

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

In re:

ALDRICH PUMP LLC, *et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No. 20-30608 (JCW)

(Jointly Administered)

ALDRICH PUMP LLC and MURRAY  
BOILER LLC,

Plaintiffs,

v.

THOSE PARTIES TO ACTIONS LISTED ON  
APPENDIX A TO COMPLAINT and JOHN  
AND JANE DOES 1-1000,

Defendants.

Adversary Proceeding

No. 20-03041 (JCW)

**SUPPLEMENT TO OPPOSITION OF THE  
OFFICIAL COMMITTEE OF ASBESTOS PERSONAL INJURY CLAIMANTS  
TO THE DEBTORS' MOTION FOR PARTIAL SUMMARY JUDGMENT**

<sup>1</sup> The Debtors are the following entities (the last four digits of the Debtors' 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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The Official Committee of Asbestos Personal Injury Claimants (the “Committee”), by and through undersigned counsel, hereby files this supplement (the “Supplement”) to its *Opposition to the Debtors’ Motion for Partial Summary Judgment That All Actions Against the Protected Parties to Recover Aldrich/Murray Asbestos Claims Are Automatically Stayed by Section 362 of the Bankruptcy Code* [Adv. Dkt. No. 152] (the “MSJ Opposition Brief”), filed in opposition to *Debtors’ Motion for Partial Summary Judgment That All Actions Against the Protected Parties to Recover Aldrich/Murray Asbestos Claims Are Automatically Stayed by Section 362 of the Bankruptcy Code* [Adv. Dkt. No. 90] (“Summary Judgment Motion”) and *The Future Asbestos Claimants’ Representative’s Joinder in Support of Debtors’ Motion for Partial Summary Judgment That All Actions Against the Protected Parties to Recover Aldrich/Murray Claims Are Automatically Stayed by Section 362 of the Bankruptcy Code* [Adv. Dkt. No. 105] (the “FCR Joinder”).<sup>2</sup>

### **INTRODUCTORY STATEMENT**

Through the 2020 Corporate Restructuring, dubbed “Project Omega,” the Trane Technologies enterprise created two captive entities, Debtors Aldrich Pump LLC and Murray Boiler LLC, that were saddled with all of Ingersoll-Rand’s and old Trane’s asbestos liabilities. Citing the need for an orderly resolution of these obligations, the Debtors commenced these Chapter 11 cases seven weeks after they were formed. Contemporaneously with their Chapter 11 filings, the Debtors commenced this adversary proceeding, requesting, *inter alia*, a declaratory judgment that the automatic stay shields an all-inclusive class of “Protected Parties” comprising

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<sup>2</sup> Unless otherwise defined herein, capitalized terms have the meanings ascribed to them in the MSJ Opposition Brief. The Committee intends by this Supplement to amplify certain arguments set forth in the MSJ Opposition Brief based upon additional evidence gathered since the Brief was filed. The Committee does not by submission of this Supplement waive any argument set forth in the MSJ Opposition Brief that is not further addressed herein.

virtually all of the Debtors' non-debtor affiliates, a variety of third parties purportedly holding contractual rights to indemnification, and the Debtors' various insurers. While discovery and motion practice were in progress on the PI Motion, the Debtors filed their Summary Judgment Motion, requesting partial summary judgment in their favor on the declaratory judgment count of their complaint. The Committee filed its MSJ Opposition Brief before the completion of discovery in this proceeding. Accordingly, based on further evidence recently obtained in discovery, the Committee submits this Supplement in further opposition to the Summary Judgment Motion, in accordance with paragraph 10 of this Court's Second Amended Case Management Order [ECF No. 166].<sup>3</sup>

Nothing in the recent discovery weakens the conclusion that summary relief is unavailable here. To the contrary, and as set forth herein, the additional evidence further supports the denial of summary declaratory relief. Accordingly, as further detailed herein and in the initial MSJ Opposition Brief, the Summary Judgment Motion should be denied.

