Docket #0039 Date Filed: 2/2/2026

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re: HUDSON 1701/1706, LLC, *et al*., Debtors.	Chapter 11 Case No. 25-11853 (KBO) (Jointly Administered)
FIRST AMERICAN TITLE INSURANCE COMPANY, solely as Escrow Agent and not in its individual capacity, Plaintiff, v. HUDSON 1701/1706, LLC, HUDSON 1702, LLC, ALBERTO SMEKE SABA, SALOMON SMEKE SABA, CSC HUDSON LLC and PARKVIEW FINANCIAL REIT, LP, Defendants.	Adv. No. 25-52468 (KBO) **Hearing Date: February 12, 2026 at 10:30 a.m.** **Obj. Deadline: February 2, 2026 at 4:00 p.m.** **RE: A.D.I. 12, 15, 16, 17, 20, 25, 33**

MEMORANDUM OF LAW IN SUPPORT OF OBJECTION OF ALBERTO SMEKE SABA, SALOMON SMEKE SABA AND CSC HUDSON LLC TO PLAINTIFF FIRST AMERICAN TITLE INSURANCE COMPANY'S MOTION TO AUTHORIZE DEPOSIT OF INTERPLEADER FUNDS INTO REGISTRY OF COURT AND TO DISCHARGE PLAINTIFF FROM INTERPLEADER ACTION

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INTRODUCTION

Defendants Alberto Smeke Saba, Salomon Smeke Saba, and CSC Hudson LLC (the "Guarantor Parties"), by and through their undersigned counsel, hereby submit this memorandum of law in support of their *Objection to Plaintiff First American Title Insurance Company's Motion to Authorize Deposit of Interpleader Funds into the Registry of Court and to Discharge Plaintiff from Interpleader Action* (the "Objection")[1] [Adv. Pro. Dkt. No. 15].

Plaintiff First American Title Insurance Company's ("Plaintiff") *Motion to Authorize Deposit of Interpleader Funds into the Registry of Court and to Discharge Plaintiff from Interpleader Action* (the "Motion") [Adv. Pro. Dkt. No. 10][2] should be denied because (i) the relief sought in the Motion is duplicative of relief already requested in Plaintiff's *Complaint for Interpleader* (the "Complaint") [Adv. Pro. Dkt. No. 1], which relief, among other things, has not yet been adjudicated on the merits before this Court and (ii) Plaintiff is not entitled to a discharge, injunctive relief or any offset of its fees and costs against the Interpleader Funds (as defined below) due to its misconduct and breach of its obligations in connection with the Escrow Agreement (as defined below).

BACKGROUND

On December 18, 2025, Plaintiff commenced the above-captioned adversary proceeding by the filing of the Complaint with this Court (the "Adversary Proceeding"). By its Complaint, Plaintiff requests, *inter alia*, to deposit certain remaining escrowed funds (the "Interpleader Funds") into this Court's registry, the grant of injunctive relief and discharge in favor of Plaintiff as escrow agent under that certain escrow agreement dated as of August 7, 2025 (the "Escrow

[1] Capitalized terms not defined herein shall have the meaning ascribed to such terms as defined in the Objection.

[2] Plaintiff also filed a memorandum of law in support of its Motion [Adv. Pro. Dkt. No. 12] ("Plaintiff's Memorandum of Law").

Agreement"), and the offset of current (prior to deposit with the Court) and future fees and expenses against the Interpleader Funds.

On January 6, 2026, Guarantor Parties filed their Objection [Adv. Pro. Dkt. No. 15].

On January 9, 2026, Plaintiff filed its *Reply to the Objection* [Adv. Pro. Dkt. No. 18].

On January 23, 2026, this Court entered an *Order Approving Stipulated Scheduling Order* [Adv. Pro. Dkt. No. 33], which approved a briefing schedule agreed to between the Guarantor Parties and Plaintiff.

SUMMARY OF ARGUMENT

Guarantor Parties do not object to the deposit of **ALL** of the Interpleader Funds into the Court's registry. However, Guarantor Parties object to the remaining requested relief in Plaintiff's Motion (i.e., discharge, injunctive relief and fees offset) given that, among other things, it's an improper attempt to sidestep the adjudication of the merits of the same relief brought by Plaintiff in the Adversary Proceeding, and, more importantly, such Motion relief is unavailable to Plaintiff when counterclaims are brought against Plaintiff for misconduct relating to the handling of such Interpleader Funds.

ARGUMENT

Plaintiff's Motion Is Duplicative of Relief Requested in Complaint.

