Docket #0024 Date Filed: 4/13/2026

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re: RELIZ TECHNOLOGY GROUP HOLDINGS INC., *et al.*,[1] Debtors.	Chapter 11 Case No. 26-10371 (TMH) (Jointly Administered)
RELIZ TECHNOLOGY GROUP HOLDINGS INC., *et al.*, Plaintiffs, v. 1548199 ALBERTA LTD. and ROBERT J. BERTRAM, Defendants.	Adv. Pro. No. 26-50224 (TMH) **Related to Adv. Docket Nos. 3, 4, 5, 6, 22**

DEBTORS' REPLY IN SUPPORT OF MOTION OF DEBTORS FOR ENTRY OF TEMPORARY RESTRAINING ORDER AND PRELIMINARY INJUNCTION (I) ENJOINING CONTINUATION OF CERTAIN PREPETITION LITIGATION AGAINST DIRECTORS AND OFFICERS OR (II) IN THE ALTERNATIVE, EXTENDING THE AUTOMATIC STAY TO SUCH DIRECTORS AND OFFICERS TO PREVENT CONTINUED PROSECUTION OF PREPETITION LITIGATION AGAINST THEM

[1] The Debtors in these chapter 11 cases, along with the last four digits of their respective federal tax identification numbers, are: Reliz Technology Group Holdings Inc. (6265); Reliz Technologies LLC (1968); Reliz LTD (N/A); and Reliz CI LTD (N/A). The Debtors' service address is 401 West Ontario St., Suite 400, Chicago, IL 60654.

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The debtors and debtors in possession (the "Debtors" or "BlockFills") in the above-captioned chapter 11 cases (the "Chapter 11 Cases") file this reply (the "Reply") in further support of the relief requested in the *Motion of Debtors for Entry of Temporary Restraining Order and Preliminary Injunction (I) Enjoining Continuation of Certain Prepetition Litigation Against Directors and Officers or (II) in the Alternative, Extending the Automatic Stay to Such Directors and Officers to Prevent Continued Prosecution of Prepetition Litigation Against Them* [Adv. Docket No. 3] (the "Motion") and the arguments made in the *Memorandum of Law in Support of Motion of Debtors for Entry of Temporary Restraining Order and Preliminary Injunction (I) Enjoining Continuation of Certain Prepetition Litigation Against Directors and Officers or (II) in the Alternative, Extending the Automatic Stay to Such Directors and Officers to Prevent Continued Prosecution of Prepetition Litigation Against Them* [Adv. Docket No. 4] (the "Memorandum"),[2] and in response to the *Claimants' Response in Opposition to the Debtors' Motion for Entry of a Preliminary Injunction* [Adv. Docket No. 22] (the "Opposition") filed by 1548199 Alberta Ltd. and Robert J. Bertram (together, "Claimants").[3] In support of this Reply, the Debtors rely on the declaration of Mark Renzi ("Renzi Declaration") submitted in these Chapter 11 Cases. *See* Docket No. 135-1.[4] In further support of the Reply, the Debtors respectfully represent as follows:

REPLY

1. In the Opposition Claimants merely attempt to repackage claims that are inextricably interwoven with the Debtors' conduct as so-called "independent" causes of action against the Debtors' D&Os. Claimants advance a single impermissible objective: to get

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[2] Capitalized terms used herein shall have the meanings ascribed to such terms in the Memorandum unless otherwise indicated.

[3] Pleadings in this adversary proceeding will be referenced by adversary docket number ("Adv. Docket No.").

[4] Pleadings in these Chapter 11 Cases will be referenced by docket number ("Docket No.").

preferential treatment for a single creditor over all other similarly situated creditors. The automatic stay exists to prevent unequal treatment among similarly situated creditors and to ensure the efficient administration of reorganizations. Claimants do not present any just reason for special treatment and, as such, the Motion should be granted.

2. Instead of addressing the case law supporting the Debtors' Memorandum, Claimants rely on conclusory assertions and misstatements of law. Claimants cannot escape the fact that all of their causes of action stem only from the alleged misconduct of the Debtors. In fact, Claimants do not mention a single thing that any of the named D&Os did in connection with any of the alleged misconduct. Claimants first mention of these D&Os is in connection with townhalls and other post-mortem discussions, which occurred after Claimants had deposited funds, executed dozens of trades, and withdrawals were frozen. Claimants' allegations – that they want the cryptocurrency that they deposited back and that the Debtors breached their agreements – are claims against the Debtors and not the D&Os.

