Docket #1412 Date Filed: 08/27/2026

REID COLLINS & TSAI LLP
Eric D. Madden (TX 24013079)
Richard H. Howell (TX 24151882)
1445 Ross Avenue, Suite 2900
Dallas, Texas 75202
Telephone: (214) 420-8900
E-mail: emadden@reidcollins.com
rhowell@reidcollins.com

REID COLLINS & TSAI LLP
William T. Reid, IV (TX 00788817)
Joshua J. Bruckerhoff (TX 24059504)
Aaron A. Brown (TX 24130382)
Seth W. Roye (TX 24144971)
1301 S. Capital of Texas Hwy, Suite C-300
Austin, Texas 78746
Telephone: (512) 647-6100
E-mail: wreid@reidcollins.com
jbruckerhoff@reidcollins.com
abrown@reidcollins.com
sroye@reidcollins.com

Special Litigation Counsel to the Chapter 7 Trustee

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	)	Chapter 7
TRICOLOR HOLDINGS, LLC, *et al.*,[1]	)	Case No. 25-33487 (MVL)
Debtors.	)	Hearing: September 1, 2026 9:30 a.m. Central Time

REPLY IN SUPPORT OF CHAPTER 7 TRUSTEE'S MOTION FOR ENTRY OF AN ORDER PURSUANT TO BANKRUPTCY RULE 2004 (I) DIRECTING EXAMINATION OF BLACKROCK, INC., BLACKROCK FINANCIAL MANAGEMENT, INC., AND THE SENIOR PREFERRED MEMBERS AND (II) DIRECTING THE PRODUCTION OF DOCUMENTS

Anne Elizabeth Burns, the duly appointed Chapter 7 trustee (the "Trustee") of the estates of the above-captioned debtors, hereby submits this reply (the "Reply") in support of the *Motion for Entry of an Order Pursuant to Bankruptcy Rule 2004 (I) Directing Examination of BlackRock,*

[1] The Debtors in these Chapter 7 cases are as follows: Tricolor Holdings, LLC, TAG Intermediate Holding Company, LLC, Tricolor Auto Group, LLC, Tricolor Auto Acceptance, LLC, Tricolor Insurance Agency, LLC, Tricolor Home Loans LLC dba Tricolor Mortgage, Tricolor Real Estate Services, LLC, TAG California Holding Company, LLC, Flexi Compras Autos, LLC, TAG California Intermediate Holding Company, LLC, Tricolor California Auto Group, LLC, Tricolor California Auto Acceptance, LLC, Risk Analytics LLC, Tricolor Tax, LLC, Tricolor Financial, LLC, Tricolor Auto Receivables LLC, TAG Asset Funding, LLC, and Apoyo Financial, LLC.

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Inc., BlackRock Financial Management, Inc., and the Senior Preferred Members and (II) Directing the Production of Documents (Dkt. No. 1298) (the "Motion"), and in response to the *Objection of BlackRock to Chapter 7 Trustee's Motion for Entry of an Order Pursuant to Bankruptcy Rule 2004 (I) Directing Examination of BlackRock, Inc., BlackRock Financial Management, Inc., and the Senior Preferred Members and (II) Directing the Production of Documents* (Dkt. No. 1350) (the "Objection"), as follows:

PRELIMINARY STATEMENT

1. BlackRock helped govern Tricolor. It held Tricolor's preferred equity and appointed fiduciaries to Tricolor's Board. And those BlackRock Designees conducted the Board's business on BlackRock's IT systems. So, much of the contemporaneous record of what Tricolor's Board knew and did exists only within BlackRock. The Motion asks BlackRock to produce that record.

2. Rule 2004 is a deliberately broad tool that empowers the Trustee to investigate the financial affairs of these estates and to marshal their most valuable assets. Nowhere is a Rule 2004 examination more warranted than an investigation into the workings of a debtor's own governing body. And nowhere is it more necessary than where those workings were recorded on a third party's servers, beyond the reach of the debtor's files.

3. BlackRock disputes none of this. Still, and despite good-faith efforts to resolve the Motion without Court intervention, BlackRock has now objected to producing *any* documents at all. It does so by invoking the Adversary Proceeding[2] in two ways. Both fail.

4. First, BlackRock invokes the "pending-proceeding rule." But BlackRock is a stranger to the Adversary Proceeding, so the pending-proceeding rule does not apply here. And BlackRock cannot exploit the pending-proceeding rule by pointing to the Requests' factual overlap or mere topical relevance to the Adversary Proceeding. The pending-proceeding rule turns on shared ***issues and parties***, not on the unremarkable fact that two inquiries into the same business collapse touch on shared ***facts***. If factual overlap alone were the test, the pending-proceeding rule would completely gut Rule 2004 and halt the Trustee's investigation, simply because the underlying fraud touches all of it.