As discussed more fully in our Objection, the Motion is flawed given that it is duplicative of Plaintiff's relief sought in its Complaint and Adversary Proceeding. Among other things, both the allegations and the requested relief in the Motion are virtually identical to those set forth in Plaintiff's Complaint, including, without limitation, the grant of injunctive relief and discharge in favor of Plaintiff and the immediate and future offset of Plaintiff's fees and expenses against the Interpleader Funds. *Compare* Complaint's "*Prayer for Relief*" *with* Motion's Proposed Order.

Moreover, given that the Guarantor Parties (and the other defendants) have not yet even answered the Complaint, let alone raised affirmative defenses and counterclaims (which the Guarantor Parties intend to do), making any ruling on the Motion in respect of such injunctive and related relief would improperly sidestep the Guarantor Parties' (and the other defendants') rights to have such claims adjudicated on the merits pursuant to the Adversary Proceeding. Accordingly, such relief should be denied, without prejudice, and addressed in connection with the Adversary Proceeding.

Plaintiff Is Not Entitled to a Discharge, Let Alone Injunctive Relief or Fee Offsets, in Connection with Its Motion.

As noted above, Guarantor Parties do not oppose **ALL** of the Interpleader Funds being deposited into the Court's registry, but that's the only relief Plaintiff is entitled to at this time and pursuant to its Motion. As discussed below, because Plaintiff comes to this Court with unclean hands, it is not entitled to the equitable relief it seeks.[3] *See William Penn Life Ins. Co. of N.Y. v. Viscuso*, 569 F. Supp. 2d 355, 362 (S.D.N.Y. 2008) ("Although sanctioned by statute, interpleader is fundamentally an equitable remedy …. Therefore, the rule that one who seeks equitable relief must come to court with clean hands applies.") (citations omitted). *See also Prudential Ins. Co. of Am. v. Hovis*, 553 F.3d 258, 263 (3d Cir. 2009) ("Indeed, 'it is a general rule that a party seeking interpleader must be free from blame in causing the controversy, and where he stands as a wrongdoer with respect to the subject matter of the suit …, he cannot have relief by interpleader.'") (citations omitted).

The Third Circuit in *Hovis* goes on to explain that "[t]he typical interpleader action proceeds in two distinct stages," specifically the court must determine: (1) "whether the interpleader complaint was properly brought and whether to discharge the stakeholder from further

[3] *See e.g.*, Exhibits 4, 7, 10 and 11 cited in Plaintiff's Memorandum of Law.

liability to the claimants"; and (2) "the respective rights of the claimants to the interpleaded funds." *Id*. at 262 (citations omitted). However, the modern approach to interpleader analysis provides that "where a claimant brings an independent counterclaim against the [escrow agent], the [escrow agent] is kept in the litigation to defend against the counterclaim, rather than being dismissed after depositing the disputed funds with the court." *Id.* at 264 (citations omitted).[4] In fact, interpleader relief generally does not extend to counterclaims that do not seek entitlement to the interpleader funds. *See Lee*, 688 F.3d at 1009 (citations omitted).

Here, because the Guarantor Parties intend to bring counterclaims against Plaintiff for, *inter alia*, breach of contract and misconduct, any dismissal and other equitable relief sought by Plaintiff in its Motion must be denied (without prejudice) until the merits of all claims asserted by the parties to the Adversary Proceeding are fully adjudicated before this Court.

CONCLUSION

For the foregoing reasons, Guarantor Parties respectfully request that the Court enter an order (a) sustaining their Objection, (b) denying any interpleader relief sought by Plaintiff in its Motion (and proposed order) other than the deposit of **ALL** of the Interpleader Funds (without offset) into the Court's registry and (c) granting such further relief as may be just and proper.

[4] In fact, the *Hovis* court goes on to state that the rule barring interpleader relief to the escrow agent with unclean hands is "meant to prevent a tortfeasor, facing claims from multiple parties, from using the interpleader device to cap its liability." *Id*. at 263. *See also, e.g.*, *Lee v. W. Coast Life Ins. Co.*, 688 F.3d 1004 (9th Cir. 2012) (denying interpleader relief where negligent escrow agent was exposed to liability by its inadvertent creation of a conflict as to multiple potential claimants' entitlement to the funds).

February 2, 2026
Wilmington, Delaware

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CERTIFICATE OF SERVICE

I, Matthew P. Ward, do hereby certify that, on February 2, 2026, I caused a copy of the *Memorandum of Law in Support of Objection of Alberto Smeke Saba, Salomon Smeke Saba and CSC Hudson LLC to Plaintiff First American Title Insurance Company's Motion to Authorize Deposit of Interpleader Funds into the Registry of the Court and to Discharge Plaintiff from the Interpleader Action* to be served via the Court's Electronic Filing (CM/ECF) system on all parties registered to receive electronic notices in this case, and upon the parties listed below via electronic mail.

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