Docket #2926 Date Filed: 11/17/2025

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF NORTH CAROLINA
CHARLOTTE DIVISION

In re	Chapter 11
ALDRICH PUMP LLC, *et al.*,[1]	Case No. 20-30608 (LMJ)
Debtors.	(Jointly Administered)

DEBTORS' REPLY TO THE BANKRUPTCY ADMINISTRATOR'S RESPONSE IN OPPOSITION TO DEBTORS' MOTION FOR BANKRUPTCY RULE 2004 EXAMINATION OF COMMITTEE OF ASBESTOS PERSONAL INJURY CLAIMANTS

Aldrich Pump LLC ("Aldrich") and Murray Boiler LLC ("Murray"), the debtors and debtors in possession in the above-captioned chapter 11 cases (the "Debtors"), hereby file this Reply to the *Bankruptcy Administrator's Response in Opposition to Debtors' Motion for Bankruptcy Rule 2004 Examination of Committee of Asbestos Personal Injury Claimants* [Dkt. 2886] (the "Rule 2004 Opposition") filed by the United States Bankruptcy Administrator for the Western District of North Carolina (the "Bankruptcy Administrator"). In reply, and in further support of the *Debtors' Motion for Bankruptcy Rule 2004 Examination of the Official Committee of Asbestos Personal Injury Claimants* [Dkt. 2824] (the "Rule 2004 Motion"),[2] the Debtors respectfully state as follows:

[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 herein shall have the meaning ascribed to them in the Rule 2004 Motion.

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PRELIMINARY STATEMENT

On October 27, 2025, the Bankruptcy Administrator filed a *Notice of Appointment to the Official Committee of Asbestos Personal Injury Claimants* [Dkt. 2870], which was amended and re-filed on November 6, 2025 [Dkt. 2885] (the "Second ACC Appointment Notice").[3] Also on November 6, 2025, the Bankruptcy Administrator filed the Rule 2004 Opposition.

The Second ACC Appointment Notice and Rule 2004 Opposition come on the heels of recent admissions by ACC counsel indicating that ACC decision-making in these cases has occurred for more than five years without any participation from the actual members of the ACC.[4] In light of this revelation, and the Court's instructions at the August 28, 2025 hearing that direct, active participation from ACC members is required,[5] the Court-ordered appointment process undertaken by the Bankruptcy Administrator was an opportunity to assure the Court and the parties in interest that current asbestos claimants are adequately represented and, in particular, that ACC members are properly involved in ACC decision-making going forward.

However, the Bankruptcy Administrator's papers do not do enough to provide such assurances. The Second ACC Appointment Notice includes three original members and appoints seven additional members, together constituting an ACC membership represented by ten of the same eleven law firms as before (the exception being that no client of Shepard Law, P.C. is on

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[3] The original and amended versions of the Second ACC Appointment Notice are substantially identical. The amended version adjusted the spelling of one ACC member's name and the attorney contact information for another ACC member, and also clarified that a third ACC member was appointed both in her individual capacity and as an estate representative.

[4] See Oct. 23, 2025 Hr'g Tr. at 132:8-11 (ACC Counsel: "What I know is they were not present at the committee meetings where these decisions were made. And what I don't know for sure is to what extent they were in consultation with their attorneys."); Oct. 23, 2025 Hr'g Tr. at 136:14-15 (ACC Counsel: "There were tort lawyers attending committee meetings after this client had passed away.").

[5] See Aug. 28, 2025 Hr'g Tr. at 48:5-12 (The Court: "[Committee members] must actively participate in committee meetings and make decisions. . . . Committee counsel must communicate with and receive direction from actual Committee members, not their lawyers.").

the ACC), including numerous law firms who participated in ACC meetings—and apparently directed the actions taken by the ACC in these cases—even though they no longer represented an appointed member of the ACC. The Rule 2004 Opposition indicates that the Bankruptcy Administrator spoke with claimants to determine whom to appoint to the ACC, but provides insufficient assurances that new ACC members understand their fiduciary obligations, including their obligation to participate in ACC meetings and the decision-making process.

The thinness of the details of the Bankruptcy Administrator's selection process, the failure to inquire and provide any details as to how the ACC operated over the last five years, the fact that essentially all of the same plaintiff law firms remain part of the ACC through the new appointments, and the Bankruptcy Administrator's lengthy defense of the ACC's historic governance entirely by proxy turns a blind eye to the significant committee governance problems in these cases. For all of these reasons, the Debtors suggest that more is required than has been set forth by the Bankruptcy Administrator.