[2] Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Objection. (*See* Dkt. 1350).

5. Second, BlackRock stretches the Stay Orders to halt Rule 2004 practice in the entire Chapter 7 cases. But the Stay Orders apply only to "discovery in th[e] Adversary Proceeding," not the bankruptcy at large. And the stay exists only because ***Chu*** flooded the Adversary Proceeding with subpoenas, the Government moved to stop him, and the Trustee agreed to the stay. BlackRock now wields against the Trustee an order that the Trustee supported in another proceeding—to shield itself from an investigation that is unaffected by the stay.

6. That leaves good cause and burden. Good cause is plain: the documents are necessary to claims the Trustee is investigating, and they exist nowhere but on BlackRock's systems. As for burden, BlackRock plays a "victim" card and asserts hardship that it never substantiates, while ignoring that the Requests themselves invite the parties to negotiate search terms and custodians—an invitation that BlackRock refused.

7. BlackRock helped govern Tricolor, and it alone holds some records that show how Tricolor collapsed. The Trustee—standing in Tricolor's shoes—asks for her own Board's documents. The Motion should be granted.

BACKGROUND

8. BlackRock held Tricolor's preferred equity and appointed Managers and Observers to Tricolor's Board (the "BlackRock Designees"). (Dkt. 568-4 at 39-40). The BlackRock Designees were the only Managers whom Chu could not unilaterally remove. *Id.*

9. The BlackRock Designees conducted Tricolor Board business from BlackRock's IT systems. They transacted Board business from their @blackrock.com email accounts and circulated Board materials through a dedicated BlackRock distribution list. (*See, e.g.*, Dkt. 568-6, Dkt. 568-15, Dkt. 568-23, Dkt. 568-25).

10. On July 8, 2026, the Trustee filed the Motion under Rule 2004 directing BlackRock to produce documents. (Dkt. 1298). The Requests seek, among other things, Board

communications and materials provided to any BlackRock Designee; documents concerning any actual or suspected fraud or irregularity; and documents concerning BlackRock's governance rights under the LLC Agreement. (Dkt. 1298-2).

11. The Requests invited the parties to confer on search terms and custodians. *Id.* at 8. The Requests added that the Trustee was ***not*** seeking communications "to or from an @tricolor.com email domain." *Id.* at 3. After meeting and conferring, BlackRock offered to produce only a subset of communications that it had already produced to the DOJ—excluding its internal communications entirely and consisting almost wholly of documents that were already in the Trustee's possession. BlackRock refused to negotiate custodians or search parameters. Instead, BlackRock filed its Objection. (Dkt. 1350).

ARGUMENT

I. The Requests are necessary to the Trustee's discharge of her statutory duties.

12. Rule 2004 is "the basic discovery device in bankruptcy cases." *In re Correra*, 589 B.R. 76, 108 (Bankr. N.D. Tex. 2018). And the purpose of a Rule 2004 examination is to enable the Trustee "to discover the nature and extent of the bankruptcy estate," including "assets of the estate and the exposure of fraudulent conduct." *Id.* at 108–09. Courts in the Fifth Circuit describe Rule 2004's scope as "very broad," *In re Edic*, 2005 WL 6443541, at *1 (Bankr. N.D. Tex. Oct. 7, 2005), and "virtually unlimited." *In re Kipp*, 86 B.R. 490, 491 (Bankr. W.D. Tex. 1988). Those interpretations align with the text of the rule: an examination may relate to the acts, conduct, or property or to the liabilities and financial condition of the debtor, or "***to any matter which may affect the administration of the debtor's estate***." Fed. R. Bankr. P. 2004(b) (emphasis added).

13. The knowledge and conduct of Tricolor's Board of Managers, including the BlackRock Designees, fall within the ambit of Rule 2004. It is hard to imagine a category of

documents more central to discovering the nature and extent of the bankruptcy estate than those that reveal the inner workings of a company's governing body.

14. Here, substantial portions of that record exist only on BlackRock's servers because BlackRock was intricately involved in Tricolor's governance. The Tricolor Board consisted of eight Managers, two of whom were designated by BlackRock. (Dkt. 568-4 at § 5.1(a)). And no Board meeting could proceed without a BlackRock Designee in the room: "there shall not be a quorum unless at least one [BlackRock Designee] is present at such meeting." *Id.* at § 5.4(a). Even more, the BlackRock Designees were the only Managers of the Board that Daniel Chu could not unilaterally remove. *Id.* at § 5.1(b).

