red River. It fails to explain why it matters that the plaintiffs in Red River were "individual tort plaintiffs," versus the Committee here, or that the decision was rendered in a district court action versus an adversary proceeding in bankruptcy.[12] And the Committee's suggestions that Red River "did not adjudicate the elements of a fraudulent-transfer claim, did not apply the Bankruptcy Code, and the case did not otherwise arise in the bankruptcy forum," Comm. Suppl. ¶ 45, are incorrect. The claims at issue were fraudulent-transfer claims. The court explicitly applied the Bankruptcy Code when it found "Plaintiffs' theory of injury is fundamentally incompatible with the structure and purposes of the Bankruptcy Code," reasoning that the Code has a "comprehensive" and "carefully calibrated" framework governing whether bankruptcy proceedings are valid. Red River, 2026 WL 242061, at *5 (citing Bednar v. Pierce &

[12] The Committee fails to mention that the "individual tort plaintiffs" in Red River sought to bring a putative class action on behalf of all similarly situated claimants and were represented by the same counsel that previously represented the official talc claimants committee in LTL.

Assocs., P.C., 220 F. Supp. 3d 860, 863-64 (N.D. Ill. 2016)).[13] And the basis for the plaintiffs' claims in Red River was delay allegedly caused by LTL's ***bankruptcy*** filings.

17. The Committee's attempt to characterize the Fourth Circuit's decision in Herlihy v. DBMP, LLC, 167 F.4th 142 (4th Cir. 2026), as merely a "lift-stay decision" irrelevant to the Adversary Proceedings, is incorrect. Comm. Suppl., ¶ 48. The Herlihy plaintiffs argued the bankruptcy court erred by failing to consider whether DBMP filed its bankruptcy in good faith, and their attacks on good faith advanced the same well-worn challenges to the "Texas Two-Step" the Committee advances here. While the Fourth Circuit did indicate it was not deciding whether "the pre-bankruptcy Texas Two-Step process is appropriate or legal," there can be no dispute that the plaintiffs' good-faith challenge in Herlihy centered on the "Texas Two-Step," which the Fourth Circuit did not accept. See Defendants' Suppl. ¶¶ 34-35, attached Exhibit C.

18. Moreover, the Committee provides no response to the Fourth Circuit's observation in Herlihy that, given an "*uncapped* funding agreement," the divisional merger that created DBMP "did not protect *one single dollar from asbestos liability*," but instead left the debtor with the same resources to pay asbestos claims as it had before the transaction. Herlihy, 167 F.4th at 153.[14] On April 20, 2026, subsequent to the filing of Defendants' supplemental

[13] The Committee's suggestion that "*Red River* cuts the other way" because the Committee's pursuit of claims in the bankruptcy forum aligns with the district court's emphasis on the "'comprehensive framework for addressing restructuring-related challenges," Comm. Suppl., ¶ 47, is baseless. The district court observed that the Bankruptcy Code has a framework for addressing the validity of a bankruptcy and its associated stays. It was not addressing "restructuring-related changes" and certainly did not endorse the use of avoidance actions—whether advanced through adversary proceedings or otherwise—to effectuate dismissal of a bankruptcy case.

[14] As noted in Defendants' supplemental brief, Judge Edwards acknowledged in her recent privilege decision the importance of the Fourth Circuit's decision in Herlihy in addressing challenges to the "Texas Two-Step." See *Order Partially Granting and Sustaining and Partially Denying Plaintiffs' Privilege Motion and Defendants' Objection* ("DBMP Privilege Order"), ¶ 75 ("Importantly for the case at hand, the Fourth Circuit held [in Herlihy] that the record does not include evidence to suggest bad faith and that DBMP was 'legitimately seeking to invoke the § 524(g) process' in the exact circumstances for which Congress enacted said statute….The Fourth Circuit stated that 'no asset from Old CertainTeed is protected from paying its asbestos claimants,' assuming the validity of the 'uncapped funding agreement[] committing all of its assets to the payment of asbestos claims.").

brief, the Fourth Circuit denied the Herlihy plaintiffs' petition for rehearing *en banc*. No judge requested a poll under Fed. R. App. P. 40.

19. Finally, Defendants did not "materially misrepresent" the DBMP Privilege Order. Defendants did not claim the decision would "immunize" any Texas Two-Step from fraudulent-transfer claims; Defendants' supplemental brief expressly stated to the contrary (¶ 29). Rather, Defendants noted the decision found that "Texas-Two Step" restructurings are generally lawful in the Fourth Circuit (a proposition the Committee concedes, see Comm. Suppl., ¶ 50) and that the various "badges of fraud" the official committees have advanced in these cases (including in these Adversary Proceedings) are inapposite because they "are an inherent feature of this transaction type." See DBMP Privilege Order, ¶¶ 172-174. The Committee has no response.

20. While the Committee cites Judge Edwards' observation that a "particular Texas two-step" might be fraudulent (a point the Debtors do not dispute), there is nothing unique about the Committee's attacks here. It is the same attack the official committees, all represented by the same counsel, have made across the "Texas Two-Step" cases. See, e.g., Supreme Court Amicus Brief, at 2-6, 19. In any event, any "delay" in these cases lies solely at the feet of the Committee. The Debtors and the FCR agreed to a plan reflecting "tort-system" values years ago. The Committee refused to engage.

21. The Committee's final point—that the DBMP Privilege Order "specifically rejected the DBMP defendants' contention that compliance with the DBMP funding agreement negates the ***possibility*** that a fraudulent transfer occurred" (Comm. Suppl., ¶ 51) (emphasis added)—only reinforces the contingent nature of the Committee's claims and the appropriateness of a stay. Like a driver's behavior "once the patrol car exits the highway," Comm. Suppl., ¶ 51

(citing DBMP Waiver Order, ¶ 184), whether the Funding Agreement will ultimately be needed to provide any necessary funding turns on uncertain future events.

CONCLUSION

For all of the foregoing reasons, and those stated in the Stay Motion and Defendants' supplemental memorandum, the Court should grant the Stay Motion. Defendants propose that the Court hold a status conference approximately 60 days after the Court enters a decision in the Phase I estimation proceeding to consider continuation of such stay at that time. A proposed order is attached as **Exhibit A** to Defendants' supplemental memorandum.

Dated: May 15, 2026
Charlotte, North Carolina

Respectfully submitted,

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