#### **SUPPLEMENTAL COUNTERSTATEMENT OF FACTS**

Aldrich Pump LLC and Murray Boiler LLC (together, the "Debtors") insist that the 2020 Corporate Restructuring was designed to maintain "flexibility" for the newly-formed entities as they determined the best way to manage their asbestos liabilities going forward. *Declaration of Ray Pittard in Support of First Day Pleadings* [Bankr. Dkt. No. 27] ("Pittard Decl.") ¶ 13; *see also* Turtz Dep. Tr., Apr. 5, 2021, attached as Exhibit A, 56:14-18 [REDACTED]

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<sup>3</sup> To the extent necessary or applicable, and as further described herein, the Committee incorporates the arguments raised in the Supplemental Memorandum of the Official Committee of Asbestos Personal Injury Claimants to Debtors' Motion for Preliminary Injunction or Declaratory Relief (the "PI Opposition Brief"), filed contemporaneously herewith.

[REDACTED]; Brown Dep. Tr., Apr. 1, 2021, attached as Exhibit B, 72:25-73:7, 74:2-23, 75:3-9, 77:13-22, 80:3-10 [REDACTED]  
[REDACTED]  
[REDACTED], 81:20-82:8, 306:20-25; Debtors' Rule 30(b)(6) Tr. (Tananbaum), Apr. 12, 2012, attached as Exhibit C, 37:16-19; 37:23-38:6; 38:10-22.

But testimony suggests that, shortly before launching Project Omega, the general counsel of Trane Technologies plc ("Trane plc"), Evan Turtz, learned of [REDACTED] and was intrigued. Turtz Dep. Tr. 57:10-14, 199:22-25. In addition, Mr. Turtz believed that all other potential options available for addressing asbestos liabilities had [REDACTED] *Id.* at 268:5-6; *see also* Debtors' Rule 30(b)(6) Dep. Tr. (Tananbaum) 262:21-263:8 (discussing [REDACTED] [REDACTED]), 269:3-8 (discussing [REDACTED] [REDACTED]); Turtz Dep. Tr. 42:7-25 (discussing [REDACTED] [REDACTED]). Thus, absent staying in the tort system, the Project Omega team made up their minds quite early in the process that chapter 11 filings after the Corporate Restructuring were the path forward.

Indeed, further testimony also suggests that Trane plc executives considered, and rejected, an enterprise-wide filing because of the perceived bankruptcy burdens that would encumber a healthy business. *See* Brown Dep. Tr. 80:11-25 [REDACTED]  
[REDACTED]  
[REDACTED]");  
208:21-209:5 [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]; 259:5-6 [REDACTED]

[REDACTED]; Debtors' Rule 30(b)(6) Dep. Tr. (Tananbaum) 39:24-40:15 [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Additionally, any asserted harm to the Debtors absent the application of the stay to their Non-Debtor Affiliates is completely self-inflicted, as the Debtors agreed, through the Corporate Restructuring, to grant broad indemnities to virtually every other entity in the Trane Technologies enterprise. *See* Debtors' Rule 30(b)(6) Dep. Tr. 381:8-22 (Tananbaum) [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]. As to their insurers and asbestos-related insurance coverage, any "harm" is entirely hypothetical. There are no direct actions pending against the Debtors' insurers. *Id.* at 319:16-320:3, 337:6-11, 354:5-7. And the Debtors posit that all known asbestos-related insurance assets were allocated exclusively to them. *Id.* at 307:13-17; *see also* Turtz

Dep. Tr. at 214:6-7 [REDACTED], 278:18-19

[REDACTED]

[REDACTED] and 303:16-304:2 [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]; Brown Dep. Tr. 238:8-11

[REDACTED]

[REDACTED].

