

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF NORTH CAROLINA
CHARLOTTE DIVISION

In re	:	
	:	Chapter 11
ALDRICH PUMP LLC, <i>et al.</i> , ¹	:	
	:	No. 20-30608 (JCW)
Debtors,	:	
	:	(Jointly Administered)
ALDRICH PUMP LLC and MURRAY BOILER LLC,	:	
	:	
Plaintiffs,	:	Adversary Proceeding
v.	:	No. 20-03041 (JCW)
THOSE PARTIES TO ACTIONS LISTED ON APPENDIX A TO COMPLAINT and JOHN AND JANE DOES 1-1000.	:	
	:	
Defendants.	:	

**NOTICE OF FILING OF (A) PROPOSED FINDINGS OF
FACT AND CONCLUSIONS OF LAW REGARDING ORDER
PRELIMINARILY ENJOINING CERTAIN ACTIONS AGAINST
NON-DEBTORS AND DECLARING THAT THE AUTOMATIC STAY APPLIES
TO SUCH ACTIONS; AND (B) PROPOSED ORDER GRANTING THAT MOTION**

PLEASE TAKE NOTICE:

The above-captioned debtors and debtors in possession and the plaintiffs in this Adversary Proceeding (the "Debtors") file for this Court's consideration: (a) proposed findings of fact and conclusions of law (the "Proposed Findings and Conclusions")² regarding the *Motion of*

¹ The Debtors are the following entities (the last four digits of their respective 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.

² Capitalized terms not otherwise defined have the meanings given to them in the Proposed Findings and Conclusions.



the Debtors for an Order (I) Preliminarily Enjoining Certain Actions Against Non-Debtors, or (II) Declaring that the Automatic Stay Applies to Such Actions, and (III) Granting a Temporary Restraining Order Pending a Final Hearing (the "Motion") [Adv. Pro. Dkt. 2], attached hereto as Exhibit A; and (b) a proposed order granting the Motion (the "Proposed Order"), attached hereto as Exhibit B.

Dated: May 26, 2021
Charlotte, North Carolina

Respectfully submitted,

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ATTORNEYS FOR DEBTORS
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EXHIBIT A

PROPOSED FINDINGS AND CONCLUSIONS

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF NORTH CAROLINA
CHARLOTTE DIVISION

In re	:	
ALDRICH PUMP LLC, <i>et al.</i> , ¹	:	Chapter 11
Debtors,	:	No. 20-30608 (JCW)
	:	(Jointly Administered)
ALDRICH PUMP LLC and MURRAY BOILER LLC,	:	
Plaintiffs,	:	Adversary Proceeding
v.	:	No. 20-03041 (JCW)
THOSE PARTIES TO ACTIONS LISTED ON APPENDIX A TO COMPLAINT and JOHN AND JANE DOES 1-1000.	:	
Defendants.	:	
	:	

**[PROPOSED] FINDINGS OF FACT
AND CONCLUSIONS OF LAW REGARDING ORDER
PRELIMINARILY ENJOINING CERTAIN ACTIONS AGAINST NON-DEBTORS
AND DECLARING THAT THE AUTOMATIC STAY APPLIES TO SUCH ACTIONS**

¹ The Debtors are the following entities (the last four digits of their respective 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.

TABLE OF CONTENTS

	Page
I. PROCEDURAL BACKGROUND.....	2
II. FINDINGS OF FACT.....	6
A. The Parties and the Request for Relief	6
B. The Debtors' Relevant Product and Asbestos Litigation History	8
C. The 2020 Corporate Restructuring.....	10
D. The Funding Agreements.....	12
E. The Debtors' Business Activities and Governance	14
F. The Debtors' Boards of Managers Meet and Consider Options to Address Asbestos Liabilities.....	15
G. The Debtors' Goal in the Chapter 11 Cases and the Likelihood that the Debtors Will Achieve It	18
H. Harm to the Debtors' Reorganizational Efforts if the Preliminary Injunction Is Denied.....	20
I. Absence of Harm to Defendants if the Preliminary Injunction Is Continued.....	24
J. The Public Interest	27
III. CONCLUSIONS OF LAW	28
A. Jurisdiction and Venue.....	28
B. The 2020 Corporate Restructuring Complied with Applicable State Corporate Law and Is Not Preempted by Section 524(g).	28
C. Prosecution of Aldrich/Murray Asbestos Claims in the Tort System Will Interfere with the Debtors' Reorganizations, and the Debtors Have Otherwise Satisfied the Four-Prong Test for Maintaining the Preliminary Injunction.	33
D. The Prosecution of Aldrich/Murray Asbestos Claims Is Stayed Pursuant to Sections 362(a)(1) and 362(a)(3) of the Bankruptcy Code.....	45

I. PROCEDURAL BACKGROUND

1. On June 18, 2020 (the "Petition Date"), Aldrich Pump LLC ("Aldrich") and Murray Boiler LLC ("Murray" and, together with Aldrich, the "Debtors") each filed a petition commencing a chapter 11 case (together, these "Chapter 11 Cases"). That same day, the Debtors filed the *Debtors' Complaint for Injunctive and Declaratory Relief (I) Preliminarily Enjoining Certain Actions Against Non-Debtors, or (II) Declaring that the Automatic Stay Applies to Such Actions, and (III) Granting a Temporary Restraining Order Pending a Final Hearing* [Adv. Pro. Dkt. 1] and the *Motion of the Debtors for an Order (I) Preliminarily Enjoining Certain Actions Against Non-Debtors, or (II) Declaring that the Automatic Stay Applies to Such Actions, and (III) Granting a Temporary Restraining Order Pending a Final Hearing* (the "Motion"). [Adv. Pro. Dkt. 2].

2. Through the Motion, the Debtors sought a temporary restraining order and preliminary injunction against the commencement or continuation of asbestos-related actions against non-debtor affiliates of the Debtors (the "Non-Debtor Affiliates"), certain former transaction parties with the Debtors, and various insurers of the Debtors identified on Appendix B to the Motion, as revised [Adv. Pro. Dkt. 21] ("Revised Appendix B") (collectively, the "Protected Parties").² The actions to be enjoined are those that sought or could potentially seek recovery on asbestos-related claims, referred to in the Motion and defined below as "Aldrich/Murray Asbestos Claims," for which either Aldrich or Murray had been allocated liability in connection with the prepetition corporate restructurings described below. The Debtors further sought a declaration

² Though not listed on Revised Appendix B, the Protected Parties further include former Trane Technologies Company LLC, successor by merger to Ingersoll-Rand Company (a former New Jersey corporation) (collectively, "Old IRNJ"), an entity that no longer exists and whose asbestos-related liability was allocated to Debtor Aldrich, and former Trane U.S. Inc. ("Old Trane"), an entity that no longer exists and whose asbestos-related liability was allocated to Debtor Murray.

that the automatic stay in 11 U.S.C. § 362 applied to actions asserting or pursuing Aldrich/Murray Asbestos Claims.

3. In support of the Motion, the Debtors filed the *Declaration of Allan Tananbaum in Support of Debtors' Complaint for Injunctive and Declaratory Relief, Related Motions, and the Chapter 11 Cases* [Adv. Pro. Dkt. 3]; and the *Declaration of Ray Pittard in Support of First Day Pleadings* [Dkt. 27].

4. On June 22, 2020, certain asbestos personal injury claimants filed oppositions to the Debtors' request for a temporary restraining order [Adv. Pro. Dkts. 17, 18, 20]. On that same day, the Court held an emergency hearing on the Motion and, on June 25, 2020, the Court entered the *Temporary Restraining Order* [Adv. Pro. Dkt. 26] (the "TRO"). The TRO ran through and including July 6, 2020.

5. On July 2, 2020, the Debtors filed *The Debtors' Reply in Support of Their Request for a Temporary Restraining Order* [Adv. Pro. Dkt. 36]. Following a hearing held on July 6, 2020, the TRO was extended by the Court through July 23, 2020. [Adv. Pro. Dkt. 51].

6. On July 15, 2020, the Court conducted a hearing to consider, among other things, the entry of an order that provided for a preliminary injunction through the date of a full hearing on the Motion. On July 23, 2020, the Court entered an agreed preliminary injunction order [Adv. Pro. Dkt. 58] in a form negotiated by the Debtors and the Official Committee of Asbestos Personal Injury Claimants (the "ACC"), which order continued the injunction imposed by the TRO pending a future hearing on the merits of the Motion.

7. After the appointments of the ACC and the Future Claimants' Representative (the "FCR") and the Court's approval of counsel therefor, the ACC, the FCR, the Debtors, and Non-Debtor Affiliates Trane Technologies Company LLC ("New Trane

Technologies"), and Trane U.S. Inc. ("New Trane") engaged in discovery in this Adversary Proceeding. That discovery included, among other things, responses to formal and informal requests for production of documents; the gathering, review, and production of thousands of documents (including searches for and production of electronically stored information); the depositions of fifteen officers, board members, or employees of the Debtors, New Trane Technologies, and/or New Trane in their individual capacities; four corporate representative depositions of the Debtors, New Trane Technologies, and/or New Trane; and the depositions of three expert witnesses (two for the Debtors, one for the ACC).

8. On December 31, 2020, New Trane Technologies and New Trane filed a response in support of the Motion [Adv. Pro. Dkt. 84] (the "New Trane Technologies/New Trane Initial Response").

9. On January 25, 2021, the Debtors filed the *Supplemental Declaration of Allan Tananbaum in Support of Debtors' Complaint for Injunctive and Declaratory Relief and Related Motions* [Adv. Pro. Dkt. 91] and the *Declaration of John R. Miller, Jr. in Support of Debtors' Complaint for Injunctive and Declaratory Relief and Related Motions* [Adv. Pro. Dkt. 92].

10. On March 19, 2021, the FCR filed his initial submission in support of the Motion [Adv. Pro. Dkt. 129] (the "FCR's Initial Submission").

11. On April 2 and April 19, 2021, respectively, the ACC filed its opposition [Adv. Pro. Dkt. 151] (the "ACC Objection") and supplemental memorandum in opposition [Adv. Pro. Dkt. 179] (the "Supplemental ACC Objection") to the Motion.

12. On April 23, 2021, the Debtors, the FCR, and New Trane Technologies and New Trane filed replies in response to both the ACC Objection and the Supplemental ACC

Objection. See [Adv. Pro. Dkt. 187] (the "FCR's Reply"), [Adv. Pro. Dkt. 188] (the "Debtors' Reply"), and [Adv. Pro. Dkt. 193] (the "New Trane Technologies/New Trane Reply"). The Debtors also filed the *Notice of Filing of Declaration of Brad B. Erens in Support of Debtors' Reply in Support of Motion of the Debtors for an Order (I) Preliminarily Enjoining Certain Actions Against Non-Debtors or (II) Declaring that the Automatic Stay Applies to Such Actions, and (III) Granting a Temporary Restraining Order Pending a Final Hearing* [Adv. Pro. Dkt. 194] (the "Erens Declaration").

13. The hearing on the Motion was conducted remotely via Microsoft Teams from May 5 through May 7, 2021 (the "Hearing"). The Court heard (a) opening statements from the Debtors, the ACC, and the FCR; (b) live testimony from Allan Tananbaum (Chief Legal Officer and Secretary for each Debtor), Amy Roeder (Chief Financial Officer, Treasurer, and Member of the Board of Managers for each Debtor), and Chris Kuehn (Senior Vice-President, Chief Financial Officer and Board Member of New Trane Technologies and Vice-President of New Trane) and three expert witnesses, Lauren M. Ryan of Alvarez & Marsal and Dr. Charles H. Mullin of Bates White for the Debtors, and Matthew Diaz of FTI Consulting, Inc. for the ACC;³ and (c) closing arguments from the Debtors, the ACC, and the FCR. Subject to reservations of evidentiary objections, the Court received proffers of the parties' evidence, including deposition designations and the parties' exhibits.

14. After the Hearing, the parties negotiated and intend to file an Evidentiary Stipulation that will detail the parties' agreement on the admission into evidence of: (a) the

³ The parties stipulated to, and the Court accepted, the qualifications of each of these witnesses to provide testimony as expert witnesses.

testimony proffered at the Hearing, whether elicited live during the Hearing or submitted through deposition designations or (b) the proffered exhibits.

15. The Court has reviewed and considered the Motion, the New Trane Technologies/New Trane Initial Response, the FCR's Initial Submission, the ACC Objection, the Supplemental ACC Objection, the Debtors' Reply, the FCR's Reply, and the New Trane Technologies/New Trane Reply, and all related briefing papers filed in connection with the Motion; the Court has reviewed and considered the testimonial and documentary evidence proffered at or in connection with the Hearing; and the Court has heard and considered the arguments of counsel presented during the Hearing.

16. After due deliberation and for sufficient cause, and based on the evidence admitted in connection with the Motion, the Court grants the Motion, and pursuant to Rule 52 of the Federal Rules of Civil Procedure, made applicable to this Adversary Proceeding by Rule 7052 of the Federal Rules of Bankruptcy Procedure, enters the following Findings of Fact and Conclusions of Law in connection with that determination:

II. FINDINGS OF FACT⁴

A. The Parties and the Request for Relief

17. The Plaintiffs in this Adversary Proceeding are Debtors Aldrich and Murray, North Carolina limited liability companies and debtors in possession in the Chapter 11 Cases.