3. Permitting the Prepetition Litigation to proceed would cause significant, unnecessary expenses and cause the Illinois Court to determine material factual and legal issues that will be critical to the administration of these Chapter 11 Cases. Among the issues the Illinois Court would need to determine are the interpretation of BlockFills customer agreements, whether the Debtors commingled assets, whether Claimants can trace assets, and other issues central to determining whether the assets held by the Debtors are property of Debtors' estates. In contrast, the relief sought by the Debtors here preserves the status quo, channels all claims into a single, equitable forum, and ensures that core bankruptcy issues paramount to the claims of all creditors are decided by this Court.

4. In short, the Opposition reflects a fundamental refusal to accept the intended purpose of the automatic stay. This Court should decline to provide Claimants with the preferential treatment they seek. To ensure that Claimants are put in the same position as the other creditors of the Debtors, this Court should issue a preliminary injunction under Section 105, or, alternatively, extend the automatic stay under Section 362, to enjoin and stay the Prepetition Litigation.

ARGUMENT

I. The Debtors Have Demonstrated the Need for a Preliminary Injunction to Enjoin the Prepetition Litigation Under Section 105(a) of the Bankruptcy Code

5. Several courts in the Third Circuit have concluded that section 105(a) of the Bankruptcy Code authorizes a court to enjoin an action against non-debtor third parties by issuing a preliminary injunction. *See, e.g.*, *In re Cont'l Airlines*, 177 B. R. 475, 479 (D. Del. 1993) (affirming Bankruptcy Court decision to grant preliminary injunction precluding litigating action against non-debtor third parties); *In re W.R. Grace & Co.*, 386 B.R. 17, 30–32 (Bankr. D. Del. 2008) (granting injunctive relief to stay action against non-debtor third parties). The Claimants have not shown that the four traditional preliminary injunction factors weigh in their favor.

A. Claimants Misrepresent the Standard for Likelihood of Success on the Merits

6. The test for whether a debtor seeking injunctive relief under section 105(a) has a reasonable likelihood of success on the merits hinges on "the debtor's ability to successfully reorganize." *In re LTL Mgmt., LLC*, 645 B.R. 59, 81–82 (Bankr. D. N.J. 2022) (quoting *In re Union Tr. Philadelphia, LLC*, 460 B. R. 644, 660 (E.D. Pa. 2011)).

7. Claimants acknowledge this standard. *See* Opposition at 8. Nevertheless, Claimants conclusively state that their unproven allegations against the Debtors "undermine any claim that the Debtors can successfully reorganize while the full extent of their misconduct remains unexamined." *Id.* Claimants argue that "a vague reference to a framework" for an exit plan "is

insufficient to demonstrate likelihood of success." Opposition at 8. And they claim that "[n]o evidence from anyone has been offered to demonstrate that a reorganization is likely," and that the Debtors "have not demonstrated creditor support for their newly-filed plan." *Id.* Claimants are wrong on the law and the facts.

8. The Debtors are not obligated at this stage in these Chapter 11 Cases to provide any of the evidence Claimants insist is required. *See In re LTL Mgmt., LLC,* 645 B.R. at 82. ("a movant [under section 105] need only show the prospect or possibility that he or she will succeed, and need not prove same with certainty" to demonstrate a reasonable likelihood of success in its reorganization efforts).

9. Notwithstanding, even though these Chapter 11 Cases are quite early in stage, the Debtors have demonstrated that they are proceeding on an expedited timeline to effectuate reorganization. On April 7, 2026, the Debtors filed a chapter 11 plan and related disclosure statement [Docket Nos. 128, 129], and requested that the Court set June 22, 2026, as the date for the plan confirmation hearing. In addition to the plan process, the Debtors are concurrently running a sale process. The Debtors already have filed a motion [Docket No. 101] seeking approval of bidding procedures and related relief in connection with the sale of substantially all of the Debtors' assets. The dual-track process is intended to ensure that the Debtors maximize value in the Chapter 11 Cases—whether that path is through a chapter 11 plan or a sale process.[5] *See* Renzi Declaration, ¶¶ 10-11.

10. Even if Claimants were to object to their classification in the plan or other plan terms, that does not mean that reorganization in these Chapter 11 Cases is unlikely. *See* Opposition at 9 (discussing third party releases and that a "a chapter 11 plan faces a massive uphill battle.").

