IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	
	)	
Noble Supply & Logistics, LLC, *et al*.,	)	Case No. 26-11369 (CTG)
	)	
	)	Chapter 11
Debtors.[1]	)	(Jointly Administered)
	)	
	)	Related Docket Nos. 13, 188, 218

UNITED STATES' RESERVATION OF RIGHTS

The United States of America, on behalf of its agencies, departments, and instrumentalities (collectively, the "United States"), including the United States Department of Defense's Defense Logistics Agency ("DLA"), hereby submits this reservation of rights to the above-referenced debtors' (the "Debtors") cash collateral motion (the "Motion").[2] In support, the United States respectfully states the following:

1. Before the Petition Date,[3] certain Debtors entered into multiple indefinite-delivery, indefinite-quantity ("IDIQ") contracts with the DLA. Those contracts were not all in the same contractual posture as of the Petition Date. Certain IDIQ ordering periods had ended,

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Noble Supply & Logistics, LLC (7926) ("Noble"); COTS Solutions, LLC (4477); Federal Resources Supply Company, LLC (3636); FRS Holdings, LLC (2327); K.D. Analytical Consulting, LLC (6637); KDA Acquisition, LLC (5870); Noble Defense Corporation (N/A); Noble Equity Holdings, LLC (0851); Noble.com, LLC (4712); Noble Mission Support, LLC (7908); and Tactical & Survival Specialties, LLC (2266).

[2] Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing Limited Use of Cash Collateral, (II) Granting Adequate Protection Liens and Superpriority Administrative Expense Claims to Prepetition Secured Parties, (III) Modifying the Automatic Stay, (IV) Scheduling a Final Hearing, and (V) Granting Related Relief. Dkt. 13.

[3] Capitalized terms not otherwise defined herein shall have the same meanings ascribed to them in the Motion.

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certain contracts or orders had been terminated before the Petition Date, and obligations under certain outstanding delivery orders remain in effect.

2. Among those agreements are four principal IDIQ contracts with Debtor Noble Supply & Logistics, LLC that are relevant to the Debtors' Motion: the FSG-53 Contract, the Fire and Emergency Services Equipment Contract, the Maintenance, Repair, and Operation Contracts, and the Special Operations Equipment Contract (collectively, the "DLA Contracts"). The Debtors continue to rely on payment of invoices under these DLA Contracts to fund their chapter 11 cases.

3. On September 26, 2026, the Court entered the Debtors' Proposed Second Interim Cash Collateral Order, which indicates that a Final Proposed Order will be filed on the docket prior to the Final Hearing. Dkt. No. 218 at 2, n.3.

4. The Second Interim Order includes language that acknowledges the Debtors' indebtedness to the Prepetition Secured Parties and that their Prepetition Secured Debt, Prepetition ABL Liens, and Prepetition Term Loan Liens (as defined in their Motion) are not subject offset and recoupment. *See* Dkt. No. 218 at ¶¶ G.(ix), (x), (xi), (xii). The Second Interim Order also goes on to say that the Debtors' obligations under the Prepetition Credit Documents, including their Prepetition Secured Debt shall constitute allowed claims not subject to setoff and recoupment, and that their Prepetition Liens are also not subject to setoff and recoupment. Dkt. No. 218 at ¶17.

5. As a matter of law, the Debtors cannot assign greater rights than they possess. *See* U.C.C. § 9-404(a) ("(a) Assignee's rights subject to terms, claims, and defenses; exceptions."). Under U.C.C. § 9-404(a)(1), a lender's lien cannot prime recoupment rights or any defense belonging to a creditor arising from the same transaction.

6. Further, to the extent a party has a defensive right to recoup or offset against the debtor, such right prevails over any secured creditor (to whom a debtor purports to assign its rights) regardless of notice or date of perfection of the secured creditor's interest. *In re Metro. Hosp.*, 110 B.R. 731, 741 (Bankr. E.D. Pa. 1990), *aff'd*, 131 B.R. 283 (E.D. Pa. 1991) (citing *Rochelle v. United States*, 521 F.2d 844, 855 (5th Cir. 1975), where the court found that subordinated claims are still subject to setoff by United States). The *Metro. Hosp.* court also cites *In re Sound Emporium, Inc.* where that court permitted the United States to set off its unpaid tax claim against funds due the debtor's estate from two contracts involving the United States Army "over the opposition of a creditor with a prior perfected security interest in the debtor's accounts receivables, including the Army contracts." 70 B.R. 22, 24 (W.D. Tex. 1987).

7. Therefore, the United States' rights to recoup or offset cannot be limited or impaired by any Interim or Final Order on the Motion notwithstanding that the Prepetition Secured Parties may have liens on the Debtors' accounts receivables or that the Debtors have waived their recoupment and offset rights.

8. WHEREFORE, the United States respectfully requests that the Court acknowledge the United States' setoff and recoupment rights by incorporating the following into any Interim or Final Order on the Motion:

> Notwithstanding anything in this Interim Order or any Final Order, nothing shall affect, limit, or be deemed a waiver of the United States' setoff or recoupment rights. All such rights are expressly preserved.

Dated: October 13, 2026

Respectfully submitted,

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