18. The Defendants are those parties listed on Appendix A to the Motion and John and Jane Does 1-1000 (collectively, the "Defendants"). The Defendants listed on

⁴ To the extent any of the following findings of fact constitute conclusions of law, they are adopted and treated as such. To the extent any of the following conclusions of law constitute findings of fact, they are adopted and treated as such.

Appendix A are named plaintiffs in the asbestos-related lawsuits against one or both of the Debtors (or for which either Debtor is responsible), who sought to hold, or may seek to hold, the Protected Parties liable for Aldrich/Murray Asbestos Claims. John and Jane Does 1-1000 are prospective plaintiffs who may, at any time while the Chapter 11 Cases are pending, seek to hold the Protected Parties liable for Aldrich/Murray Asbestos Claims.

19. The Protected Parties are those parties identified in Revised Appendix B, which also is ACC Exhibit 47, along with Old IRNJ and Old Trane. In addition to Old IRNJ and Old Trane, Revised Appendix B identifies as Protected Parties:

- a. the Non-Debtor Affiliates, including New Trane Technologies and New Trane, all of which are corporate affiliates of the Debtors, to whom the Debtors owe various indemnity obligations, detailed in paragraphs 33 and 60 *infra* (see Hr'g Tr. 122:8-123:9, May 5, 2021);
- b. entities to which Aldrich's or Murray's predecessors divested businesses, in many cases in the distant past, in connection with which divestitures, those predecessors contractually agreed to indemnify and defend the purchasers of the divested businesses on account of asbestos liabilities relating to products manufactured pre-divestiture (now, Aldrich/Murray Asbestos Claims), or otherwise agreed to be responsible for any such liability (the "Indemnified Parties") (see Hr'g Tr. 123:10-125:2, May 5, 2021); and
- c. insurers that issued legacy insurance coverage for Aldrich/Murray Asbestos Claims (the "Insurers") (see Hr'g Tr. 125:3-126:17, May 5, 2021).

20. "Aldrich/Murray Asbestos Claims" are asbestos-related claims against either Debtor, including all claims relating to asbestos or asbestos-containing materials asserted against, or that could have been asserted against, Old IRNJ or Old Trane. Aldrich/Murray Asbestos Claims include asbestos personal injury claims and other asbestos-related claims allocated to, respectively, Aldrich from Old IRNJ or Murray from Old Trane in the corporate restructurings that Old IRNJ and Old Trane each completed on May 1, 2020 (together and, as further described below, the "2020 Corporate Restructuring"). The Aldrich/Murray Asbestos

Claims do not include asbestos-related claims for which the exclusive remedy is provided under workers' compensation statutes and similar laws.

21. In the Chapter 11 Cases, the Debtors seek to resolve all Aldrich/Murray Asbestos Claims through the consummation of a plan of reorganization that includes the establishment of a trust under section 524(g) of title 11 of the United States Code (the "Bankruptcy Code"). *See* Hr'g Tr. 135:9-12, 199:7-12, May 5, 2021.

22. In this Adversary Proceeding, the Debtors seek, pursuant to sections 105 and 362 of the Bankruptcy Code, an order prohibiting the Defendants from continuing or commencing against any of the Protected Parties any action or claim asserting, on any theory of liability (whether direct, derivative, joint and several, successor liability, vicarious liability, fraudulent or voidable transfer or conveyance, alter ego, or otherwise), any Aldrich/Murray Asbestos Claim.

23. In addition, the Debtors seek a declaration, pursuant to sections 362(a)(1) and 362(a)(3) of the Bankruptcy Code, that the automatic stay applies to the filing and continued prosecution of Aldrich/Murray Asbestos Claims.

B. The Debtors' Relevant Product and Asbestos Litigation History⁵

24. The Debtors did not mine or use asbestos in manufacturing products. Hr'g Tr. 92:8-93:23, May 5, 2021. Rather, the Debtors made industrial equipment that, in some instances, incorporated certain asbestos-containing components manufactured and designed by third parties. Hr'g Tr. 91:24-93:23, May 5, 2021.

⁵ The following discussion of the Debtors' relevant product and asbestos litigation history is based on the un rebutted testimony of the Debtors' witnesses at the Hearing. When discussing historical matters preceding the 2020 Corporate Restructuring, the terms "Aldrich," "Murray," and "the Debtors" refer to the Debtors herein and their historical predecessors.

25. As a general matter, asbestos-related claims brought against Aldrich typically relate to exposure to asbestos from sealing products (*i.e.*, gaskets and some packing) incorporated into Aldrich pumps and compressors. Hr'g Tr. 92:8-17, May 5, 2021. Generally, the asbestos used in such sealing product components was the chrysotile form of asbestos and was encapsulated. *Id.* Aldrich largely eliminated the use of asbestos-containing components by the mid-1980s. Hr'g Tr. 92:18-22, May 5, 2021.

26. Asbestos-related claims brought against Murray typically relate to climate control, or HVAC equipment, some railroad equipment, and some boiler equipment. Hr'g Tr. 92:24-93:15, May 5, 2021. As with Aldrich, these claims largely concern gaskets incorporated into Murray equipment. Hr'g Tr. 93:4-11, May 5, 2021. In addition, limited claims have been asserted against Murray on account of boilers manufactured in the 1950s and prior thereto that were jacketed externally with asbestos-containing products. Hr'g Tr. 93:12-15, May 5, 2021. Similar to Aldrich, Murray largely eliminated asbestos-containing components from Murray equipment no later than the mid-1980s. Hr'g Tr. 93:18-23, May 5, 2021.

27. The Debtors were served with their first asbestos complaints in the 1980s. Hr'g Tr. 94:2-5, May 5, 2021. The scope and magnitude of the asbestos litigation against Aldrich and Murray has grown over time, particularly the volume of mesothelioma claims, which drive the Debtors' indemnity costs. Hr'g Tr. 94:2-95:4, May 5, 2021. Together, Aldrich and Murray paid less than \$4 million to settle mesothelioma claims in the tort system from the mid-1980s through 2000. Hr'g Tr. 94:11-18, May 5, 2021. Through the 2000s, the number of cases escalated materially. *See* Hr'g Tr. 94:19, May 5, 2021; Debtors' Ex. 8 at 1-2. By the late 2000s, over 2,500 mesothelioma claims were asserted against the Debtors annually. Debtors' Ex. 8 at 1-2. Inclusive of claims involving lung cancer and other diseases, approximately 5,000 asbestos-related claims

were asserted annually against the Debtors from 2015 to 2019. *See* Debtors' Ex. 8 at 1-2; Hr'g Tr. 94:19-22, May 5, 2021. During that period, the Debtors spent nearly \$100 million annually to defend and resolve asbestos claims. Debtors' Ex. 9 at 3; Hr'g Tr. 94:23-95:2, 99:16-20, May 5, 2021. In total, the Debtors have paid nearly \$2 billion in asbestos-related indemnity and defense costs. Hr'g Tr. 99:21-100:4, May 5, 2021.

28. As of July 31, 2020, nearly 90,000 asbestos-related claims were pending against the Debtors in jurisdictions throughout the United States. *See* Debtors' Ex. 11 at 3; Hr'g Tr. 100:9-101:7, May 5, 2021. Nearly 50,000 of the claims are on active dockets. Debtors' Ex. 11 at 3.

29. The Debtors expect that, absent their bankruptcy filings, thousands of additional claims would have been filed against them well into the future. Hr'g Tr. 103:14-104:2, May 5, 2021.

C. The 2020 Corporate Restructuring

30. Aldrich and Murray are indirect subsidiaries of Trane Technologies plc ("Trane"), a global climate innovator that brings efficient and sustainable climate solutions to buildings, homes, and transportation. *See* Debtors' Ex. 5 at 2. The U.S. headquarters of Trane, as well as the Debtors, are located in Davidson, North Carolina. Hr'g Tr. 89:6-10, May 5, 2021. In the late spring/early summer of 2019, certain members of the Trane enterprise initiated what was termed "Project Omega." Hr'g Tr. 104:8-105:4, May 5, 2021. The goal of Project Omega was to evaluate the viability of a corporate restructuring that could provide greater flexibility to achieve a final resolution of the disputed asbestos liabilities of Old IRNJ and Old Trane, including through a potential bankruptcy filing and establishment of a 524(g) trust, without subjecting the entire Trane business enterprise and their stakeholders to the business disruptions and other risks associated with a chapter 11 filing. *See* Hr'g Tr. 104:9-25, May 5, 2021; Hr'g Tr. 482:16-483:11,

May 7, 2021.

31. Ultimately, the boards of Old IRNJ and Old Trane determined to move forward with the 2020 Corporate Restructuring, which was effectuated between April 30 and May 1, 2020 through a series of transactions, including divisional mergers under Chapter 10, Subchapter A of the Texas Business Organizations Code (the "TBOC"), that resulted in the creation of the Debtors. *See generally*, Debtors' Exs. 1, 33-34; *see also*, Hr'g Tr. 105:23-107:20, May 5, 2021; Hr'g Tr. 485:9-486:2, May 7, 2021.

32. In the 2020 Corporate Restructuring, the following events occurred:⁶

- a. On the Aldrich side, Old IRNJ divided into two new entities—Aldrich and New Trane Technologies—and thereafter ceased to exist. Hr'g Tr. 105:23-107:4, May 5, 2021. Aldrich was allocated the following assets: (a) \$26 million in cash; (b) insurance rights under coverage-in-place agreements or unresolved policies; (c) an operating subsidiary called 200 Park, Inc. ("200 Park"), which manufactures process and modular chillers for the commercial marketplace; and (d) rights under a funding agreement with New Trane Technologies (the "Trane Technologies Funding Agreement"). *See* Debtors' Exs. 1 at DEBTORS_00002145 and DEBTORS_00002248, 72; Hr'g Tr. 108:6-17, 109:12-14, 202:14-16, May 5, 2021. Aldrich was allocated Old IRNJ's asbestos-related liabilities, except for claims for which the exclusive remedy is provided under a workers' compensation statute or similar laws. *See* Debtors' Ex. 1 at DEBTORS_00002145 and DEBTORS_00002248; Hr'g Tr. 107:24-108:5, May 5, 2021. New Trane Technologies was allocated the remainder of Old IRNJ's assets and liabilities. *See* Debtors' Ex. 1 at DEBTORS_00002145 and DEBTORS_00002248; Hr'g Tr. 105:23-107:20, May 5, 2021.
- b. On the Murray side, Old Trane divided into two new entities—Murray and New Trane—and thereafter ceased to exist. Hr'g Tr. 105:23-106:11, 107:6-14, May 5, 2021. Murray was allocated the following assets: (a) \$16 million in cash; (b) insurance rights under coverage in-place agreements or unresolved upper-level insurance policies; (c) an operating subsidiary called ClimateLabs LLC

⁶ The 2020 Corporate Restructuring included various steps and transaction documents, which are reflected in the Closing Binder. *See generally*, Debtors' Ex. 1.

("ClimateLabs"), which tests refrigerants, lubricants, and other substances contained within HVAC equipment; and (d) rights under a funding agreement with New Trane (the "Trane Funding Agreement" and, together with the Trane Technologies Funding Agreement, the "Funding Agreements"). See Debtors' Exs. 1 at DEBTORS_00000654 and DEBTORS_00000747, 73; Hr'g Tr. 108:23-109:8, 109:16-20, 202:17-18, May 5, 2021. Murray was allocated Old Trane's asbestos-related liabilities, except for claims for which the exclusive remedy is provided under a workers' compensation statute or similar laws. See Debtors' Ex. 1 at DEBTORS_00000654 and DEBTORS_00000747; Hr'g Tr. 107:24-108:5, May 5, 2021. New Trane was allocated the remainder of Old Trane's assets and liabilities. See Debtors' Ex. 1 at DEBTORS_00000654 and DEBTORS_00000747; Hr'g Tr. 105:23-107:20, May 5, 2021.

33. In connection with each of the divisional mergers, a support agreement established indemnification obligations corresponding to the allocation of liabilities. Among other things, these support agreements (together, the "Divisional Merger Support Agreements") obligate Aldrich or Murray to indemnify New Trane Technologies or New Trane (and each of their respective affiliates), as applicable, for all losses incurred in connection with the relevant Debtor's assets and liabilities, including its asbestos liabilities. See Debtors' Exs. 77-78 ¶ 3; see also Hr'g Tr. 122:21-123:3, May 5, 2021.

D. The Funding Agreements

34. An important objective of the 2020 Corporate Restructuring was to assure the Debtors had the same ability to satisfy asbestos claims as Old IRNJ and Old Trane had prior to the restructurings. See, e.g., Hr'g Tr. 110:1-7, May 5, 2021; Hr'g Tr. 483:5-485:8, 509:15-510:9, May 7, 2021.

35. The Funding Agreements set forth the terms and conditions pursuant to which New Trane Technologies and New Trane are obligated to provide funding to pay for certain costs and expenses incurred by the Debtors, including those associated with funding amounts to (a) satisfy the Debtors' asbestos-related liabilities at any time when the Debtors are not debtors in

pending bankruptcy proceedings and (b) in the event of a chapter 11 filing of the Debtors, provide the funding for a section 524(g) asbestos trust, in both situations to the extent that any cash distributions received by the Debtors from 200 Park or ClimateLabs are insufficient to pay such costs and expenses and, in the case of the trust funding, the Debtors' other assets are insufficient to provide that funding. *See* Debtors' Exs. 72, 73 at 5-6; Hr'g Tr. 110:8-13, May 5, 2021; Hr'g Tr. 486:4-487:2, 503:13-21, 511:15-20, 519:15-18, May 7, 2021.