[5] In addition, the Debtors have begun certain analysis related to property of the estates. *See Declaration of James P. Brennan*, Docket No. 135-2.

Indeed, Claimants "cannot say that a reorganization is unlikely simply because they intend to object to the plan as presently constituted." *In re Purdue Pharm. L.P.*, 619 B.R. 38, 58 (S.D.N.Y. 2020) (affirming section 105 injunction enjoining claims against non-debtors). To allow otherwise would empower Claimants to circumvent the protections of the automatic stay simply by stating that they are opposed to the reorganization or plan terms.

11. Further, under Claimants' theory, any entity accused of prior misconduct by a creditor would thereafter lack the ability to reorganize. Claimants reference their previously made allegations and claims against Debtors to argue that any forthcoming plan is "undermine[d]." Opposition at 8. But the inquiry at this stage is whether "the Debtors are proceeding on track," not whether there was alleged impropriety prior to the petition date. *Lyondell Chemical Co. v. CenterPoint Energy Gas Services Inc*. (*In re Lyondell Chem. Co.)*, 402 B.R. 571, 590 (Bankr. S.D.N.Y. 2009). And, in any event, the conduct leading up to these Chapter 11 Cases does not remain "unexamined." As explained in the Official Committee of Unsecured Creditors (the "UCC") joinder [Docket No. 139], the UCC is conducting an independent investigation.

12. Accordingly, under the proper analysis of this factor, the Debtors have shown that they have a reasonable likelihood of success on the merits.

B. Denying the Motion Would Cause the Debtors to Suffer Irreparable Harm

13. Claimants' irreparable harm analysis similarly fails. As explained in the Memorandum, only two of Claimants' causes of action in the Prepetition Litigation name the D&Os as defendants: aiding and abetting fraud and breach of fiduciary duty. *See* Memorandum, ¶ 2; *see also* Corrected Complaint ¶¶ 206–35; 332–52. Despite Claimants' conclusory statements to the contrary in the Opposition, allowing the two unstayed claims to proceed in the Prepetition Litigation would cause the Debtors to suffer irreparable harm because: (i) these causes of action are not unique to Claimants; (ii) the aiding and abetting claim requires a finding of fraud by the

Debtors; (iii) the breach of fiduciary duty claim may give rise to vicarious liability and is property of the Debtors' estates; (iv) there is risk of evidentiary prejudice and collateral estoppel; (v) the Debtors have mandatory indemnification obligations; and (vi) the continuation of these claims would unnecessarily distract the D&Os.

i. Claimants' Causes of Action Against the D&Os are Not Unique to Claimants

14. First, Claimants allege that "the [Prepetition Litigation] addresses claims that are personal to Claimants and distinct from other claims against the Debtors" because those claims target the personal conduct of the D&Os as against Claimants. However, a claim is personal to a creditor only when that particular creditor suffers a direct, particularized injury that can be "directly traced" to the defendant's conduct. *Whittaker, Clark & Daniels, Inc. v. Brenntag AG (In re Whittaker, Clark, & Daniels)*, 663 B. R. 1, 11 (Bankr. D.N.J. 2024). Claimants have failed to show how the D&Os alleged misconduct caused them to suffer a particularized injury that is "distinct" from other creditors.

15. This is not surprising given that the essence of Claimants' theory apparently is that their purported individualized injury is the recovery of *their* particular cryptocurrency deposited with the Debtors prior to the petition date. Opposition at 3. Notably, the same can be said for all creditors of the Debtors. Indeed, to prosecute the D&O Counts, Claimants would necessarily be required to establish whether the Debtors' alleged conduct was permitted under parties' contracts. Claimants themselves acknowledge that the Debtors were the sole drafters of the parties' contracts and that no negotiation took place regarding the BlockFills Agreements. *See* Corrected Complaint ¶ 18. The same can be said of the Debtors' many other customers that signed the BlockFills Agreements.

16. In addition, the Corrected Complaint clearly alleges that any D&O conduct occurred well after Claimants deposited cryptocurrency with BlockFills. *See* Corrected Complaint, ¶¶ 20-6, 30 (stating that "[p]rior to, during, and after the onboarding process, [Claimants] had numerous conversations with BlockFills representatives" in reference to non-D&O employees). Claimants' first interacted with a named D&O the same day the Debtors froze withdrawals. *See* Corrected Complaint, ¶ 46.