**SUPPLEMENTAL ARGUMENT**

**I. THE NON-DEBTOR AFFILIATES ARE NOT ENTITLED TO THE BENEFIT OF THE AUTOMATIC STAY**

**A. The Non-Debtor Affiliates Did Not Want to Incur the Risks of Bankruptcy, and Should Not Be Granted the Benefit of the Automatic Stay.**

As discussed in the MSJ Opposition Brief, Fourth Circuit precedent generally holds that Section 362(a)(1) of the Bankruptcy Code applies only to debtors. *See generally MSJ Opposition Brief*, 13-15 and sources cited therein. Trane plc could have filed enterprise-wide Chapter 11 cases to address historical asbestos liabilities but apparently did not want to burden either its stakeholders—other than asbestos claimants—or its businesses with the duties and obligations that bankruptcy entails. *See* Brown Dep. Tr. 80:11-25, 208:21-209:5; Debtors’ Rule 30(b)(6) Dep. Tr. (Tananbaum) 39:24-40:15. Rather, the legacy asbestos liabilities of Ingersoll-Rand and Trane were dumped into two non-operating companies, thus eliminating any burden to the overall enterprise. *See id.*, 38:10-22, 141:17-142:11.

But the benefits of Chapter 11 are accompanied by obligations, and the automatic stay, by its terms, applies only to debtors. *See Williford v. Armstrong World Indus., Inc.*, 715 F.2d 124, 126 (4th Cir. 1983); *see also Kreisler v. Goldberg*, 478 F.3d 209, 213 (4th Cir. 2007) (quoting

*A.H. Robins Co., Inc. v. Piccinin*, 788 F.2d 994, 999 (4th Cir.1986)). The Non-Debtor Affiliates should not be given a principal benefit of bankruptcy—*i.e.*, the automatic stay—while they are free of the restraints and obligations mandated by the Bankruptcy Code. *See Credit Alliance Corp. v. Williams*, 851 F.2d 119, 121 (4th Cir. 1988) (determining that automatic stay did not block creditor from obtaining judgment against nonbankrupt guarantor of debtor’s obligations, even if recovery from the guarantor would give the guarantor claims for reimbursement or contribution against the debtor).

**B. The Debtors’ Determination to Indemnify Each of the Non-Debtor Affiliates in Connection with the Corporate Restructuring is a Self-Imposed Obligation that Should Not Entitle Those Entities to the Benefit of the Stay.**

In connection with the Corporate Restructuring, the individuals documenting these transactions took a broad view of the affiliate relationships of these parties. As a result, the agreements among the parties obligate the Debtors not only to indemnify New Trane and New TTC for losses relating to asbestos claims, but virtually every entity within the enterprise. *See Debtors’ Rule 30(b)(6) Dep. Tr. 381:2-22 (Tananbaum)*. Having so obligated themselves in connection with the Corporate Restructuring, the Debtors’ pretext is clear and should not be countenanced by this Court.

As discussed in the MSJ Opposition Brief, the Fourth Circuit has upheld the use of a preliminary injunction (not declaratory relief) to stay non-debtor litigation only in cases involving “unusual circumstances.” *See A.H. Robins Co. v. Piccinin*, 788 F.2d 994, 998-99 (4th Cir. 1986); *MSJ Opposition Brief*, 15-18. The Debtors and deposition witnesses have posited that none of the Non-Debtor Affiliates (or other Protected Parties) has any right in or to the asbestos insurance coverage allocated to the Debtors. *See Debtors’ Rule 30(b)(6) Dep. Tr. 303:16-304:2 (Tananbaum)* [REDACTED]



[REDACTED]; Turtz Dep. Tr. 214:6-7 (noting that the [REDACTED]

[REDACTED]), 278:18-19 (noting that [REDACTED]

[REDACTED]); Brown Dep. Tr. 238:8-11 [REDACTED]

[REDACTED]. Unlike the situation in *Piccinin*, which involved shared insurance at risk of depletion without injunctive protection, the Debtors are positing that only they have rights to access the asbestos insurance coverage, so there are no “unusual circumstances” here. *Piccinin* is therefore distinguishable.

Additionally, any indemnification claim held by a Non-Debtor Affiliate (or other Protected Party) would be an ordinary, prepetition general unsecured claim stayed under § 362. Thus, the “extension” of the stay to non-debtors, through declaratory relief, is not appropriate.