36. The Funding Agreements are not loans and impose no repayment obligation on the Debtors. *See* Debtors' Exs. 72, 73; Hr'g Tr. 110:18-21, May 5, 2021; Hr'g Tr. 485:2-8, May 7, 2021. The Funding Agreements are uncapped, contractual obligations that provide backstop funding for the Debtors. *See* Debtors' Exs. 72, 73; Hr'g Tr. 110:1-13, May 5, 2021; Hr'g Tr. 485:2-486:8, 510:10-13, 516:4-7, May 7, 2021. Through the Funding Agreements and other assets allocated to the Debtors in the 2020 Corporate Restructuring, the Debtors maintained the same paying power to fund the costs of defending and paying Aldrich/Murray Asbestos Claims that Old IRNJ and Old Trane had before the restructurings. *See* Hr'g Tr. 110:1-7, May 5, 2021; Hr'g Tr. 483:12-485:8, May 7, 2021.

37. New Trane Technologies and New Trane have fulfilled their obligations under the Funding Agreements. Before the Petition Date, Aldrich made two requests for funding in the aggregate amount of \$15 million, while Murray made one request for \$5 million. *See* Hr'g Tr. 486:9-19, May 7, 2021; *see also* Debtors' Ex. 3. Each request was fulfilled. *Id.* The Debtors have not needed to make any additional funding requests since the Petition Date because their other assets have been sufficient to fund all of their liabilities. *See* Hr'g Tr. 508:25-509:5, May 7, 2021.

38. New Trane Technologies and New Trane have reaffirmed their commitment to comply with their future contractual obligations under the Funding Agreements, including meeting the Debtors' contractually authorized funding requests to provide funding for a section 524(g) trust as established under a confirmed plan of reorganization in the Chapter 11 Cases. Hr'g Tr. 486:4-487:2, 551:10-13, May 7, 2021. Moreover, New Trane Technologies and New Trane have the financial ability to satisfy their respective obligations under the Funding Agreements. That ability is demonstrated by, among other things, New Trane Technologies' book-value equity of approximately \$7.8 billion and New Trane's book-value equity of approximately \$3 billion, as of December 31, 2020. Hr'g Tr. 487:11-16, May 7, 2021. By contrast, the Debtors' estimate for financial reporting purposes of the cost of resolving current and future Aldrich/Murray Asbestos Claims was approximately \$500 million just prior to the Petition Date. *See* Hr'g Tr. 541:5-12, May 7, 2021. The ACC proffered no evidence to rebut the proposition that New Trane Technologies and New Trane have met and have sufficient financial resources available to continue to meet their obligations under the Funding Agreements.⁷

39. The Court finds that, under the current circumstances, the Funding Agreements are adequate to protect claimants' ability to recover on account of Aldrich/Murray Asbestos Claims.

E. The Debtors' Business Activities and Governance

40. From their formation, Aldrich and Murray have managed their asbestos liabilities and overseen their equity interests in their non-debtor operating subsidiaries. Aldrich's Board of Managers (the "Aldrich Board") includes Amy Roeder, Robert Zafari, and Manlio

⁷ The ACC's expert, Mr. Diaz, admitted that New Trane Technologies and New Trane had substantially the same book equity as Old IRNJ and Old Trane did prior to the 2020 Corporate Restructuring. Hr'g Tr. 397:6-10, 399:3-7, May 6, 2021.

Valdes. Hr'g Tr. 112:18-23, 187:11-14, May 5, 2021; Hr'g Tr. 498:11-17, May 7, 2021. Murray's Board of Managers (the "Murray Board" and, together with the Aldrich Board, the "Debtor Boards") includes Ms. Roeder, Mr. Valdes, and Marc Dufour. Hr'g Tr. 112:18-23, 187:11-16, May 5, 2021. Ms. Roeder and Mr. Valdes are employed by non-debtor Trane affiliates. Hr'g Tr. 185:9-186:3, 187:25-188:4, May 5, 2021; Hr'g Tr. 498:22-24, May 7, 2021. Neither Mr. Zafari nor Mr. Dufour are employed by any Trane company, though each is a retired employee of a Trane affiliate. Hr'g Tr. 112:18-23, 187:20-23, May 5, 2021; Hr'g Tr. 498:25-499:2, May 7, 2021.

41. For each of Aldrich and Murray, Mr. Valdes serves as President, Ms. Roeder serves as Chief Financial Officer and Treasurer, Mr. Tananbaum serves as Chief Legal Officer and Secretary, and Mr. Pittard serves as Vice President and Chief Restructuring Officer. Hr'g Tr. 112:5-11, 185:9-12, 188:7-15, May 5, 2021; *see* Debtors' Exs. 27-28, 29, 32.

42. Neither Aldrich nor Murray has employees. The Debtors are staffed by two seconded employees (Messrs. Tananbaum and Robert Sands) pursuant to a secondment agreement among New Trane Technologies, Aldrich, and Murray. *See* Debtors' Ex. 74, ACC Ex. 105; Hr'g Tr. 129:21-130:6, May 5, 2021. In addition, the Debtors receive various corporate services (and the services of their other officers) through services agreements with New Trane Technologies. *See* Debtors' Exs. 75-76; Hr'g Tr. 185:23-25, May 5, 2021.

F. The Debtors' Boards of Managers Meet and Consider Options to Address Asbestos Liabilities

43. The first meetings of the Aldrich Board and Murray Board took place on May 8, 2020, one week after the formation of Aldrich and Murray. Debtors' Exs. 18-19; Hr'g Tr. 112:24-113:7, May 5, 2021. The Debtor Boards met a total of nine times (five joint meetings and two separate meetings for each board) before resolving to file the petitions initiating the Chapter 11 Cases. *See* Debtors' Exs. 18-20, 22-23, 25-28; Hr'g Tr. 112:24-113:7, 192:16-193:2, May 5,

2021.

44. Over the course of those meetings, among other things, the Debtor Board members (a) familiarized themselves with their duties and responsibilities; (b) received information concerning the financial condition of the Debtors and their respective operating subsidiaries; and (c) received and assessed information concerning the Debtors' historical, current, and projected future asbestos-related personal injury claims. *See* Debtors' Exs. 18-20, 22-23, 25-28; Hr'g Tr. 113:23-114:14, 193:20-194:5, May 5, 2021.

45. The central issue facing the Debtor Boards was determining how best to address the Debtors' asbestos liabilities, including both the tens of thousands of pending claims against the companies and the future claims expected to be filed over the next three decades or more. *See* Hr'g Tr. 113:23-114:6, May 5, 2021. Starting with their joint meeting on May 15, 2020, the Debtor Boards were presented with a number of options to address the Debtors' current and future asbestos liabilities. *See* Debtors' Exs. 20, 22-25; Hr'g Tr. 115:23-118:21, 194:6-21, May 5, 2021. These options included (a) a "status quo" approach where Aldrich and Murray would continue to defend Aldrich/Murray Asbestos Claims in the tort system; (b) a "structural optimization" strategy entailing additional corporate reorganization intended to optimize the ability to manage asbestos liabilities; (c) the purchase of an insurance product that would vest in a third party the responsibility for addressing Aldrich/Murray Asbestos Claims; and (d) chapter 11 bankruptcy filings by Aldrich and Murray with the goal of establishing and funding a section 524(g) trust. *See* Hr'g Tr. 115:23-118:21, 194:6-21, May 5, 2021. The members of the Debtor Boards engaged in an evaluation of the options over the course of several board meetings. *See generally*, Debtors' Exs. 20, 22-25; Hr'g Tr. 118:15-119:3, 119:20-120:14, 194:22-195:15, May 5, 2021.

46. On June 17, 2020, each of the Aldrich Board and Murray Board unanimously adopted a resolution to approve a chapter 11 bankruptcy filing. *See* Debtors' Exs. 27-28; Hr'g Tr. 118:11-14, 120:15-25, 195:21-196:20, 197:22-24, May 5, 2021. Each resolution stated that the board:

... has: (1) regularly and carefully reviewed the materials and other information presented by the management and the advisors of the Company regarding the Company's asbestos-related liabilities, current and projected financial position and other relevant information; (2) thoroughly evaluated the Company's strategic alternatives, including a possible bankruptcy filing; (3) conferred with the Company's management and advisors regarding these matters; and (4) determined that the filing of a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") is in the best interests of the Company and its stakeholders.

Debtors' Exs. 27-28. Each of the Aldrich Board and Murray Board resolved that, in its judgment, "it is desirable and in the best interests of the Company, its creditors and other interested parties that the Company seek relief under the Bankruptcy Code." *Id.*

47. The record reflects that members of the Debtor Boards considered the interests of asbestos claimants in determining that the Debtors should file for bankruptcy. *See* Hr'g Tr. 136:9-20, 196:23-197:11, 198:1-15, May 5, 2021. The ACC has proffered no evidence that leads the Court to find that the purpose of the Debtors' bankruptcy filings was to artificially suppress their asbestos liabilities, to delay resolution of those liabilities, or to otherwise prejudice asbestos claimants. The evidence in the record is to the contrary. *See* Hr'g Tr. 127:19-25, 135:7-24, 136:9-20, 139:18-140:8, 204:1-4, 204:21-205:7, May 5, 2021; *see also* Hr'g Tr. 541:5-544:3, May 7, 2021.

48. The evidence in the record further indicates that, in arriving at their decisions to commence these Chapter 11 Cases, the Debtor Boards acted without direction from non-debtor entities or personnel. *See* Hr'g Tr. 119:4-19, 198:1-199:4, May 5, 2021; Hr'g Tr.

550:15-24, May 7, 2021. The ACC has proffered no evidence to the contrary.

G. The Debtors' Goal in the Chapter 11 Cases and the Likelihood that the Debtors Will Achieve It

49. The Debtors' stated goal in these Chapter 11 Cases is to negotiate and ultimately confirm a plan of reorganization that would (a) establish and fund a trust to resolve and compensate valid asbestos-related claims in an efficient and equitable manner and (b) provide for the issuance of an injunction pursuant to section 524(g) of the Bankruptcy Code that will protect the Debtors from any further liability related to the Aldrich/Murray Asbestos Claims. *See* Hr'g Tr. 135:7-24, 136:9-20, 139:18-140:8, 196:23-197:19, 199:6-12, May 5, 2021.

50. The Debtors demonstrated that they have the necessary financial resources to achieve their reorganization objectives.

51. The Debtors and the FCR have commenced negotiations concerning a plan of reorganization and the Debtors have begun discussions with their insurers. Hr'g Tr. 137:4-6, 174:7-10, 175:8-10, May 5, 2021. The evidence indicates that the ACC has not participated in any negotiations on a plan to date despite invitations from the Debtors and the FCR. Hr'g Tr. 137:4-7, 174:10-11, May 5, 2021. The evidence reflects that the Debtors are willing to initiate negotiations with the ACC toward a consensual resolution of these Chapter 11 Cases and remain optimistic that a consensual resolution can be achieved. Hr'g Tr. 136:21-137:12, 174:4-11, May 5, 2021.

52. As explained in the FCR's Initial Submission, the FCR, as the fiduciary for the largest creditor class in these Chapter 11 Cases supports the Debtors' goal of addressing their asbestos tort liability through the creation of a fully funded section 524(g) asbestos trust that will compensate the classes of valid current and future asbestos claims fairly and equally. *See* FCR's Initial Submission. The FCR believes that the creation of a section 524(g) trust is the fairest and most expeditious way for the Debtors to ensure that holders of current and future asbestos claims

are treated in a fair and just manner. An exit to the tort system at this time, a result that the FCR does not support, would fail to provide the uniform treatment of asbestos claims provided by a section 524(g) trust. *See* FCR's Initial Submission at 5.

53. Notwithstanding the conflicting viewpoints between the parties at this juncture in the Chapter 11 Cases, numerous contested and contentious chapter 11 cases have resulted in a consensual resolution pursuant to Section 524(g) of the Bankruptcy Code.⁸ The recently announced settlement in *In re Paddock Enters., LLC*, No. 20-10028 (Bankr. D. Del.), a case with similar factual predicates to these Chapter 11 Cases, indicates that consensus can be achieved. *See* Debtors' Exs. 79, 81.

54. In *Paddock*, Owens-Illinois, Inc. seeks to address its "big dusty"⁹ tort liability arising from the manufacture and sale of highly friable asbestos insulation products over many decades. According to filings made in that case, in December 2019, Owens-Illinois, Inc. engaged in a prepetition corporate restructuring under Delaware law, producing a similar effect as a divisional merger under the TBOC. *See* Debtors' Ex. 81 ¶ 24; *see also* Hr'g Tr. 427:11-428:12, May 6, 2021. The corporate restructuring resulted in the creation of the debtor, Paddock Enterprises, LLC, which received certain assets of Owens-Illinois, Inc. as well as its legacy

⁸ *See Lippe v. Bairnco Corp.*, 225 B.R. 846, 849-50 (S.D.N.Y. 1998), *on reargument in part*, 229 B.R. 598 (S.D.N.Y. 1999), *aff'd*, 99 F. App'x 274 (2d Cir. 2004); *In re Babcock & Wilcox Co.*, 274 B.R. 230, 234 (Bankr. E.D. La. 2002); *First Am. Discl. Stmt. for Second Am. Joint Plan of G-I Holdings Inc. and ACI Inc. Pursuant to Ch. 11 of the U.S. Bankr. Code* at 35 (Erens Decl., Ex. 3); Sealed Air Corp. 2011 Form 10-K at 16-17 (Erens Decl., Ex. 4); *In re Combustion Eng'g, Inc.*, 295 B.R. 459, 470-71 (Bankr. D. Del. 2003), *subsequently vacated sub nom, In re Combustion Eng'g, Inc.*, 391 F.3d 190 (3d Cir. 2004), as amended (Feb. 23, 2005); *In re Specialty Prods. Holding Corp.*, No. 10-11780 [Dkt. 1799] (Bankr. D. Del. Nov. 14, 2011) (Erens Decl., Ex. 5); *In re Garlock Sealing Techs, LLC*, No. 10-31607 [Dkt. 2150] (Bankr. W.D.N.C. Apr. 30, 2012) (Erens Decl., Ex. 6); *In re Kaiser Gypsum Co., Inc.*, No. 16-31602 [Dkt. 1009] (Bankr. W.D.N.C. June 8, 2018).