I. The Bankruptcy Administrator's Suggestion that the ACC Held a "Reasonable Belief" that Committee Membership Was Inheritable Cannot Be Supported

1. The Debtors first address the Rule 2004 Opposition's opening discussion of other asbestos bankruptcy cases,[6] which the Bankruptcy Administrator uses to attempt to support her claim that the ACC held a "reasonable belief" that ACC membership in these chapter 11 cases "remained constant." See R. 2004 Opp. at 3-7. That attempt fails, and precedent only confirms the unreasonableness of the ACC's position. No substitution motions were filed on the docket in

[6] Of the Bankruptcy Administrator's 10 citations to in-district ACC member substitutions, only three of those substitutions appear to have taken place more than one year after the death of the committee member, and two additional cited substitutions provided no date of death. R. 2004 Opp. at 5. In the present cases, eight of the 11 members passed away and no substitution was sought for any of those eight members for five years. Whether the 11-member ACC in these cases properly operated under its by-laws with only three members remains an open question.

these cases despite the very precedent providing for such motions cited by the Bankruptcy Administrator. This precedent presumably was well familiar both to ACC counsel and the prepetition tort lawyers, all or most of whom have been involved in the other asbestos bankruptcies where those substitution motions referenced by the Bankruptcy Administrator were filed. The ACC's admitted basis for failing to file motions substituting committee members is that it was operating under the misguided assumption that ACC membership is an inheritable property right, and substitution was a "ministerial" formality. Aug. 28, 2025 Hr'g Tr. at 19:1-9. This position was rejected by the Court at the August 28, 2025 hearing. As such, to the Debtors, the Bankruptcy Administrator's justification of what has occurred in these cases on the substitution issue simply falls flat.

II. The Bankruptcy Administrator's Defense of ACC Decision Making to Date Ignores that ACC Members Have Not Been Involved in Decision Making At All

2. The Bankruptcy Administrator spends the bulk of her Rule 2004 Opposition addressing whether it is appropriate to allow a creditors' committee member to participate with the assistance of their own counsel. But this discussion entirely misses the point. The main issue raised by the Debtors through the Rule 2004 Motion is not whether asbestos claimants appointed to a creditors' committee can participate with the assistance of counsel. Instead, the fundamental issue is whether tort counsel can fully sit by proxy on behalf of their client and make all of the ACC's decisions on their own. The Debtors' concern, which the Bankruptcy Administrator does not address, is that the record demonstrates that potentially all ACC members have been completely uninvolved in ACC decision making throughout these cases.[7]

[7] The Debtors also dispute the notion that the three remaining ACC members' ex post ratification of the ACC's prior decision-making should eliminate concerns about ACC decision-making, particularly where the ratification process was undertaken by the same ACC counsel and tort system counsel that were involved in the earlier, problematic decision-making process.

3. The Rule 2004 Opposition's silence about the historical practice in these cases of total delegation of ACC member responsibility is surprising and is the "scandal" that she dismisses. Perhaps ignoring the issue is driven in part by the Bankruptcy Administrator's skepticism as to whether any conflicts of interest exist between the ACC members' tort law firms and actual asbestos claimants in these cases.[8] However, these potential conflicts of interest are readily apparent to others, including the Fourth Circuit, which has repeatedly questioned the motivation of the same ACC law firms in similar asbestos cases.[9] As to the Bankruptcy Administrator's new statement that the "Texas Two Step" is a "perversion of the Bankruptcy Code," it is notable that the binding Fourth Circuit opinions on "Texas Two Step" cases have voiced no such concerns.[10]

4. Finally, the Bankruptcy Administrator also seems to ignore that ACC members have access to counsel without the involvement of the tort lawyers at all. The ACC has **three** separate outside law firms representing it as either section 327(a) or 327(e) counsel,[11] in addition

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8 R. 2004 Opp. at 21.

9 See Bestwall LLC v. Off. Comm. of Asbestos Claimants of Bestwall, LLC, 148 F.4th 233, 246 n.2 (4th Cir. 2025) (J. Agee, concurring) (noting that the Committee-imposed delay in Bestwall "begs the question . . . as to whether the delay relates to valid claims or the desire for perceived higher attorneys' fees should the claims be removed and adjudicated outside the bankruptcy?"); In re Bestwall LLC, 71 F.4th 168, 184 (4th Cir. 2023) ("It is not clear why Claimant Representatives' counsel have relentlessly attempted to circumvent the bankruptcy proceeding, but we note that aspirational greater fees that could be awarded to the claimants' counsel in the state-court proceedings is not a valid reason to object to the processing of the claims in the bankruptcy proceeding."). The FCR in these chapter 11 cases has also repeatedly made this point. See *The Future Asbestos Claimants' Representative's Joinder to the Debtors' Motion for Rule 2004 Examination of the Official Committee of Asbestos Personal Injury Claimants* [Dkt. 2839] at 2 (citing to Judge Whitley's identification in the DBMP case that "the tort firms themselves [were possibly] protecting their pecuniary interests"); *The Future Asbestos Claimants' Representative's Opposition to the Motion of the Official Committee of Asbestos Personal Injury Claimants to Dismiss the Debtors' Chapter 11 Cases* [Dkt. 1809] at 1.