15. The BlackRock Designees ran Tricolor's governance from BlackRock's IT systems, transacting Board business from their @blackrock.com email accounts. (*See, e.g.*, Dkt. 568-6, Dkt. 568-15, Dkt. 568-15, Dkt. 568-23, Dkt. 568-25).

16. Thus, documents reflecting that governance exist only in BlackRock's custody.

II. Neither the Adversary Proceeding nor the Stay Orders bar this Motion.

A. The pending-proceeding rule does not apply to this Motion.

17. The pending-proceeding rule stops a litigant from using a Rule 2004 examination to wring from its ***opponent*** what the ordinary discovery rules would not allow—policing the boundary between two discovery regimes available to adversaries in the ***same*** dispute. *See In re Washington Mutual, Inc.*, 408 B.R. 45, 53 (Bankr. D. Del. 2009). It says nothing about a witness—like BlackRock here—who is party to no dispute at all.

18. In the *Mirant* case, this Court held that Rule 2004's text "is not limited to exclude instances where litigation is, or may soon be, pending," and it refused to graft on a judge-made exception "on the basis that a suit will be filed in the future." *In re Mirant Corp.*, 326 B.R. 354, 356–57 (Bankr. N.D. Tex. 2005). Indeed, the Court recognized that "courts have allowed discovery

under Rule 2004 even when it is in aid of *pending* litigation." *Id.* at 356. *Mirant*'s guidance is even stronger here because it did not involve a non-party like BlackRock. *See id.* Still, the point is clear: Rule 2004 is not suspended because litigation is ongoing.

19. Under *Mirant*, BlackRock's argument collapses. BlackRock is a stranger to the Adversary Proceeding. It concedes as much: BlackRock is "not a named party in the Adversary Proceeding." Obj. ¶ 22. That concession is dispositive because the Trustee and BlackRock are not opposing parties in *any* litigation, so there is no parallel discovery regime to circumvent, and nothing for the pending-proceeding rule to protect.

20. BlackRock's own lead authority proves the point. BlackRock cites *In re Washington Mutual, Inc.* for the premise that, once litigation is pending, related discovery must proceed under the ordinary rules. Obj. ¶ 21 (quoting 408 B.R. at 51). But when the *Washington Mutual* court applied the pending-proceeding rule to the facts in that case, it held that the rule did ***not*** bar Rule 2004 discovery—because the target "is not a party to the [pending] Action," so "the concern that the Debtors are attempting to circumvent the Federal Rules of Civil Procedure is not present." 408 B.R. at 53. The pending-proceeding rule, the court explained, "is predicated on there actually being a pending action involving the two parties." *Id.*

21. The pending-proceeding rule's animating concern, as BlackRock's own cases frame it, is that "the party requesting the Rule 2004 examination could benefit their pending litigation outside of the bankruptcy court against the proposed Rule 2004 examinee." *Id.* at 50. That is why *In re Snyder*—the lone Fifth Circuit decision that BlackRock cites—found an abuse of Rule 2004: the movant there had sued the very bank from which he sought documents, then tried to use Rule 2004 to build his case against that bank. *See Snyder v. Soc'y Bank*, 181 B.R. 40, 42 (S.D. Tex. 1994) ("The use of Rule 2004 to further [a party's] case in state court constitutes an

abuse of Rule 2004."), *aff'd*, 52 F.3d 1067 (5th Cir. 1995). Here, the Trustee is not using Rule 2004 to gain an advantage against BlackRock in a case, because there is no case between them.

22. Recognizing that it is not a party to the Adversary Proceeding, BlackRock recasts its pending-proceeding argument as one about factual overlap: because some Requests touch "the same set of facts" as the Adversary Proceeding, it says, the Requests must be barred. Obj. ¶¶ 22–24. But the rule does not turn on the unremarkable circumstance that two inquiries into the same company's collapse will traverse the same ***factual*** landscape. *See* 408 B.R. at 53. Mere topical relevance is not—and cannot be—the test. If it were, the rule would swallow Rule 2004 whole: in any case with an insider adversary proceeding, the trustee could investigate nothing touching the debtor's failure. And here, the administration of the multi-billion dollar estate would grind to a halt for however long the Adversary Proceeding takes to run its course.