⁹ *See In re Garlock Sealing Techs., LLC, et al.*, 504 B.R. 71, 89 (Bankr. W.D.N.C. 2014) ("Owens Corning was a high-profile asbestos defendant because of its widely distributed and very 'dusty' insulation product, Kaylo.").

asbestos liabilities. *See* Debtors' Ex. 81 ¶¶ 24-27; *see also* Hr'g Tr. 428:3-7, May 6, 2021. A support agreement between Paddock and its parent (equivalent to the Funding Agreements in these Chapter 11 Cases), was put in place to ensure that the Paddock debtor could fund its asbestos liabilities. *See* Debtors' Ex. 81 ¶ 28; *see also* Hr'g Tr. 428:8-12, May 6, 2021. A few weeks later, Paddock commenced its chapter 11 case with the stated goal of confirming "a plan of reorganization providing for a [section 524(g)] trust mechanism that will address all current and future Asbestos Claims" against Paddock in a "way that maximizes value for all parties." *See* Debtors' Ex. 81 ¶¶ 27, 56.

55. Despite apparently similar paths taken by Paddock in its chapter 11 case and the Debtors in these Chapter 11 Cases, the record in that case reveals that the official committee of asbestos personal injury claimants appointed in *Paddock* did not seek relief from the stay to pursue complaints outside of the bankruptcy court. Instead, the record demonstrates that the parties engaged in a bankruptcy court-approved mediation and reached agreement on a consensual section 524(g) plan, with funding of a section 524(g) trust in the amount of \$610 million.¹⁰ The ACC presented no evidence or argument to explain the differing approaches in *Paddock* and these Chapter 11 Cases.

56. Given the above, the Debtors have shown that these Chapter 11 Cases have a reasonable likelihood of success.

H. Harm to the Debtors' Reorganizational Efforts if the Preliminary Injunction Is Denied

57. Following the 2020 Corporate Restructuring, asbestos claimants began naming Non-Debtor Affiliates as defendants in newly-filed Aldrich/Murray Asbestos

¹⁰ *In re Paddock Enterprises, LLC*, No. 20-10028 [Dkt. 802] (Bankr. D. Del. Apr. 26, 2021), *Certification of Counsel Regarding Successful Mediation*.

Claims or adding (or seeking to add) Non-Debtor Affiliates as defendants in previously-filed Aldrich/Murray Asbestos Claims. *See* Debtors' Exs. 10, 12. Approximately 150 claims have been filed against Protected Parties since the 2020 Corporate Restructuring on account of Aldrich/Murray Asbestos Claims. *See* Debtors' Ex. 10.

58. The number of Aldrich/Murray Asbestos Claims initiated against Protected Parties indicates that, absent injunctive relief, the burden of defending and managing asbestos-related litigation in the tort system would recommence and continue as before the chapter 11 filings. Indeed, the only logical reason to oppose the preliminary injunction would be to allow claimants the option to sue Protected Parties for Aldrich/Murray Asbestos Claims. Furthermore, counsel for the ACC has made statements which suggest that the ACC views a denial of the Motion as effectively disposing of these Chapter 11 Cases and the Debtors' reorganizational efforts.¹¹

59. In the absence of either a preliminary injunction against or the application of the automatic stay to the filing or continued prosecution of Aldrich/Murray Asbestos Claims against the Protected Parties, the Debtors' efforts to develop and obtain confirmation of a plan of reorganization that provides for the global resolution of all Aldrich/Murray Asbestos Claims would be materially undermined. *See* Hr'g Tr. 127:12-128:3, 128:17-20, May 5, 2021. It is not practicable for the Debtors to endeavor to resolve these claims globally in the Chapter 11 Cases and, at the same time, in the tort system. *Id.*

60. Moreover, the Debtors have indemnity obligations to the Protected Parties that would make judgments against those Protected Parties tantamount to judgments against the

¹¹ *See, e.g.*, Hr'g Tr. 26:6-7, 30:19-23, Jan. 28, 2021 ("[T]he Committee challenges the propriety of this bankruptcy case in its entirety," "I think that this Court's order [on the preliminary injunction motion] will dramatically inform . . . what happens next . . ."); Hr'g Tr. 12:24-13:2, Mar. 25, 2021 ("Our constituents don't want to be in this case and in this Court . . . We think the filings are inappropriate . . ."); Hr'g Tr. 41:8-10, Apr. 29, 2021 ("[W]e believe and hope this case will be disposed of effectively in the proceedings . . . next week . . .").

Debtors. First, the Divisional Merger Support Agreements impose upon the Debtors the contractual obligation to indemnify the Non-Debtor Affiliates for defense and indemnity costs incurred in the event that the Non-Debtor Affiliates must defend or are held liable for any Aldrich/Murray Asbestos Claims. *See* Debtors' Exs. 77-78 ¶ 3; Hr'g Tr. 122:21-123:8, May 5, 2021. Second, the Indemnified Parties are former merger and acquisition counterparties that Aldrich or Murray has indemnified contractually for any liability on account of the Aldrich/Murray Asbestos Claims or with respect to which Aldrich or Murray otherwise has agreed to be responsible for any such liability. *See* Hr'g Tr. 123:15-124:16, May 5, 2021; *see generally*, Debtors' Ex. 15. Third, the vast majority of the coverage-in-place agreements and buyout agreements with Insurers allocated to the Debtors in the 2020 Corporate Restructuring have indemnity obligations requiring the Debtors to indemnify those Insurers in the event that they are sued in the tort system. *See* Hr'g Tr. 125:17-126:17, May 5, 2021.

61. As a result of the foregoing indemnification obligations, recoveries against the Protected Parties, whether through settlements or judgments, would have the effect of fixing the Debtors' liability for Aldrich/Murray Asbestos Claims outside of the Chapter 11 Cases.

62. Additionally, the agreements with the Insurers that are among the assets allocated to Aldrich and Murray as part of the 2020 Corporate Restructuring are valuable estate assets. *See* Hr'g Tr. 125:20-125:24, May 5, 2021. Litigation of Aldrich/Murray Asbestos Claims against the Insurers would dissipate these valuable assets. *Id.*

63. Permitting litigation of the Aldrich/Murray Asbestos Claims to recommence against Protected Parties would also create the substantial risk that (a) resolution of factual and legal issues in that litigation may bind the Debtors through the doctrines of *res judicata* and collateral estoppel; and (b) parties will use statements, testimony, and other evidence generated

in those proceedings to try to establish Aldrich/Murray Asbestos Claims against the Debtors. *See* Hr'g Tr. 133:23-134:21, May 5, 2021.

64. By pursuing the Aldrich/Murray Asbestos Claims against the Protected Parties, claimants would be litigating over the same products, the same injuries, and the same liabilities of Old IRNJ and Old Trane over which they litigated with Old IRNJ and Old Trane and the Debtors before their bankruptcies. *See* Hr'g Tr. 121:9-18, 133:7-134:21, May 5, 2021.

65. Because Aldrich and/or Murray would be the real party defendants in any such suit against a Protected Party, the Debtors would need to be actively involved in the litigation of Aldrich/Murray Asbestos Claims against the Protected Parties, even as they attempt to move forward with the goal of reorganizing to address these same claims in these Chapter 11 Cases. Hr'g Tr. 133:3-134:21, May 5, 2021. Mr. Tananbaum and Mr. Sands—both employees seconded to the Debtors with substantial experience with asbestos-related litigation in the tort system—would need to play key roles in any asbestos litigation moving forward. *See* Hr'g Tr. 91:11-23, 129:20-132:2, 133:3-134:21, 173:17-21, May 5, 2021.

66. Prior to the 2020 Corporate Restructuring, defending Aldrich/Murray Asbestos Claims was a full-time job for a larger team of five or six lawyers and support staff. Hr'g Tr. 128:21-132:19, May 5, 2021. If asbestos litigation were to recommence, it would likely substantially divert Messrs. Tananbaum and Sands from these Chapter 11 Cases, leaving little time for their ongoing reorganization work. *See* Hr'g Tr. 128:17-130:21, May 5, 2021. It would be difficult for Mr. Tananbaum to both manage an active asbestos litigation docket and, at the same time, fulfill his duties to the Debtors in managing the advancement of these Chapter 11 Cases toward a successful reorganization. *Id.*¹²

¹² The ACC's argument that the Debtors could hire more personnel (ACC Obj. at 56) or borrow other in-house lawyers at Trane with little to no demonstrated experience with asbestos claims (Supp. ACC. Obj. at 15)

67. If tort suits resumed, other professionals who provide non-legal services to the Debtors under the services agreements with New Trane Technologies, including Ms. Roeder (the Debtors' Chief Financial Officer and Treasurer) and Cathy Bowen (Global Legal Controller for the Trane family of companies), also would need to take on additional asbestos-litigation responsibilities. Hr'g Tr. 130:24-132:23, May 5, 2021. Such additional responsibilities would require significant time and would divert their attention from the services that they provide to the Debtors in the Chapter 11 Cases (in addition to their full time employment responsibilities). Hr'g Tr. 130:24-132:23, 201:7-25, May 5, 2021.

I. Absence of Harm to Defendants if the Preliminary Injunction Is Continued

68. The 2020 Corporate Restructuring allocated the Aldrich/Murray Asbestos Claims to the Debtors. Given this Court's findings regarding the effect and adequacy of the Funding Agreements (*see supra* ¶ 39), the Court finds that the ACC failed to demonstrate that the 2020 Corporate Restructuring impaired the Debtors' ability to satisfy the asbestos-related liabilities allocated to them. Absent such harm, the Court further finds that the ACC failed to demonstrate a basis on which any Defendant could assert a cognizable claim for relief against a Non-Debtor Affiliate and, thus, failed to proffer evidence that enjoining the Defendants from pursuing the Non-Debtor Affiliates will cause the Defendants material harm.

69. Although a recovery for certain current claimants who assert or may assert an Aldrich/Murray Asbestos Claim may be delayed by operation of a preliminary injunction or the application of the automatic stay, even if such claims are colorable, any such delay created by

ignores the reality that litigation of Aldrich/Murray Asbestos Claims requires prior experience with the Debtors, their product histories, and their defenses. Hr'g Tr. 133:11-22, May 5, 2021.

the preliminary injunction is outweighed by the harm to the Debtors that would occur in the absence of the requested injunction.

70. As described below, Aldrich and Murray are not the only sources of recovery for a typical claimant and only rarely a principal source of recovery for any claimant. Claimants typically collect recoveries from multiple parties in the tort system and from asbestos trusts.

71. Dr. Mullin, one of the Debtors' experts, performed an analysis on data of 627 claimants who asserted claims against both Garlock Sealing Technologies, LLC ("Garlock") and either or both of the Debtors (the "AM Mesothelioma Claimants"). See Hr'g Tr. 318:19-322:24, 323:8-325:16, May 6, 2021.

72. Dr. Mullin found that, on average, AM Mesothelioma Claimants received recoveries of \$1.1 million from tort defendants and asbestos trusts. Hr'g Tr. 322:6-24, May 6, 2021. On average, 3.2% of the total recoveries came from the Debtors. *Id.* For the 347 AM Mesothelioma Claimants who received some payment from the Debtors, recoveries attributable to those entities accounted, on average, for 5% of total recoveries. Hr'g Tr. 324:9-20, May 6, 2021. Recoveries attributable to the Debtors or their predecessors rarely, if ever, constituted a material percentage of a claimant's total recovery. Payments from the Debtors or their predecessors contributed more than 20% of total recoveries for only 10 of the 627 AM Mesothelioma Claimants. Hr'g Tr. 325:3-16, May 6, 2021. No claimant received more than 50% of their total recoveries from the Debtors or their predecessors. Hr'g Tr. 325:3-16, May 6, 2021.

73. Interrogatory responses provided by ACC members reflected that those members named an average of over 70 defendants in their complaints against the Debtors—one named more than 170—and that ACC members have filed claims against numerous asbestos trusts.

See Debtors' Exs. 7, 13. While ACC members objected to interrogatories requesting disclosure of information about aggregate recoveries from trusts and other tort system defendants, Dr. Mullin provided credible testimony that ACC members likely would be entitled to substantial recoveries from a number of asbestos trusts. *See* Debtors' Exs. 7, 13; Hr'g Tr. 327:13-334:5, May 6, 2021.