17. Accordingly, because Claimants seek to hold the D&Os indirectly liable for the Debtors' potential tort liabilities, "rather than remedy a harm that a [t]ort [c]laimant or creditor can directly trace to a non-debtor third party," neither of Claimants' remaining causes of action are unique to Claimants. *See In re Whittaker, Clark, & Daniels*, 663 B. R at 13.

ii. Claimants' Aiding and Abetting Claim Requires a Finding that the Debtors Committed Fraud

18. Claimants further argue that their claims against the D&Os hinge on "whether these individuals committed or facilitated fraud." Opposition at 9. However, to adequately plead aiding and abetting by the D&Os, Claimants would need to allege that the Debtors committed fraud. *See* Memorandum, ¶ 36 (citing *LoggerHead Tools, LLC v. Sears Holding Corp.*, 19 F. Supp. 3d 775, 784–85 (N.D. Ill. 2013) ("Under Illinois law, to state a claim for aiding and abetting, one must allege [that] the party whom the defendant aids performed a wrongful act causing an injury.")). It is axiomatic that a claim against the D&Os which requires a finding that the Debtors themselves committed fraud is the type of inextricably interwoven allegation that the automatic stay is meant to prohibit. *See In re Jefferson Cnty., Ala.,* 491 B. R. 277, 296 (Bankr. N.D. Ala. 2013) (applying the automatic stay directly to claim that non-debtor aided and abetted the debtor's fraud because claimant would have to establish debtor's fraud).

iii. Claimants' Breach of Fiduciary Duty Claim May Give Rise to Vicarious Liability to Debtors and is Property of the Estate

19. Claimants argue that their breach of fiduciary duty claim "is intended to allege personal misconduct by the individuals contrary to the duties they owed Claimants, not duties they owe to the companies." Opposition at 9. However, nowhere do Claimants point to any facts creating an independent fiduciary relationship with the D&Os.

20. In reality, Claimants' allegation that the D&Os breached a supposed fiduciary duty owed to them is based on the BlockFills Agreements that they signed with the Debtors. *See* Corrected Complaint ¶¶ 332-52. Notwithstanding the fact that those same contracts explicitly disclaim any fiduciary duty stemming therefrom,[6] any liability the D&Os could face for a breach of such a duty may be imputed to the Debtors. *See USG Ins. Servs., Inc. v. Bacon*, 2016 WL 6901332, at *10 (W.D. Pa. Nov. 22, 2016) (holding that "an employer may be held liable for his employee's breach of fiduciary duty to another").

21. Moreover, Claimants' argument that their breach of fiduciary duty claim stems from "duties they owed Claimants, not duties they owe to the companies" is misplaced. Opposition at 9. An employer may be liable for its employees' breach of fiduciary duty to a third party committed within the scope of his employment if the employer did not authorize or know of such conduct, and even if the employer forbade such acts. *See Carroll v. John Hancock Distribs, Inc.*, 1994 WL 87160, at *4 (E.D. Pa. Mar. 14, 1994). Accordingly, because the evidence presented in the Prepetition Litigation against the D&Os could subject the Debtors to vicarious liability for

[6] *See* Corrected Complaint, Exhibit 3 at 78 ("[N]o service provided by Blockfills in connection with the Platform or otherwise shall give rise to any fiduciary or equitable duties on the part of Blockfills."); *id*. at 81 ("NONE OF THE BLOCKFILLS PARTIES SHALL BE DEEMED TO BE USER'S [sic] FINANCIAL ADVISOR OR FIDUCIARY."); *id*. at 86 ("Blockfills is not acting as an advisor or serving as a fiduciary to User. User agrees that Blockfills has no fiduciary duty to User…").

breach of their alleged fiduciary duties to Claimants, the automatic stay should extend to that cause of action. *See In re Lion Capital Grp.*, 44 B. R. 690, 703 (Bankr. S.D.N.Y. 1984).

22. Additionally, even assuming, *arguendo,* that a valid claim for breach of fiduciary duty exists against the D&Os, such a claim would be the property of the Debtors' estates. *See* Memorandum, ¶¶ 50, 51 (citing *N. Am. Cath. Educ. Programming Found., Inc. v. Gheewalla*, 930 A.2d 92, 101–03 (Del. 2007)). Claimants do not attempt to rebut *Gheewalla* but instead argue that their claims "are not derivative of claims against the Debtors." Opposition at 9. But Claimants cite no authority for their own proposition because no such authority exists.