23. The premise beneath BlackRock's "same set of facts" argument is also wrong. That the Trustee has sued four insiders does not curtail her duty to investigate everyone and everything involved in the Debtors' collapse. Her mandate is to identify ***all*** of the estate's claims, against ***all*** potential defendants—not merely the four she has already named. The Requests are trained on that broader investigation, including claims against non-defendant fiduciaries, Chapter 5 avoidance and recovery claims against non-defendant transferees, claims against third parties who transacted with the Debtors, and the tracing of estate property. BlackRock ignores these independent grounds and protests that the Trustee "could not be heard to propose claims inconsistent with" her Adversary Proceeding allegations. Obj. ¶¶ 1, 24. But claims against other parties are not "inconsistent" claims; that Chu defrauded the company hardly immunizes everyone else affiliated with the fraud. And the allegation that Chu and Kollar "controlled the financial narrative that was presented to the

Board" speaks only to what the Board was formally told—it says nothing about what the BlackRock Designees independently knew, observed, or reported within BlackRock.

24. That leaves BlackRock's string of citations. *See* Obj. ¶ 25. None binds this Court, and each instead confirms that the pending-proceeding rule does not reach the discovery that BlackRock asks this Court to foreclose. *See In re Buick*, 174 B.R. 299, 305–06 (Bankr. D. Colo. 1994) (permitting a trustee, even after commencing an adversary proceeding, to "conduct Rule 2004 examinations of entities which are not parties to or are not affected by the pending adversary proceeding"); *In re Jasper Pellets, LLC*, 647 B.R. 151, 157 (Bankr. D.S.C. 2022) (limiting non-party discovery only as to the examinee's communications with the adversary plaintiff about their own transaction); *In re Merrill*, 2010 WL 985231, at *2 (Bankr. W.D. Tex. Mar. 16, 2010) (quashing only "duplicative" materials); *In re Banco Master, S.A.*, 678 B.R. 690, 700–01 (S.D. Fla. 2026) (applying the rule to only four of twenty-eight subpoenas, those tied to the specific property at issue in the complaint); *In re MF Glob. Holdings Ltd.*, 465 B.R. 736, 743 (Bankr. S.D.N.Y. 2012) (denying a ***private party's*** Rule 2004 request because it would have interfered with the ***Trustee's*** investigation).

B. The Stay Orders do not reach this Motion.

25. BlackRock next invokes the Stay Orders to claim that because the Court stopped discovery ***inside*** the Adversary Proceeding, no discovery can advance ***outside*** of it. But the orders say nothing of the sort, and the record that produced the stay cuts the other way.

26. The text of the Stay Orders is clear. The Court stayed "[a]ll discovery in this Adversary Proceeding." (Adv. Dkt. 154 ¶ 3). It stayed nothing else. The order refers to the "Adversary Proceeding" three times on a single page. *Id*. But it never mentions the Chapter 7 case or the Trustee's duty to investigate the estate ***outside*** the Adversary Proceeding.

27. The Government moved for a stay only after Chu fired off nineteen subpoenas "demanding documents and depositions, with return dates as soon as [that] week." (Adv. Dkt. 51 at 2). The Government's concern was that, without a stay, "Chu and Goodgame can exploit civil discovery tools to circumvent the careful limits on criminal discovery," depose cooperating witnesses, and "tailor their testimony based on information unavailable through proper criminal discovery channels." *Id.*

28. The Trustee was, if anything, on the Government's side of the stay: she ***agreed*** to the order that the Court entered. (*See* Adv. Dkt. 154 at 4; Adv. Dkt. 51 at 1 & n.2).

29. Even more, every rationale that the Government offered for the stay is missing here. The Government worried that overlapping proceedings would force "witnesses . . . to testify multiple times on the same events" and invite "witness preparation that undermines the truth-seeking function of criminal proceedings." (Adv. Dkt. 51 at 6–7). Here, the Trustee seeks only documents—she asks no witnesses to sit for examination.

30. Against this, BlackRock offers a single sentence: that "production of materials regarding the issues in the Criminal Case could impact the Government's prosecution." Obj. ¶ 27. BlackRock does not explain how; it simply conjures a harm to a criminal prosecution (a harm that the Government does not claim) to withhold its documents.

31. BlackRock's remaining concern is foreclosed by the governing Protective Order, which limits using the documents requested in the Motion to investigations within the Chapter 7 Cases and bars their use for any other litigation or governmental purpose. (Dkt. 674 ¶ 9). And to the extent that BlackRock fears exposure of "commercially sensitive" material, Obj. ¶¶ 2, 30, the Protective Order's confidentiality tiers supply ample protection. (Dkt. 674 ¶ 6(b)).