74. The ACC asserts that if an asbestos claimant passes away while the injunction is in force, he or she may lose the right to certain types of alleged damages in some jurisdictions on the stayed claims. ACC Obj. at 58-59. There is no evidence in the record that demonstrates any quantification of this risk. Nonetheless, this alleged harm may be addressed through preservation of these damages in trust distribution procedures ("TDPs"), as has been done in many other cases.¹³

75. The ACC further contends that the requested preliminary injunction should be denied on the theory that the 2020 Corporate Restructuring altered the parties' respective bargaining leverage by reducing or eliminating the Debtors' incentive to resolve these Chapter 11 Cases in a timely manner. ACC Obj. at 62-64. There is no evidence in the record that the Debtors filed these cases for purposes of delay or have delayed efforts to resolve these cases. The record evidence is to the contrary. *See, e.g.*, Hr'g Tr. 137:4-12, 174:4-14, 175:2-10, May 5, 2021.

76. Any harm attributable to a preliminary injunction also must be weighed against the benefits that would result from preserving the Debtors' ability to successfully reorganize under section 524(g), including the creation of a trust to efficiently and fairly compensate claimants. Section 524(g) trusts are designed to resolve claims equitably, using a

¹³ *See, e.g.*, ACC Ex. 341 (*In re Specialty Prods. Holding Corp.*, No. 10-11780 [Dkt. 5117-3] TDPs § 7.6 (Bankr. D. Del. Oct. 23, 2014)) ("If the claimant was alive at the time the initial pre-petition complaint was filed . . . the case shall be treated as a personal injury case with all personal injury damages to be considered even if the claimant has died during the pendency of the claim."); ACC Ex. 342 (*In re Leslie Controls, Inc.*, No. 10-12199 [Dkt. 505-3] TDPs § 7.6 (Bankr. D. Del. Jan. 18, 2011)) (same).

common set of objective factors designed to ensure that claimants with similar factual predicates for their claims receive similar compensation. *See* Hr'g Tr. 344:10-351:21, May 6, 2021. Once established, claimants can obtain recoveries from trusts within 90 days. *See* Hr'g Tr. 338:4-5, 352:4-11, May 6, 2021. In the current tort system, it is not unusual for claims to be pending against the Debtors for a decade or more. Hr'g Tr. 136:9-11, May 5, 2021. A trust process also may reduce all parties' transaction costs. *See* Hr'g Tr. 317:9-15, 339:23-343:19, May 6, 2021.

77. The ACC offered no evidence to demonstrate that current or future asbestos claimants, as a whole, would benefit more from a return to the tort system than from the confirmation and implementation of a section 524(g) trust.

78. For the foregoing reasons, the balance of harms favors continuing the injunction against the filing and pursuit of Aldrich/Murray Asbestos Claims in the tort system.

J. The Public Interest

79. In the absence of either a preliminary injunction against, or the application of the automatic stay to, the filing or continued prosecution of Aldrich/Murray Asbestos Claims against the Protected Parties, the Debtors' efforts to develop and obtain confirmation of a plan of reorganization that provides for the resolution of all Aldrich/Murray Asbestos Claims would be materially undermined. *See* Hr'g Tr. 127:12-128:3, 128:17-20, May 5, 2021. It is not practicable for the Debtors to endeavor to resolve these claims globally in the Chapter 11 Cases and, at the same time, in the tort system. *Id.*

80. The ACC's arguments with respect to the public interest factor focus principally on challenging the 2020 Corporate Restructuring that preceded the Chapter 11 Cases. *See* ACC Obj. at 64-68. The ACC contends that the Non-Debtor Affiliates should not be permitted "the benefits of bankruptcy" without "ever being subject to its burdens." ACC Obj. at 62. The Debtors presented credible evidence that the 2020 Corporate Restructuring provided the ability to

pursue a section 524(g) resolution of the Aldrich/Murray Asbestos Claims that considered the interests of all stakeholders, including asbestos claimants. *See supra* ¶¶ 34-36, 38, 46-47. As summarized by Ms. Ryan, subjecting the entirety of Old IRNJ and Old Trane to chapter 11 filings would have increased costs and risks in multiple ways, *see* Hr'g Tr. 240:4-254:16, May 6, 2021, with no obvious benefit to asbestos claimants.

81. The public interest is served and advanced through the Debtors completing their reorganization in these Chapter 11 Cases. Through the appropriate funding and later operation of a section 524(g) trust, transaction costs may be reduced, more efficient claim resolution can be achieved, and more equitable recoveries across claimants are probable. *See supra* ¶ 76.

III. CONCLUSIONS OF LAW

A. Jurisdiction and Venue

82. The Court has subject matter jurisdiction over this Adversary Proceeding pursuant to 28 U.S.C. §§ 157 and 1334. Venue of this matter is proper under 28 U.S.C. § 1409. The ACC has not disputed that the Court has subject matter jurisdiction to grant the Motion.

B. The 2020 Corporate Restructuring Complied with Applicable State Corporate Law and Is Not Preempted by Section 524(g).

83. Although discovery in this Adversary Proceeding was extensive, no evidence was adduced that would support a finding that the 2020 Corporate Restructuring failed to meet all of the applicable state-law requirements to effect a divisional merger under Texas law.

84. The TBOC permits a single entity to divide into two or more new entities (at which point the existing entity can cease to exist) and to allocate the assets and liabilities of the old entity among the new entities. To effect the division of a single Texas entity into two or more new entities, such transaction must be set forth in a "plan of merger." *See* TBOC Section 10.001(a).

The plan of merger must be in writing and must include (a) the name and organizational form of the entity that is to be divided and will cease to exist; (b) the name and organizational form of each new entity that is to be created; (c) the allocation among the new entities of the property of the entity that is to be divided and will cease to exist; and (d) the allocation among the new entities of the liabilities of the entity that is to be divided and will cease to exist. *Id.* Sections 10.002 and 10.003. There is no dispute that the 2020 Corporate Restructuring fully complied with these provisions of the TBOC, and the ACC did not present evidence to the contrary.¹⁴

85. Once the divisional merger becomes effective, the allocation of such assets and liabilities among the newly created entities becomes effective, as well. *Id.* Section 10.008. Here then, upon the divisional merger, Old IRNJ ceased to exist, all of its assets and liabilities were allocated to the newly created Aldrich and New Trane Technologies as set forth in the above Findings of Fact. Further, upon the divisional merger, Old Trane also ceased to exist, and all of its assets and liabilities were allocated to the newly created Murray and New Trane as set forth in the above Findings of Fact. Any liability for Aldrich/Murray Asbestos Claims was allocated only to Aldrich and Murray, respectively.

86. The ACC failed to proffer any evidence to challenge the enforceability of the obligations of the Funding Agreements upon which Aldrich and Murray may draw to fund the defense and resolution of Aldrich/Murray Asbestos Claims. And the ability to so draw, in combination with their other allocated assets, provided Aldrich and Murray access to the same funding capacity after the 2020 Corporate Restructuring as was available to Old IRNJ and Old Trane immediately before that restructuring.

¹⁴ Nor did the ACC present any evidence that Old Trane or Old IRNJ was ineligible to effect a divisional merger under Texas law.

87. The Court finds no evidence of non-compliance with applicable state law and, therefore, concludes that the 2020 Corporate Restructuring complied with applicable state law and effected the allocation of assets and liabilities between Aldrich and New Trane Technologies on the one hand, and Murray and New Trane on the other hand, as set forth in the Findings of Fact.

88. The Court agrees with the *Bestwall* decision that divisional mergers of the kinds effected by Old IRNJ and Old Trane are not preempted by section 524(g). *See In re Bestwall LLC*, 606 B.R. 243, 251 (Bankr. W.D.N.C. 2019).¹⁵ The Texas statutes and section 524(g) (and the other provisions of the Bankruptcy Code) work together to address different purposes.

89. The ACC argues only for implied preemption, which can occur either through conflict or field preemption. There is a "strong presumption against inferring Congressional preemption" of state law. *Integrated Sols., Inc. v. Serv. Support Specialties, Inc.*, 124 F.3d 487, 493 (3d Cir. 1997). And "[t]his presumption is strongest when Congress legislates in a field which the States have traditionally occupied"—such as the field of corporate formation and organization. *S. Blasting Servs., Inc. v. Wilkes Cty., N.C.*, 288 F.3d 584, 590 (4th Cir. 2002) (internal citation omitted).

90. Conflict preemption occurs "when compliance with both federal and state regulations is a physical impossibility, or when state law stands as an obstacle to the accomplishment and execution of the full purposes and objectives of Congress." *Id.* Here, no conflict is apparent in the "[s]tatutory text and structure" of the provisions, which are "the most

¹⁵ An appeal of this *Bestwall* decision is pending in the District Court, but the Debtors point out that the asbestos committee in *Bestwall* has not on appeal challenged the Bankruptcy Court's rejection of its preemption argument, and the ACC has not disputed the Debtors' account.

reliable guideposts in th[e] [preemption] inquiry." *PPL EnergyPlus, LLC v. Nazarian*, 753 F.3d 467, 474 (4th Cir. 2014), *aff'd sub nom., Hughes v. Talen Energy Mktg., LLC*, 136 S.Ct. 1288 (2016). In addition, as the *Bestwall* court confirmed, the Texas divisional merger provisions and section 524(g) "concern completely different subjects and work readily in tandem." 606 B.R. at 251.

91. The ACC argues that the Texas divisional merger provisions, "as applied" to the 2020 Corporate Restructuring, create an obstacle to the purpose of section 524(g) because the Texas provisions (a) allow asbestos liabilities to vest in one entity created through a divisional merger, and not the other, (b) without the "procedural and due process protections" of section 524(g) of the Bankruptcy Code, and (c) without requiring the dividing company to file for bankruptcy. ACC Obj. at 70-71. This argument confuses both the nature of the divisional merger and the purposes of section 524(g).

92. The section 524(g) procedural measures upon which the ACC relies are required under that section for the discharge of claims and demands and the channeling of all current and future claims to a trust. No discharge or channeling has yet occurred, and all of the procedural and substantive protections afforded under section 524(g) remain in place. The 2020 Corporate Restructuring did not finally resolve any of Old IRNJ's or Old Trane's asbestos liabilities; it only restructured which entities are subject to those liabilities within the greater corporate enterprise. New Trane Technologies and New Trane did not escape, discharge, or eliminate any liability for Aldrich/Murray Asbestos Claims through the divisional mergers—they never had such liabilities. *See supra* ¶ 85. Finally, as the Court has found here, the Funding Agreements are adequate to protect claimants' ability to recover on account of Aldrich/Murray Asbestos Claims, and the 2020 Corporate Restructuring did not impair the Debtors' ability to

satisfy the asbestos-related liabilities allocated to them. *See supra* ¶¶ 39, 68. But regardless, the safeguards generally available to protect creditors' rights, including fraudulent-transfer laws, remain in place.

93. The Court also concludes that there is no basis to find preemption of "the field of asbestos-related corporate reorganizations." ACC Obj. at 72. Field preemption occurs when "federal law so thoroughly occupies a legislative field as to make reasonable the inference that Congress left no room for the States to supplement it." *Cipollone v. Liggett Grp., Inc.*, 505 U.S. 504, 516 (1992). Field preemption is rare and requires a showing that Congress has "regulat[ed] so pervasively that there is no room left for the states to supplement federal law," or that "there is a 'federal interest so dominant that the federal system will be assumed to preclude enforcement of state laws on the same subject.'" *U.S. v. South Carolina*, 720 F.3d 518, 528-29 (4th Cir. 2013).¹⁶

94. Section 524(g) itself confirms the absence of field preemption because it expressly contemplates prepetition corporate restructurings without establishing any requirements for them. *See* 11 U.S.C. § 524(g)(4)(A)(ii)(IV). This reflects the Supreme Court's long-standing recognition that corporate governance is traditionally left to the States: "No principle of corporation law and practice is more firmly established than a state's authority to regulate domestic corporations." *CTS Corp. v. Dynamics Corp. of Am.*, 481 U.S. 69, 89 (1987); *see also Cort v. Ash*, 422 U.S. 66, 84 (1975). The Court also is not persuaded that *MSR Exploration, Ltd. v. Meridian Oil, Inc.*, 74 F.3d 910, 913-14 (9th Cir. 1996), on which the ACC relies for field preemption, supports its argument. Unlike in that case, the Debtors here are not collaterally attacking, or seeking to address, asbestos claims outside the chapter 11 process. They are actually doing the

¹⁶ *Accord Hillsborough Cty., Fla. v. Automated Med. Labs., Inc.*, 471 U.S. 707, 713 (1985).

opposite, seeking to address asbestos claims within the chapter 11 process.

C. Prosecution of Aldrich/Murray Asbestos Claims in the Tort System Will Interfere with the Debtors' Reorganizations, and the Debtors Have Otherwise Satisfied the Four-Prong Test for Maintaining the Preliminary Injunction.

95. "[T]he Fourth Circuit has made very clear that the critical, if not decisive, issue over whether injunctive relief should be granted is whether and to what extent the non-debtor litigation interferes with the debtors' reorganization efforts." *In re Brier Creek Corp. Ctr. Assocs. Ltd.*, 486 B.R. 681, 694 (Bankr. E.D.N.C. 2013) (citing *A. H. Robins Co., Inc. v. Piccinin*, 788 F.2d 994, 1003-09 (4th Cir. 1986); *Kreisler v. Goldberg (In re Kreisler)*, 478 F.3d 209, 215 (4th Cir. 2007)).