23. Claimants' breach of fiduciary duty claim is derivative because it "could be brought by any of the debtor's creditors" and "arise[s] from harm done to the estate." *In re America's Ins. Ctr.*, 620 B. R. 528, 535 (Bankr. D.N.J. 2020). Because Claimants' breach of fiduciary claim is derivative, it is the property of the Debtors' estates and would be properly pursued by the Debtors "because it inures to the benefit of all creditors." *Emoral, Inc. v. Diacetyl (In re Emoral, Inc.)*, 740 F.3d 875, 879 (3d Cir. 2014).

iv. The Risk of Collateral Estoppel is Not Speculative

24. Claimants allege that "the risk of collateral estoppel is speculative" because, in Claimants' view, it requires that "the issue be actually litigated and necessarily decided." Opposition at 10. Claimants' argument misses the mark. The Debtors clearly argue there is a "***risk*** of collateral estoppel," which is the proper standard, not that collateral estoppel has already occurred. Memorandum, ¶ 59 (emphasis added).

25. Claimants incorrectly argue, without any authority, that the "mere possibility that a future ruling might have preclusive effect is insufficient to establish irreparable harm." Opposition at 10. As stated in the Memorandum, ample case law establishes otherwise. *See* Memorandum, ¶ 58-9 (citing *W.R. Grace & Co.*, 386 B.R. at 34–35 ("[T]his court takes into account the risks of

collateral estoppel.")); *see also In re LTL Mgmt., LLC*, 640 B.R. 322, 322 (Bankr. D. N.J. 2022) ("[E]ven assuming that the possibility of record taint is just that—a possibility—case law indicates that the mere possibility of harm can be sufficient to warrant extension of the automatic stay."). Here, both of Claimants' remaining claims could, and if successful would, bind the Debtors to the resultant decision.

26. Claimants' secondary argument is that "findings against the individuals would not automatically bind the Debtors" because "[a]nyone with claims against the Debtors will have to argue their own representations, contracts, trades and requests for recission, if any." Opposition at 10. As Claimants themselves admit, the Prepetition Litigation hinges on the interpretation of the contractual relationship created under the Debtors' customer agreements—the very same agreements executed by Debtors' many other customers. In short, any litigation interpreting these contracts without the Debtors' participation would give rise to collateral estoppel issues.

v. Indemnification Obligations Constitute Irreparable Harm

27. Claimants next argue that "indemnification obligations, even if they potentially exist, do not constitute irreparable harm." Opposition at 10. In fact, as established in the Memorandum, multiple courts in the Third Circuit have found the exact opposite to be true. *See* Memorandum, ¶ 60 (citing cases). But once again, Claimants improperly rely on their unsupported, blanket statements of law while simultaneously failing to cite any authority to rebut the Debtors' cited precedent and propositions. Where, as here, the existence of potential indemnification obligations is not in dispute, those obligations are deemed to "necessarily impact the Debtors' estate" and represent the type of irreparable harm that warrants a preliminary injunction under section 105. *Off. Comm. of Talc Claimants v. Whittaker, Clark & Daniels, Inc.*, 2025 WL 3043523, at *7 (D.N.J. Oct. 31, 2025).

28. Claimants also argue that "under the Debtors' own operating agreements, D&Os that engage in misconduct or dishonesty are not entitled to indemnity." Opposition at 10. But Claimants' argument entirely presupposes a finding that the D&Os did in fact engage in misconduct or dishonesty. No court has reached that determination.

29. Rather, Claimants base their argument on the speculative possibility that the Debtors would not be required to indemnify the D&Os if Claimants prevailed in the Prepetition Litigation. Such a result is far from certain. What is certain, however, is that the Debtors face immediate advancement obligations and litigation costs in defending the D&Os in the Prepetition Litigation. Each individual D&O named in the Prepetition Litigation already has hired individual counsel. *See* Adv. Docket No. 13 at 32. As the Court heard at the hearing in this case on March 26, 2026, counsel for the D&Os are "currently working on" indemnification claims and have "already [put] the [insurance] carriers on notice." *Id*. The D&O counsels are "incurring costs as this goes and [they are] significant costs." *See id*. at 32-33; *see also* Renzi Declaration, ¶ 9.