III. Good cause exists, and BlackRock has not demonstrated undue burden.

A. Good cause exists for each Request.

32. BlackRock misinterprets the governing "good cause" standard. The very case that it cites confirms that good cause exists where "the examination is necessary to establish a claim of the movant, or if denying the examination would cause undue hardship or injustice to the movant." *In re McClain Feed Yard, Inc.*, 661 B.R. 136, 142 (Bankr. N.D. Tex. 2024). BlackRock quotes the first half of that test and drops the second. Obj. ¶ 28. And the Trustee satisfies both.

33. The good-cause showing is satisfied by the facts that BlackRock cannot dispute: BlackRock appointed fiduciaries to Tricolor's Board, and BlackRock alone holds their records. So, the Trustee cannot reconstruct what the Board knew from the Debtors' files alone, because some documents never lived there.

34. BlackRock's lead example proves the Trustee's point. To show that the Requests reach into its "private business affairs," BlackRock singles out Request 10, which it says "invade[s] BlackRock's internal investment deliberations, business strategies, and proprietary assessments." Obj. ¶¶ 30–31. But Request 10 seeks documents concerning "the service, conduct, decisions, recommendations, oversight, or actions of any ***BlackRock Director in connection with Tricolor.***" (Dkt. 1298-2 at 11). Request 10 does not ask what BlackRock thought about its investment portfolio; it asks about the conduct of BlackRock-appointed fiduciaries who sat on Tricolor's Board. BlackRock's attempt to recast the conduct of Tricolor's own directors as its proprietary "investment" strategy only underscores how far it will go to avoid producing. So too with the other Requests.

B. BlackRock has asserted burden but has not shown it.

35. BlackRock's last objection is that producing documents would burden it, and its refrain throughout is that it is "a third-party victim of the fraudulent scheme." Obj. ¶ 2. But

purported victimhood is not a privilege against discovery, and Rule 2004 contains no exception for witnesses who were harmed. If anything, a party defrauded through a company it helped govern is likely to hold some of the most revealing evidence of how the fraud was concealed.

36. BlackRock's burden argument rests on another premise that is demonstrably false: that the Trustee seeks "copies of the Debtors' own documents" already "in the Trustee's possession." Obj. ¶¶ 2, 33. She does not, and the Requests say so on their face. The Trustee built the exclusion of Tricolor emails into the very definition of what she seeks: "Communications does not include internal Tricolor emails i.e. communications to or from an @tricolor.com email domain." (Dkt. 1298-2 at 3). Through that narrowing, the Trustee is asking for the documents that live on ***BlackRock's*** side of the relationship—what the BlackRock Designees wrote to one another, what they circulated within BlackRock, and what BlackRock said to third parties. Those are, by definition, documents the Trustee cannot obtain from the estate's own records.

37. What is most telling is what BlackRock chose not to do. To alleviate any undue burden, the Requests expressly call for negotiation. Instruction 8 provides: "The parties shall confer to develop search parameters, including custodians and search terms, to identify responsive Documents." (Dkt. 1298-2 at 8.) That is the mechanism for resolving precisely the concerns BlackRock now raises, and the Trustee repeatedly offered to use it. Even more, BlackRock's own conduct belies its cries of burden. It had already collected and produced a set of documents to the DOJ—material that could be reproduced here at no incremental burden at all—yet BlackRock refused to even produce that set in full, instead insisting on withholding internal communications.

CONCLUSION

For these reasons, the Motion should be GRANTED.

Dated: Dallas, Texas
August 27, 2026

Respectfully submitted,

/s/ Eric D. Madden

REID COLLINS & TSAI LLP
Eric D. Madden (TX 24013079)
Richard H. Howell (TX 24151882)
1445 Ross Avenue, Suite 2900
Dallas, TX 75202
Telephone: (214) 420-8900
E-mail: emadden@reidcollins.com
rhowell@reidcollins.com

REID COLLINS & TSAI LLP
William T. Reid, IV (TX 00788817)
Joshua J. Bruckerhoff (TX 24059504)
Aaron A. Brown (TX 24151882)
Seth W. Roye (TX 24144971)
1301 S. Capital of Texas Hwy, Suite C-300
Austin, TX 78746
Telephone: (512) 647-6100
E-mail: wreid@reidcollins.com
jbruckerhoff@reidcollins.com
abrown@reidcollins.com
sroye@reidcollins.com

Special Litigation Counsel
to the Chapter 7 Trustee

CERTIFICATE OF SERVICE

I hereby certify that on August 27, 2026, a true and correct copy of the foregoing document was served electronically by the Court's PACER system.

/s/ *Eric D. Madden*
Eric D. Madden