96. The Debtors have demonstrated that continued litigation of Aldrich/Murray Asbestos Claims against Protected Parties in the tort system, while the Debtors attempt to address and resolve those same claims in the Chapter 11 Cases, would interfere with the Debtors' reorganization efforts.¹⁷

97. That conclusion also is supported by application of the traditional four-factor test for injunctions as tailored to the circumstances of bankruptcy. *See, e.g., Robins*, 788 F.2d at 1008. The four factors, as framed in the bankruptcy context, are (a) the debtor's reasonable likelihood of a successful reorganization; (b) the imminent risk of irreparable harm to the debtor's estate in the absence of an injunction; (c) the balance of harms between the debtor and

¹⁷ *See In re Bestwall LLC*, 606 B.R. at 255 ("The Court concludes that the Debtor has a realistic possibility of achieving a successful reorganization. In light of the Funding Agreement, which allows the Debtor to draw from New GP the amount of money necessary to pay the costs of this Chapter 11 case and to fund a section 524(g) trust, to the extent the Debtor's assets are insufficient to do so, there is no reason for the Court to conclude at this point that the Debtor does not have the ability to fully fund a section 524(g) trust, as well as the administrative costs of its Chapter 11 case.").

its creditors; and (d) whether the public interest weighs in favor of an injunction. *Bestwall*, 606 B.R. at 253-58.

a. Likelihood of a Successful Reorganization

98. In bankruptcy proceedings, "success on the merits is to be evaluated in terms of the likelihood of a successful reorganization." *Bestwall*, 606 B.R. at 254. Courts also consistently recognize that satisfying this factor does not present a high bar. *Id.* It can be satisfied where the debtor has demonstrated the financial ability to carry out a reorganization and efforts to negotiate with parties in interest. *See Chicora Life Ctr., LC v. UCF 1 Trust 1 (In re Chicora Life Center LC)*, 553 B.R. 61, 66 (Bankr. D.S.C. 2016); *Litchfield Co. of S.C. Ltd. P'ship v. Anchor Bank (In re Litchfield Co. of S.C. Ltd. P'ship)*, 135 B.R. 797, 807 (W.D.N.C. 1992).

99. Here, as the Findings of Fact reflect, the Debtors' prospects for a successful reorganization are strong. The Debtors have presented credible evidence through their Chief Legal Officer Allan Tananbaum and Chief Financial Officer and Board of Managers member Amy Roeder that the Debtors entered into bankruptcy in good faith and for no purpose other than to permanently, globally, and equitably resolve Aldrich/Murray Asbestos Claims through the establishment of a section 524(g) trust. *See supra* ¶¶ 21, 49. The ACC proffered no evidence to the contrary.

100. In addition, the Debtors have presented credible evidence, including through the testimony of Mr. Tananbaum and Ms. Roeder, that they have the financial ability to appropriately fund a section 524(g) trust and to pay the administrative costs of the Chapter 11 Cases. *See supra* ¶¶ 32, 34-36; *see also* Hr'g Tr. 199:7-200:9, May 5, 2021. In addition, the Debtors presented credible evidence through the testimony of Chris Kuehn, the Chief Financial Officer of New Trane Technologies and a Vice-President of New Trane, that those entities have

both the means and intent of satisfying their obligations under the Funding Agreements and funding a Section 524(g) trust. *See supra* ¶¶ 37-38.

101. The Debtors have taken numerous steps in furtherance of their goal of a successful reorganization, most notably the commencement of negotiations between the Debtors and the FCR concerning a plan of reorganization. *See supra* ¶ 51. Though the ACC has not participated in any such negotiations—notwithstanding invitations from the Debtors and the FCR to do so—the Court is unwilling to conclude on the record before it that the parties cannot reach a consensual resolution. *See supra* ¶¶ 51-55; *In re Purdue Pharm. L.P.*, 619 B.R. 38, 58 (S.D.N.Y. 2020) (affirming section 105 injunction enjoining mass tort claims against non-debtors, noting "Appellants cannot say that a reorganization is unlikely simply because they intend to object to the plan as presently constituted"); *In re Caesars Entertainment Operating Co., Inc.*, 561 B.R. 441, 452 (Bankr. N.D. Ill. 2016) (granting preliminary injunction notwithstanding creditors' argument that proposed restructuring support agreement "cannot serve as the basis for a successful reorganization," noting "[w]hatever merit the guaranty creditors' criticisms of the [restructuring support agreement] may have, they do not suggest a successful reorganization is less than likely. . . Objections to the specifics of the [restructuring support agreement]. . . prove that the parties have disagreements about the [restructuring support agreement], not that a resolution of those disagreements is out of the question"). Multiple contentious asbestos bankruptcy cases have resulted in confirmed section 524(g) plans, including plans with a channeling injunction protecting third parties.¹⁸ Moreover, at least one similarly-situated company has successfully used

¹⁸ *E.g.*, *In re Garlock Sealing Techs. LLC*, No. 10-31607 [Dkt. 6261] (Bankr. W.D.N.C. June 12, 2017); *In re Specialty Prods. Holding Corp.*, No. 10-11780 [Dkt. 5261] (Bankr. D. Del. Dec. 10, 2014).

section 524(g) to resolve asbestos-related claims.¹⁹ To find otherwise would effectively grant the ACC the unilateral ability to frustrate or undermine the goal of the Chapter 11 Cases.

102. The Court disagrees with any contention that the Debtors must show that they are likely to confirm a plan of reorganization that includes a channeling injunction for the Protected Parties to demonstrate that they are likely to successfully reorganize. Courts have rejected such a requirement. *In re Bestwall LLC*, Adv. Pro. No. 17-03105, slip op. at 5-6 [Adv. Pro. Dkt. 190] (Bankr. W.D.N.C. Jan. 31, 2020); *In re W.R. Grace & Co.*, 386 B.R. 17, 33 (Bankr. D. Del. 2008). Accordingly, there is no need to address, and it would be premature for the Court to address, whether New Trane Technologies, New Trane, or any of the other Protected Parties ultimately may be eligible for section 524(g) relief. That determination will be made based on the facts and the terms of a plan of reorganization presented at the time of confirmation.

103. The Court rejects any contention that to show a reasonable likelihood of a successful reorganization, the Debtors must have filed a plan of reorganization that the Court could determine is likely to receive the requisite support. The requested injunction is necessary to provide the Debtors with an opportunity to continue their negotiations with the FCR (and ultimately start negotiations with the ACC) and formulate a plan that can then be confirmed, and bankruptcy courts routinely grant preliminary injunctions before plans of reorganization have been filed.²⁰

¹⁹ See, e.g., Debtors' Ex. 79.

²⁰ See, e.g., *In re Kaiser Gypsum Co., Inc.*, No. 16-31602, Adv. Pro. No. 16-03313, at 5 [Adv. Pro. Dkt. 18] (Bankr. W.D.N.C. Nov. 4, 2016); *In re Garlock Sealing Techs. LLC*, No. 10-31607, Adv. Pro. No. 10-03145, at 6 [Adv. Pro. Dkt. 14] (Bankr. W.D.N.C. June 21, 2010); *In re Specialty Prods. Holding Corp.*, No. 10-11780, Adv. Pro. No. 10-51085, at 3 [Adv. Pro. Dkt. 47] (Bankr. D. Del. July 23, 2010); *In re W.R. Grace*, No. 01-01139, Adv. Pro. No. 01-00771 [Adv. Pro. Dkt. 32] (Bankr. D. Del. May 3, 2001); *In re Quigley Co., Inc.*, No. 04-15739, Adv. Pro. No. 04-04262, at 5 [Adv. Pro. Dkt. 122] (Bankr. S.D.N.Y. Dec. 17, 2004).

104. Finally, the Court rejects the ACC's argument that "[t]he Debtors also cannot demonstrate a substantial likelihood of confirmation given that the [2020] Corporate Restructuring bears the hallmarks of a fraudulent transfer." ACC Obj. at 32. As a threshold matter, the ACC has not filed any actual or constructive fraudulent transfer action. Moreover, many successful asbestos bankruptcies have involved fraudulent transfer allegations.²¹ Each of these cases ended in confirmed section 524(g) plans and each granted the same type of section 105 injunction sought by the Debtors.²²

b. Irreparable Harm to the Debtors' Estates and Reorganization Efforts

105. As stated above, "the critical, if not decisive, issue" in determining whether to enjoin litigation against non-debtors is whether the litigation would, absent an injunction, "interfere[] with the debtors' reorganization efforts." *Brier Creek*, 486 B.R. at 694; *Kreisler*, 478 F.3d at 215 (section 105(a) injunction is appropriate if third-party action would "put detrimental pressure on [the debtors'] reorganization effort"); *Robins*, 788 F.2d at 1003 (injunction is appropriate when third-party litigation "would adversely or detrimentally influence and pressure

²¹ See *Lippe v. Bairnco Corp.*, 225 B.R. 846, 849-50 (S.D.N.Y. 1998), *on reargument in part*, 229 B.R. 598 (S.D.N.Y. 1999), *aff'd*, 99 F. App'x 274 (2d Cir. 2004); *In re Babcock & Wilcox Co.*, 274 B.R. 230, 234 (Bankr. E.D. La. 2002); *First Am. Discl. Stmt. for Second Am. Joint Plan of G-I Holdings Inc. and ACI Inc. Pursuant to Ch. 11 of the U.S. Bankr. Code* at 35 (Erens Decl., Ex. 3); *Sealed Air Corp.* 2011 Form 10-K at 16-17 (Erens Decl., Ex. 4); *In re Combustion Eng'g, Inc.*, 295 B.R. 459, 470-71 (Bankr. D. Del. 2003), *subsequently vacated sub nom, In re Combustion Eng'g, Inc.*, 391 F.3d 190 (3d Cir. 2004), as amended (Feb. 23, 2005); *In re Specialty Prods. Holding Corp.*, No. 10-11780 [Dkt. 1799] (Bankr. D. Del. Nov. 14, 2011) (Erens Decl., Ex. 5); *In re Garlock Sealing Techs, LLC*, No. 10-31607 [Dkt. 2150] (Bankr. W.D.N.C. Apr. 30, 2012) (Erens Decl., Ex. 6); *In re Kaiser Gypsum Co., Inc.*, No. 16-31602 [Dkt. 1009] (Bankr. W.D.N.C. June 8, 2018). Notably, the claimant representatives also commenced investigating fraudulent transfer allegations in *Paddock*, which now is proceeding toward a consensual plan. *In re Paddock Enters., LLC*, No. 20-10028 [Dkts. 160, 164] (Bankr. D. Del. Mar. 11, 2020) (noting ACC and FCR in *Paddock* have commenced investigation into restructuring, which allegedly "bears the hallmarks of a textbook fraudulent transfer") (Erens Decl., Exs. 7, 8); Debtors' Ex. 79.

²² See Mot. at 23 (citations to preliminary injunctions issued in *Babcock & Wilcox*, *G-I Holdings*, *W.R. Grace*, *Combustion Engineering*, *Specialty Products*, *Garlock*, and *Kaiser Gypsum*); *In re Keene Corp.*, 164 B.R. 844, 846-48 (Bankr. S.D.N.Y. 1994) (staying successor liability, alter ego, and fraudulent conveyance claims against non-debtor corporate defendant affiliates and directors and officers concerning prepetition spinoff transactions).

the debtor through the third party") (internal citation omitted). The Debtors' estates and reorganization efforts in these cases will be irreparably harmed unless the injunction is maintained.

106. Aldrich/Murray Asbestos Claims asserted in the tort system seek to recover on account of the same liabilities the Debtors seek to resolve through reorganization in bankruptcy. The record is uncontroverted that after the 2020 Corporate Restructuring, claimants filed approximately 150 new asbestos cases seeking to pursue Aldrich/Murray Asbestos Claims against one or more Protected Parties. *See supra* ¶ 57. The ACC opposes the entry of a preliminary injunction in order to permit claimants to pursue claims outside of these cases. Renewed pursuit in the tort system of the tens of thousands of claims pending against the Debtors would impose unsustainable burdens upon the Debtors' reorganization efforts and defeat the purpose of these Chapter 11 Cases. *See e.g., supra* ¶¶ 59-67.

107. Denying the injunction also would undermine the purposes of the Chapter 11 Cases and section 524(g) to resolve all current and future claims in a fair and equitable manner through a chapter 11 plan. *See e.g., supra* ¶¶ 59, 76. Unequal treatment across similar claimants defeats one of the goals of the Debtors' reorganizational efforts and, therefore, is harm to the estates. Thus, there can be no dispute that the preliminary injunction is necessary to achieve the reorganizational goals of these cases. That, alone, is sufficient to satisfy the likelihood of irreparable harm to the Debtors' estates.

108. In addition, the Motion identified and the Debtors have adduced credible evidence of three additional harms to the Debtors that would arise if the claimants are permitted to prosecute the Aldrich/Murray Asbestos Claims against the Protected Parties: (1) fixed or liquidated indemnification claims against the Debtors; (2) the risks of *res judicata*, collateral estoppel, and evidentiary prejudice; and (3) the diversion of the Debtors' personnel from

restructuring efforts. *See* Mot. at 27-31. Judge Beyer recognized each of these risks as harm in *Bestwall*, *see* 606 B.R. at 249-51, 255-57, as have courts in numerous other asbestos and mass tort bankruptcies. *See* Mot. at 27-31. The Court is unpersuaded by the ACC's responses to this authority.