30. The costs of funding the D&Os individual representation is depleting the Debtors' assets which is independently sufficient to show irreparable harm and warrants extending the automatic stay to the Prepetition Litigation. *See* Renzi Declaration, ¶¶ 7, 9; *Midway Games, Inc. v. Anonuevo (In re Midway Games, Inc.)*, 428 B. R. 327, 333 (Bankr. D. Del. 2010) (extending the automatic stay to claims against officers of debtors where the debtors "have an obligation to indemnify the Officers not only for litigation costs, but also to indemnify them if a judgment is rendered against them"); *see also In re Majestic Star Casino, LLC*, 2010 WL 2540457, at *2 (Bankr. D. Del. Apr. 24, 2010) (extending the automatic stay to claims filed against the debtors' officers in part because "the Debtors will have to advance defense costs thereby, at the very least, temporarily diverting much needed funds").

vi. Continuation of the Prepetition Litigation Will Distract the D&Os from Assisting in the Restructuring of the Debtors

31. Claimants argue that "the alleged distraction of the individual defendants is likewise speculative and insufficient" because "the mere burden of defending lawsuits does not constitute irreparable harm." Opposition at 11. However, where, as here, "[t]he particular defendants targeted by the [non-debtor litigation] are…key [debtor] employees," the court should issue a preliminary injunction under section 105. *Sec. Inv'r Prot. Corp. v. Bernard L. Madoff Inv. Sec. LLC*, 443 B. R. 295, 316 (Bankr. S.D.N.Y. 2011). Notably, Claimants' admission that the Prepetition Litigation will involve "targeted discovery" (Opposition at 11) is a distraction that warrants a finding that proceeding against a debtor's officer would cause that debtor to suffer irreparable harm. *See In re Mallinckrodt Plc*, 2021 WL 523625, at *4 (D. Del. Feb. 11, 2021) (reflecting on the bankruptcy court's determination that "the burdensome and distracting discovery…, the potential indemnity claims against the Debtors, the significant cost the Debtors would incur in participating in discovery, and the potential significant adverse effects on the restructuring process" constituted irreparable harm); *In re Residential Cap., LLC*, 480 B.R. 529, 541 (Bankr. S.D.N.Y 2012) ("The scope, timing, burden and expense of the proposed discovery…will thwart or frustrate the debtor's reorganization"); *see also* Renzi Declaration, ¶ 8.

32. Accordingly, because the D&Os are key employees of the Debtors who currently must focus on the reorganization of the Debtors, the issuance of a preliminary injunction under section 105(a) is warranted. *See Philadelphia Newspapers LLC v. Lane (In re Philadelphia Newspapers LLC)*, 410 B. R. 404, 409 (Bankr. E.D. Pa. 2009), *aff'd*, 423 B. R. 98 (E. D. Pa. 2010).

C. The Irreparable Harm Substantially Outweighs Any Prejudice to the Claimants

33. Claimants argue that equitable considerations favor the denial of a preliminary injunction because, if issued, they "will have to pursue their claims in this Court in an adversary proceeding." Opposition at 11. Claimants argue that this would be a "severe and concrete" harm because the judge overseeing the Prepetition Litigation is "already familiar with the facts." *Id.* at 12. First, as Claimants acknowledge, the issuance of a preliminary injunction will not impede them from attempting to make the same claims they make against the D&Os in the Prepetition Litigation in this Court's adversary proceeding process. *See In re Virella*, 661 B.R. 199, 216 (Bankr. D.N.J. 2024).

34. Further, the factual record in the Prepetition Litigation is comprised of essentially two filings, both made by Claimants: (1) the Corrected Complaint; and (2) a motion for a temporary restraining order. *See* Prepetition Litigation, Docket No. 5. The Prepetition Litigation is barely one month old. There have been no substantive determinations on the merits, no responsive pleadings filed under Federal Rule of Civil Procedure 12, and no discovery conducted. By comparison, this Court is armed with the high volume of disclosure obligations and factual record construction attendant to its mandate to oversee these Chapter 11 Cases. *See In re Remington Rand Corp.*, 836 F.2d 825, 833 (3d Cir. 1988) ("[T]he bankruptcy judge, with the benefit of a fully developed factual record … is better suited to make such findings."). Additionally, Claimants already served Debtors with discovery requests in these bankruptcy proceedings, and the Debtors have responded to same. *See* Adv. Docket Nos. 20 and 21.