## **II. THE DEBTORS’ REQUESTED DECLARATORY RELIEF AS TO THEIR INSURERS IS UNWARRANTED**

As discussed in the MSJ Opposition Brief, the Debtors have offered no evidence in support of their request to protect their insurers through declaratory relief. *See MSJ Opposition Brief* at 20-21. The evidence recently adduced does not contradict this. The Debtors posit that they have contractual obligations to indemnify their insurers and that these obligations *could* be triggered if asbestos plaintiffs were to file direct actions against the insurers. *See Debtors’ Rule 30(b)(6) Dep. Tr. (Tananbaum)* at 320:4-7, 354:5-7. [REDACTED]

[REDACTED] *See id.* at 319:16-320:3, 337:6-11, 354:3-5. Moreover, as noted above, any direct action filed against an insurer would trigger, at best, a contingent prepetition indemnification claim that would be stayed under § 362(a). Accordingly, there is no basis to “extend” the stay, through declaratory relief, to the Debtors’ insurers.

**III. THE AUTOMATIC STAY DOES NOT APPLY TO ANY ALTER EGO, SUCCESSOR LIABILITY, OR SIMILAR CLAIMS BECAUSE SUCH CLAIMS RELATE TO THE UNDERLYING ASBESTOS PERSONAL INJURY CLAIMS AND ARE NOT ESTATE CLAIMS**

As discussed in the MSJ Opposition Brief, because the Debtors posit that they were not injured as a result of the Corporate Restructuring, any resulting claims arising under alter ego, successor liability, and similar theories are not estate property belonging exclusively to the Debtors, and the automatic stay does not apply. *See MSJ Opposition Brief* at 33-41. Notwithstanding their empty claims that Project Omega was intended to promote “flexibility” or [REDACTED]<sup>4</sup> the Debtors and their predecessors were focused on bankruptcy from the start, discarding any other option and actively pursuing a course of action that would result in these Chapter 11 cases, with the intent to limit the ability of the asbestos claimants to seek redress for the harms caused by Ingersoll-Rand and “old” Trane. *See Turtz Dep. Tr.* 42:7-25 (discussing [REDACTED]); 57:10-14, 199:22-25 (discussing [REDACTED]); 268:5-6 (discussing [REDACTED]); Debtors’ Rule 30(b)(6) Dep. Tr. 262:21-263:8 (Tananbaum) (discussing [REDACTED]), 269:3-8 (discussing [REDACTED]); *see also PI Opposition Brief*, 2-6, 10-11 (detailing the genesis and execution of Project Omega). Accordingly, as these claims do not belong to the Debtors’ estates, the automatic stay does not apply, and no summary judgment granting declaratory relief can issue.

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<sup>4</sup> *See Turtz Dep. Tr.* 56:14-18 [REDACTED]

[REDACTED]; Brown Dep. Tr. 72:25-73:7, 74:2-23, 75:3-9, 77:13-22, 80:3-10 [REDACTED], 81:20-82:8, 306:20-25; Debtors’ Rule 30(b)(6) Dep. Tr. (Tananbaum) 37:16-19; 37:23-38:6; 38:10-22.

**CONCLUSION**

WHEREFORE, the Committee reiterates and supplements the arguments raised in its MSJ Objection Brief and respectfully requests entry of an Order (i) denying the Summary Judgment Motion; and (ii) granting such other relief as may be just and proper.

Dated: Charlotte, North Carolina

April 19, 2021

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Exhibit A

Turtz Deposition Transcript  
April 5, 2021  
(Relevant pages only)

**This Exhibit has been redacted in its Entirety.**

Exhibit B

Brown Deposition Transcript  
April 1, 2021  
(Relevant pages only)

**This Exhibit has been redacted in its Entirety.**



Exhibit C

Debtors' 30(b)(6) Deposition Transcript (Tananbaum)  
April 12, 2021  
(Relevant pages only)

This Exhibit has been redacted in its Entirety.