109. The ACC's arguments that none of the foregoing harms matter because they are "self-inflicted" through the 2020 Corporate Restructuring, ACC Obj. at 36, 38-44, are unsupported. Among other things, the ACC's "self-inflicted" argument contravenes authority granting preliminary injunctions after similar, as well as other, prepetition restructurings in mass tort bankruptcy cases.²³ The authority the ACC cites in support of this argument involves neither a corporate restructuring nor a bankruptcy, but rather vastly different factual situations in general litigation.²⁴

110. The Court further disagrees that the Funding Agreements prevent the Debtors' estates from suffering any "harm" caused by their indemnification obligations. ACC Obj. at 44-46; *see also* Suppl. ACC. Obj. at 12-13. In addition to the harm to the estates from unequal treatment of claimants that could result from the denial of the injunction, as noted above, the Funding Agreements only backstop the Debtors' obligations to fund a trust that may be established

²³ *See Bestwall*, 606 B.R. at 247-48, 258-59 (enjoining actions against the debtor's non-debtor affiliate created through a divisional merger, and other non-debtor affiliates); *In re Garlock Sealing Techs. LLC, Order Granting Preliminary Injunction*, No. 10-31607, Adv. No. 10-03145 [Adv. Pro. Dkt. 14] (Bankr. W.D.N.C. June 21, 2010) (enjoining actions against non-debtor affiliates, including Garlock's parent, Coltec) (Erens Decl., Ex. 20).

²⁴ *See Di Biase v. SPX Corp.*, 872 F.3d 224, 235 (4th Cir. 2017) (plaintiff-retirees complained of loss of insurance coverage but failed to secure replacement insurance coverage offered to them); *Salt Lake Tribune Publ'g Co., LLC v. AT&T Corp.*, 320 F.3d 1081, 1106 (10th Cir. 2003) (plaintiff sought to enjoin contract counterparty from exercising a purchase right that was explicitly included in agreement with plaintiff); *Caplan v. Fellheimer Eichen Braverman & Kaskey*, 68 F.3d 828, 839 (3d Cir. 1995) (plaintiff sued insurer for settling action without its consent, notwithstanding plaintiff's affirmative agreement to allow it); *Dotster, Inc. v. Internet Corp. for Assigned Names & Nos.*, 296 F. Supp. 2d 1159, 1163 (C.D. Cal. 2003) (citing *Caplan*, 68 F.3d at 839) (damages cap in a contract plaintiffs negotiated with the defendant cannot constitute irreparable harm).

to pay Aldrich/Murray Asbestos Claims and related indemnification claims. *See supra* ¶¶ 35-36. The Debtors must first apply their own assets to fund such a section 524(g) trust. *See supra* ¶ 35. The Debtors were allocated substantial assets in the 2020 Corporate Restructuring, including cash, operating subsidiaries, and insurance. *See supra* ¶ 32.

111. The relevant test in the Fourth Circuit is not solely whether discrete estate assets will be depleted by non-debtor litigation. *See ACC Obj.* at 42-44. An injunction against third party litigation is appropriate where failure to issue the injunction would impose undue pressure on the debtor. *See Robins*, 788 F.2d at 1003-04; *see also Kreisler*, 478 F.3d at 215 (an injunction may issue if non-debtor litigation will "deprive [the Debtors] of funds needed for their reorganization or put detrimental pressure on their reorganization effort") (emphasis added). The Court concludes that, in the absence of an injunction, litigation of Aldrich/Murray Asbestos Claims against Protected Parties would create such harm to the Debtors' reorganization efforts and, therefore, this factor weighs in favor of granting the requested relief.

c. Balance of the Harms

112. The demonstrated irreparable harm to the Debtors' estates and reorganization efforts that would occur were the preliminary injunction lifted substantially outweighs any prejudice to the Defendants.

113. First, as noted, the 2020 Corporate Restructuring allocated the Aldrich/Murray Asbestos Claims to the Debtors. Given this Court's findings regarding the effect and adequacy of the Funding Agreements (*see supra* ¶ 39), the Court finds that the ACC failed to demonstrate that the 2020 Corporate Restructuring impaired the Debtors' ability to satisfy the asbestos-related liabilities allocated to them. Absent such harm, the Court further finds that the ACC failed to demonstrate a basis on which any Defendant could assert a cognizable claim for

relief against a Non-Debtor Affiliate and, thus, failed to proffer evidence that enjoining the Defendants from pursuing the Non-Debtor Affiliates will cause the Defendants material harm.

114. Second, any harm that might arise from claimants' inability to pursue recoveries in the tort system against the Protected Parties is likely to be minimal because the preliminary injunction would not prevent those claimants from pursuing recoveries against other defendants who are not Protected Parties. The Court credits the opinion and analysis of Dr. Mullin, *see supra* ¶¶ 71-73, and the tort suit complaints admitted into evidence, *see Debtors' Ex. 12*, both of which confirm that asbestos claimants typically sue and seek recovery from many tens of defendants at the same time.

115. The Court further credits the opinion and analysis of Dr. Mullin, who testified that asbestos claimants pursuing mesothelioma claims received a limited amount (less than 5 percent) of their total recoveries from the Debtors or their predecessors and very rarely (less than 2 percent of the time) were the Debtors' a material source (20 percent or more) of those claimants' recovery.²⁵ *See supra* ¶ 72. Accordingly, a typical asbestos claimant is not materially economically harmed by the filing of the Chapter 11 Cases or any injunctive relief. Likewise, as supported by Dr. Mullin's testimony, a section 524(g) trust may establish certain efficiencies and economies in claim processing and payment to the benefit of asbestos claimants. *See supra* ¶ 76.

116. Even if this Court assumes that an injunction might cause delay for some Defendants, "it is well established that mere delay is insufficient to prevent the issuance of an injunction." *Bestwall*, 606 B.R. at 257; *see also W.R. Grace & Co.*, 386 B.R. at 35; *In re Lazarus Burman Assocs.*, 161 B.R. 891, 901 (Bankr. E.D.N.Y. 1993); *In re Am. Film Techs., Inc.*,

²⁵ As noted above, to the extent there is a risk that if an asbestos claimant passes away while the injunction is in force, he or she may lose the right to certain types of alleged damages in some jurisdictions on the stayed claims, such circumstances may be addressed by TDPs. *See supra* ¶ 74 n.13.

175 B.R. 847, 849 (Bankr. D. Del. 1994). Moreover, any harm from delay on account of a preliminary injunction also must be weighed against the important benefits—including to asbestos claimants—that would result from preserving the Debtors' ability to successfully reorganize under section 524(g). *See supra* ¶ 76; *Bestwall*, 606 B.R. at 257 (citing *In re Federal-Mogul Global, Inc.*, 684 F.3d 355, 357-62 (3d Cir 2012)).

117. The potential harm from any delay to some claimants is outweighed by the greater harm that failure to issue the injunction would cause the Debtors' reorganization efforts. The purpose of the Chapter 11 Cases would be defeated absent the requested injunction. For the foregoing reasons, the Court concludes that the balance of harms weighs in favor of the preliminary injunction.

d. Public Interest

118. Courts have consistently affirmed the public's interest in a successful reorganization, which interest may be at its greatest in mass-tort bankruptcies. *See U.S. v. Whiting Pools, Inc.*, 462 U.S. 198, 204 (1983); *Robins*, 788 F.2d at 1008; *W.R. Grace & Co.*, 386 B.R. at 36. This Court agrees.

119. The Debtors' successful reorganization also would promote Congress's particular goal in section 524(g) by establishing an asbestos trust that would efficiently and equitably resolve tens of thousands of asbestos claims.²⁶ A section 524(g) trust "will provide all claimants—including future claimants who have yet to institute litigation—with an efficient means through which to equitably resolve their claims." *Bestwall*, 606 B.R. at 257.

²⁶ *See In re Congoleum Corp.*, 362 B.R. 198, 201 (Bankr. D.N.J. 2007).

120. The Court is not persuaded by the ACC's arguments on the public interest prong that attack the 2020 Corporate Restructuring that preceded these Chapter 11 Cases. ACC Obj. at 64-68.

121. The Preliminary Injunction is necessary to protect the Debtors during their efforts to reorganize, but it will not "allow any party to escape any asbestos related liabilities," and a permanent channeling injunction will only be granted in connection with a confirmed plan of reorganization that meets the requirements of section 524(g). *Bestwall*, slip op. at 5 [Adv. Pro. Dkt. 190].

122. The Court does not find any requirement in section 524(g) that an effort to resolve asbestos liability thereunder be accompanied by the reputational damage, adverse business disruptions, and other negative outcomes that would have flowed from bankruptcies of Old IRNJ and Old Trane. *See supra* ¶ 80. The record reflects that the 2020 Corporate Restructuring which preceded the chapter 11 filings was a commercially sensible approach and considered the interests of various stakeholders, including asbestos claimants. *See supra* ¶¶ 34-36, 38, 46-47, 80. If Old IRNJ and Old Trane had filed for bankruptcy, the asbestos claims against those entities would still be stayed (by 11 U.S.C. § 362(a)), no additional assets would be available to fund a § 524(g) trust, and the underlying merit and related value of asbestos claims would be the same.

123. Furthermore, section 524(g) expressly contemplates extending the channeling injunction to non-debtor entities. 11 U.S.C. § 524(g)(4)(A)(ii) ("[S]uch an injunction may bar any action directed against a third party who is identifiable from the terms of such injunction...and is alleged to be directly or indirectly liable for the conduct of, claims against, or demands on the debtor..."). There are multiple instances where non-debtor entities have received the benefits of a section 524(g) channeling injunction (and pre-confirmation, a section 105

preliminary injunction) in return for making substantial contributions or commitments to a debtor-affiliate's section 524(g) trust.²⁷ By contrast, the cases cited by the ACC for the proposition that only entities that have "undertaken the rigors of bankruptcy should enjoy the benefits of bankruptcy," (ACC Obj. at 50, 66), do not resemble these cases and they do not involve a non-debtor who entered into a funding agreement or facility similar to the Funding Agreements here.²⁸

124. The Court further observes that there are multiple safeguards and creditor protections to prevent attempts by companies, now or in the future, to shield inappropriately their assets or otherwise improperly undermine the interests of "unwanted creditors." *See* Diaz Direct Examination Demonstrative at 15. These include state and federal fraudulent-transfer law; the ability to dismiss a bankruptcy case; and the plan confirmation requirements under the Bankruptcy Code, including especially the legal requirements for obtaining a channeling injunction under section 524(g). None of those protections is affected by the Court's granting of the preliminary injunction.

²⁷ *See In re Quigley Co., Inc., Quigley Company, Inc. Fifth Amended and Restated Plan of Reorganization Under Chapter 11 of the Bankruptcy Code* [Dkt. 2670-1] at 14-15 (Bankr. S.D.N.Y. July 2, 2013); *In re Babcock & Wilcox, Summary Disclosure Statement as of September 28, 2005 Under Section 1125 of the Bankruptcy Code With Respect to the Joint Plan of Reorganization as of September 28, 2005 Proposed by the Debtors, the Asbestos Claimants' Committee, the Future Asbestos-Related Claimants' Representative, and McDermott Incorporated*, 2005 WL 8168731, at *6 (Bankr. E.D. La. Sept. 29, 2005); *In re Leslie Controls, Inc., Findings of Fact, Conclusions of Law, and Order Confirming the First Amended Plan of Reorganization of Leslie Controls, Inc. Under Chapter 11 of the Bankruptcy Code* [Dkt. 382] at 25, 46 (Bankr. D. Del. Oct. 28, 2010); *In re T H Agriculture & Nutrition L.L.C., First Amended Prepacked Plan of Reorganization of T H Agriculture & Nutrition, L.L.C. Under Chapter 11 of the Bankruptcy Code* [Dkt. 465-1] at 13-14 (Bankr. S.D.N.Y. May 29, 2009).

²⁸ *See In re Rankin*, 546 B.R. 861 (Bankr. D. Mont. 2016) (chapter 13 trustee moved to compel individual debtor to account for undisclosed inheritance); *In re Venture Props., Inc.*, 37 B.R. 175 (Bankr. D.N.H. 1984) (rejecting debtor-general partner's attempt to enjoin defendant's sale of real property for which non-debtor had purchase rights); *In re Clifford Res., Inc.*, 24 B.R. 778 (Bankr. S.D.N.Y. 1982) (declining to require litigation of claim against non-debtor general partnership in bankruptcy court after plaintiff dismissed debtor-general partner from action).

125. This Court concludes that the Debtors have met the evidentiary burden to enjoin the commencement or continuation of Aldrich/Murray Asbestos Claims against the Protected Parties pursuant to section 105 of the Bankruptcy Code.

D. The Prosecution of Aldrich/Murray Asbestos Claims Is Stayed Pursuant to Sections 362(a)(1) and 362(a)(3) of the Bankruptcy Code.

126. In addition to granting the preliminary injunction pursuant to section 105 of the Bankruptcy Code, the Court also concludes that, upon the filing of these Chapter 11 Cases, the prosecution of Aldrich/Murray Asbestos Claims against the Protected Parties was automatically stayed by section 362(a) of the Bankruptcy Code.

127. Claimants are stayed from prosecuting Aldrich/Murray Asbestos Claims against Old IRNJ and Old Trane by section 362(a)(1) of the Bankruptcy Code. Section 362(a)(1) of the Bankruptcy Code prohibits the "commencement or continuation . . . of a judicial . . . proceeding against the debtor that was or could have been commenced before the commencement of the case under this title, or to recover a claim against the debtor that arose before the commencement of the case under this title." 11 U.S.C. § 362(a)(1).