35. The injunction sought in the Motion is a temporary one and is meant to expedite the reorganization initiated by these Chapter 11 Cases. Settled bankruptcy jurisprudence demonstrates that the balance of harms favor the issuance of a preliminary injunction.

D. An Injunction Serves the Public Interest

36. Finally, Claimants argue that the public interest favors them, because as alleged fraud victims they should be able "to pursue their claims." Opposition at 12. Claimants further argue that "courts should not use their equitable powers to insulate alleged wrongdoers from accountability." *Id.* Fortunately for Claimants, as described above (*see supra* Section C), these Chapter 11 Cases will provide them with an opportunity to pursue their claims. *See In re Malone*, 74 B.R. 315, 320 (Bankr. E.D. Pa. 1987) ("Ordinarily, a creditor asserts its claims against a debtor by filing a proof of claim in the bankruptcy case itself, not by filing a civil action in another court."). Moreover, this Court, far from insulating any party from accountability, is charged with developing a full factual record of the events underlying the Debtors' insolvency to effectuate the equitable distribution of the Debtors' assets.

37. While courts do "routinely permit litigation against non-debtor parties" (Opposition at 12), the Prepetition Litigation is anything but routine. Because Claimants cannot "convincingly contend" that the allegations in the Prepetition Litigation "are independent of their claims" against the Debtors, this court should enjoin them from pursuing those claims. *See Bernard L. Madoff Inv. Sec. LLC*, 443 B.R. at 316.

38. Granting the Debtors' request for a preliminary injunction would serve the public interest because it will ensure that core bankruptcy issues are decided in these Chapter 11 Cases and promote the equitable treatment of all interested creditors. *See In re Atl. Bus. & Cmty. Corp.*, 901 F.2d 325, 327 (3d Cir. 1990) ("Bankruptcy is designed to provide an orderly liquidation procedure under which all creditors are treated equally.") (citations omitted). Because Claimants

here attempt to subvert that equity and prioritize their own claims over others, Debtors' request for the issuance of a preliminary injunction should be granted.[7]

II. Claimants Waived Arguments on Extending the Automatic Stay Under Section 362(a)

39. The Opposition is entirely devoid of any substantive analysis of the specific factors courts in this District consider when deciding if the automatic stay under section 362 should be extended to a case against a non-debtor. *See* Memorandum, ¶ 35 (stating the "inextricably interwoven" and "identity of interests" standards). Instead, Claimants' analyses appear limited only to the standards specific to an injunction issued pursuant to section 105(a).[8] Claimants have thus waived opposition to these arguments. *See Taylor v. Tumolo*, 2020 WL 1531877, at *11 n.82 (E.D. Pa. Mar. 31, 2020) ("Where an issue of fact or law is raised in an opening brief, but it is uncontested in the opposition brief, the issue is considered waived or abandoned by the non-movant."). This Court should grant the Motion to extend the automatic stay as to the D&Os under section 362 of the Bankruptcy Code for the reasons set forth in the Memorandum.

CONCLUSION

40. For foregoing reasons and for the reasons set forth in the Debtors' Memorandum, the Court should enter an order preliminary enjoining Claimants' continued prosecution of the Prepetition Litigation against the D&Os pursuant to section 105(a) of the Bankruptcy Code, or, in the alternative, extending the automatic stay to the D&Os pursuant to section 362(a) of the Bankruptcy Code, and grant such other and further relief as this Court deems just and proper.

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[7] Claimants improperly argue the *Motion of 1548199 Alberta Ltd. and Robert J. Bertram for Relief from Stay Pursuant to 11 U.S.C. § 362* [Docket No. 81] ("Relief Stay Motion") in the context of this adversary proceeding. As Claimants make clear, the standards of seeking relief from stay under section 362(d) of the Bankruptcy Code are, despite related, distinct from the relief sought in the instant proceeding. The Debtors submitted an opposition to the Relief Stay Motion on April 9, 2026. *See* Docket No. 135. Any reply in response to the Debtors objection should be submitted thereto and not in the context of this adversary proceeding.

[8] Claimants cite to *A.H. Robins Co. v. Piccinin*, 788 F.2d 994 (4th Cir. 1986), which dealt with extension of the automatic stay. However, Claimants' citation is in the context of likelihood of success under section 105(a).

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