128. Old IRNJ and Old Trane no longer exist, and the 2020 Corporate Restructuring allocated their liabilities for the Aldrich/Murray Asbestos Claims to the Debtors. Thus, the commencement or continuation of Aldrich/Murray Asbestos Claims against Old IRNJ or Old Trane would result in the liquidation and recovery of claims against the Debtors. Because the Aldrich/Murray Asbestos Claims allege liabilities arising out of Old IRNJ's or Old Trane's actions before the Petition Date, such claims are expressly enjoined by the automatic stay. *See In re Heating Oil Partners*, No. 3:08-CV-1976 CSH, 2009 WL 5110838, at *6-7 (D. Conn. Dec. 17, 2009), *aff'd sub nom. In re Heating Oil Partners, LP*, 422 F. App'x 15 (2d Cir. 2011).

129. The automatic stay imposed by section 362(a)(1) also enjoins the filing and/or continued prosecution of actions against the Non-Debtor Affiliates and the Indemnified Parties to recover Aldrich/Murray Asbestos Claims. Because the Debtors have indemnified those parties for any liability arising from such claims, which liability is entirely derivative of the liability of the Debtors' predecessors for such claims, the Debtors are, in effect, the real party defendants in any action to recover Aldrich/Murray Asbestos Claims. *See Robins*, 788 F.2d at 999. The Fourth Circuit in *Robins* described the type of situation in which an action against a third party is deemed to be in effect an action against a debtor subject to the automatic stay imposed by section 362(a)(1): "An illustration of such a situation would be a suit against a third-party who is entitled to absolute indemnity by the debtor on account of any judgment that might result against them in the case." *Id.* "To refuse application of the statutory stay in that case would defeat the very purpose and intent of the statute." *Id.*

130. The situation expressly described by the *Robins* court directly applies here. Litigating the Aldrich/Murray Asbestos Claims against the Protected Parties would effectively liquidate claims against the Debtors by triggering existing indemnification rights. The Debtors thus are the real party defendants in any suits seeking to liquidate and recover on account of Aldrich/Murray Asbestos Claims, even if directed at a Protected Party, and section 362(a)(1) applies to stay such actions.

131. Section 362(a)(3) of the Bankruptcy Code automatically stays "any act to obtain possession of property of the estate or of property from the estate or to exercise control over property of the estate." 11 U.S.C. § 362(a)(3). Section 362(a)(3) applies here in two ways.

132. First, section 362(a)(3) bars plaintiffs from bringing actions against the Debtors' Insurers on account of Aldrich/Murray Asbestos Claims because the insurance coverage

is property of the estate. *Robins*, 788 F.2d at 1001 (agreeing with "the weight of authority" that insurance contracts are property of the estate and that "[a]ccordingly actions 'related to' the bankruptcy proceedings against the insurer . . . are to be stayed under section 362(a)(3)"); *In re Davis*, 730 F.2d 176, 184 (5th Cir. 1984) (agreeing with New York district court that the debtor's insurance policies were property of the estate and that the "bankruptcy court therefore has authority to issue a stay order intended to shield the [debtor's] insurers"); *In re Johns Manville Corp.*, 40 B.R. 219, 231 (S.D.N.Y. 1984) ("determin[ing] that Manville's insurance is property of the estate under the Code and that actions by third parties against the bankrupt's insurers are automatically stayed upon the filing of the petition").

133. Second, were the claimants to assert, as some already have, causes of action to recover Aldrich/Murray Asbestos Claims against the Non-Debtor Affiliates or the Indemnified Parties, those actions would constitute acts "to exercise control over property of the estate" that are stayed by section 362(a)(3). Such actions necessarily seek to impose derivative liability on third parties for the asbestos-related claims against Old IRNJ or Old Trane that have now been allocated to the Debtors, based on alter ego or successor liability theories under state law. To the extent that the claimants can assert cognizable claims against those third parties under such state law theories, the Court concludes that, at the time they commenced these Chapter 11 Cases, the Debtors were also authorized by that same applicable state law to bring alter ego and successor liability claims against those same third parties for the purpose of holding them responsible for the debts allocated to the Debtors. Accordingly, when the Chapter 11 Cases were commenced, any such alter ego or successor liability claims by the Debtors became property of their estates pursuant

to section 541(a)(1) of the Bankruptcy Code, and any actions by the claimants to assert the same or similar claims against those third parties became automatically stayed by section 362(a)(3).²⁹

134. The Court further concludes that state law fraudulent transfer actions by claimants against the Non-Debtor Affiliates are stayed by section 362(a)(3) because any such claims are now property of the Debtors' estates, pursuant to sections 541(a)(7) and 544(b) of the Bankruptcy Code. 11 U.S.C. §§ 541(a)(7) and 544(b). *See In re Midstate Mills, Inc.*, No. 13-50033, 2015 WL 5475295, at *7 (Bankr. W.D.N.C. Sept. 15, 2015). "Reserving the [fraudulent conveyance] action for the [Debtor] maintains the integrity of the bankruptcy proceedings and ensures that individual creditors cannot hijack the bankruptcy process." *Nat'l Am. Ins. Co. v. Ruppert Landscaping Co., Inc.*, 187 F.3d 439, 442 (4th Cir. 1999).

This Court agrees with the Court in *Litchfield*: "in the Fourth Circuit the rule is settled that [section] 362(a)(3) [of the Bankruptcy Code] stays automatically—without a restraining order— a creditor's claim against a third-party that the debtor can assert for the benefit of the estate." *In re Litchfield Co. of S.C. Ltd. P'Ship*, 135 B.R. 797, 803 n.4 (W.D.N.C. 1992).

²⁹ *See, e.g., Steyr-Daimler-Puch of Am. Corp. v. Pappas*, 852 F.2d 132, 136 (4th Cir. 1988); *In re Anderson & Strudwick, Inc.*, No. 14-32679, Adv. Pro. No. 14-03175, 2015 WL 1651146, at *5 (Bankr. E.D. Va. Apr. 8, 2015); *Mitchell v. Greenberg (In re Creative Entm't, Inc.)*, Adv. Pro. No. 00-3114, 2003 Bankr. LEXIS 2468, at *28-29 (Bankr. W.D.N.C. May 28, 2003).

Dated: May 26, 2021
Charlotte, North Carolina

Respectfully submitted,

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ATTORNEYS FOR DEBTORS
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EXHIBIT B

PROPOSED ORDER

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF NORTH CAROLINA
CHARLOTTE DIVISION

In re	:	Chapter 11
ALDRICH PUMP LLC, <i>et al.</i> , ¹	:	No. 20-30608 (JCW)
Debtors,	:	(Jointly Administered)
ALDRICH PUMP LLC and MURRAY BOILER LLC,	:	Adversary Proceeding
Plaintiffs,	:	No. 20-03041 (JCW)
v.	:	
THOSE PARTIES TO ACTIONS LISTED ON APPENDIX A TO COMPLAINT and JOHN AND JANE DOES 1-1000.	:	
Defendants.	:	

**[PROPOSED] ORDER PRELIMINARILY ENJOINING
CERTAIN ACTIONS AGAINST NON-DEBTORS AND
DECLARING THAT THE AUTOMATIC STAY APPLIES TO SUCH ACTIONS**

This matter coming before the Court on the *Debtors' Complaint for Injunctive and Declaratory Relief (I) Preliminarily Enjoining Certain Actions Against Non-Debtors, or (II) Declaring that the Automatic Stay Applies to Such Actions, and (III) Granting a Temporary Restraining Order Pending a Final Hearing* [Adv. Pro. Dkt. 1] and the *Motion of the Debtors for an Order (I) Preliminarily Enjoining Certain Actions Against Non-Debtors, or (II) Declaring that the Automatic Stay Applies to Such Actions, and (III) Granting a Temporary Restraining Order*

¹ The Debtors are the following entities (the last four digits of their respective 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.

Pending a Final Hearing [Adv. Pro. Dkt. 2] (the "Motion"), both filed by the above-captioned plaintiffs and debtors and debtors in possession (together, the "Debtors"); and for the reasons set forth in the Court's *Findings of Fact and Conclusions of Law Regarding Order Preliminarily Enjoining Certain Actions Against Non-Debtors and Declaring that the Automatic Stay Applies to Such Actions* (the "Findings and Conclusions"),² which are incorporated herein by reference, it is hereby ORDERED as follows:

1. The Motion is GRANTED, and the ACC Objection, Supplemental ACC Objection, and any other oppositions to the Motion are OVERRULED, as set forth herein.

2. The Defendants are prohibited and enjoined, pursuant to sections 105 and 362 of the Bankruptcy Code, from commencing or continuing to prosecute any Aldrich/Murray Asbestos Claim against any of the Protected Parties, on any theory of liability, whether direct, derivative, joint and several, successor liability, vicarious liability, fraudulent or voidable transfer or conveyance, alter ego or otherwise, for the period this Order is effective pursuant to paragraph 11, below. This injunction includes, without limitation: (a) the pursuit of discovery from the Protected Parties or their officers, directors, employees, or agents; (b) the enforcement of any discovery order against the Protected Parties; (c) further motions practice related to the foregoing; and (d) any collection activity on account of an Aldrich/Murray Asbestos Claim against any Protected Party or its officers, directors, employees, or agents or its respective assets.

3. In addition, and without limiting the foregoing, the Court finds and declares that the commencement or continued prosecution of any Aldrich/Murray Asbestos Claim against any of the Protected Parties while the Chapter 11 Cases remain pending, including the actions

² Capitalized terms not otherwise defined herein have the meanings given to them in the Findings and Conclusions.

listed in the last sentence of paragraph 2, above, would violate the automatic stay imposed by sections 362(a)(1) and 362(a)(3) of the Bankruptcy Code and therefore are prohibited.

4. This Order is entered without prejudice to the Debtors' right to request that this Court extend this Order to include other entities or persons not previously identified in Appendix A to the Motion ("Appendix A") or Revised Appendix B. In the event that the Debtors seek to supplement either Appendix A or Revised Appendix B, the Debtors shall file with the Court and serve a notice, together with a proposed order, setting forth any such modifications to Appendix A or Revised Appendix B. Parties shall have 14 days from the date of service of the notice to object to the modification(s) to Appendix A or Revised Appendix B, and the Debtors shall have 7 days from the service of such objection to file and serve a response. Absent a timely objection, the Debtors' proposed modifications to Appendix A or Revised Appendix B shall be approved by order of the Court without the necessity of a hearing. For the avoidance of doubt, the inclusion of an asbestos-related claim on Appendix A is not an admission that such Defendant holds a currently pending claim against either the Debtors or the Protected Parties.

5. Any party subject to this Order may seek relief from any of the provisions of this Order for cause shown and on proper notice to the Debtors and an opportunity to be heard. This Order is without prejudice to the Debtors' or others' rights to seek relief pursuant to section 362 of the Bankruptcy Code.

6. Notwithstanding anything to the contrary in this Order, any party asserting Aldrich/Murray Asbestos Claims, without leave of the Court, may take reasonable steps to perpetuate the testimony of any person subject to this Order who is not expected to survive the duration of this Order or who otherwise is expected to be unable to provide testimony if it is not perpetuated during the duration of this Order. Notice shall be provided to the Debtors by notifying

counsel for the Debtors of the perpetuation of such testimony. The Debtors shall have the right to object to the notice on any grounds they would have had if they were parties to the underlying proceeding and not subject to the terms of this preliminary injunction, and the Debtors may raise any such objection with this Court. The use of such testimony in any appropriate jurisdiction shall be subject to the applicable procedural and evidentiary rules of such jurisdiction. All parties reserve and do not waive any and all objections with respect to such testimony. The Defendants or other individuals asserting Aldrich/Murray Asbestos Claims may not seek to perpetuate the testimony of representatives, including directors, officers, employees, and agents, of Aldrich, Murray, or the Protected Parties without the consent of the Debtors or an order of the Court.

7. Pursuant to Bankruptcy Rule 7065, the Debtors are relieved from posting any security pursuant to Civil Rule 65(c).

8. This Order shall be immediately effective and enforceable upon its entry.

9. This Order shall toll any applicable non-bankruptcy law, any order entered in a non-bankruptcy proceeding, or any agreement that fixes a period under which an enjoined Defendant is required to commence or continue a civil action in a court other than this Court on any Aldrich/Murray Asbestos Claim asserted against the Debtors or any of the Protected Parties until the later of: (a) the end of such period, including any suspension of such period occurring on or after the commencement of the case; or (b) 30 days after notice of the termination or expiration of the preliminary injunction issued by this Order.

10. The Debtors shall cause a copy of this Order to be served via e-mail, facsimile, hand delivery, or overnight carrier on counsel for the known Defendants and the Bankruptcy Administrator within three business days of its entry on the Court's docket.

11. This Order shall be promptly filed in the Clerk of Court's office and entered into the record, and it shall remain effective for the period through and including 30 days after the effective date of a confirmed plan of reorganization in the Chapter 11 Cases that is no longer subject to appeal or discretionary review.

12. This Court retains exclusive jurisdiction over this Order and any and all matters arising from or relating to the implementation, interpretation, or enforcement of this Order.

SO ORDERED.

This Order has been signed electronically. United States Bankruptcy Court
The Judge's signature and Court's seal appear
at the top of the Order.