10 R. 2004 Opp. at 19; see Bestwall LLC, 148 F.4th 233 (4th Cir. 2025); In re Bestwall LLC, 71 F.4th 168 (4th Cir. 2023).

11 Robinson & Cole, LLP and Caplin & Drysdale, Chartered are the ACC's section 327(a) law firms. Winston & Strawn LLP is its section 327(e) counsel with respect to the fraudulent transfer and related adversary proceedings.

to the ACC's North Carolina section 327(a) counsel. Given this breadth of legal support, it is entirely unclear to the Debtors why ten additional law firms (or frankly any) have to be involved in every ACC meeting and decision.

III. The Bankruptcy Administrator Proposes Insufficient Changes to ACC Governance and Provides for No Enforcement or Oversight

5. An official committee, properly governed by appointed members acting as fiduciaries for the collective interests of their constituency, is essential to the bankruptcy process. A properly functioning official committee benefits not only its constituents but also aids all parties in interest seeking a consensual resolution of those constituents' collective interests. In these cases, a question remains as to whether the plaintiff law firms' control over the ACC has resulted in the economic interests of the plaintiff law firms supplanting the collective interests of the ACC's constituents.

6. The Second ACC Appointment Notice together with the Bankruptcy Administrator's Rule 2004 Opposition fall short of assuaging the Debtors' concerns regarding ACC governance and member participation going forward. The Second ACC Appointment Notice is devoid of sufficient detail as to the appointment process. However, it is notable that, unlike the original ACC appointment process in these cases, the papers used to solicit interest in the ACC this time were not filed on the docket.[12] This implies that the solicitation process only involved the same law firms as before, a notion further buttressed by the fact that the same law firms remain the firms with clients on the ACC.

7. The Rule 2004 Opposition does outline some information regarding the Bankruptcy Administrator's appointment process. The Bankruptcy Administrator states that she:

[12] Compare Second ACC Appointment Notice with *Notice of Solicitation of Parties Interested in Serving on the Official Committee of Asbestos Claimants* [Dkt. 65].

"considered the plaintiffs' firms" when selecting ACC members, as well as "disease type, work history, product exposure, and/or geographic location," R. 2004 Opp. at 16-17; spoke "directly to claimants and their individual counsel . . . while identifying new committee members," id. at 20; "took care to convey the need for ACC members to be available for direct participation" which "forced some members to decline" appointment, id. at 22; asked that appointees review "language from the Court's guidance at the August 28, 2025, hearing" and asked that appointees acknowledge and affirm that "they are prepared, to the extent required by the Court and/or requested by the ACC, to actively and directly participate in the ACC's decision-making." Id. at 22. The Bankruptcy Administrator then states that "all ACC members have affirmed their willingness to directly participate in the work of the ACC consistent with the Court's guidance[.]" Id. at 23.

8. However, given the troubling history here, the Debtors would suggest, as outlined in the Debtors' and FCR's September 24 Letter to the Bankruptcy Administrator, that ACC members and their tort counsel should provide **written** acknowledgment of their willingness and ability to be actively engaged in committee decision-making and that the ACC members understand their fiduciary responsibilities to the broader class of current asbestos claimants.[13] The Debtors' assumption is that no such written acknowledgments were sought or obtained.

9. Further, the Court requested that the Bankruptcy Administrator provide her views and recommendations regarding, among other topics, "additional oversight measures surrounding Committee governance[.]" *Order Continuing Hearing on Motion for Bankruptcy Rule 2004 Examination and Requesting Appearance and Assistance of Bankruptcy Administrator*

[13] See letter from Brad Erens and Jonathan Guy to Shelly Abel, dated September 24, 2025 at 1-2 (the "September 24 Letter") attached as Exhibit A to the *Objection of the Official Committee of Asbestos Claimants to Debtors' Motion for Bankruptcy Rule 2004 Examination* [Dkt. 2840].

[Dkt. 2881] (the "Order Continuing Rule 2004 Motion") at 4. The Bankruptcy Administrator is silent on the issue of oversight measures going forward.

10. Instead of requiring written affirmations that ACC members are prepared to actively serve as fiduciaries, and without proposing any mechanism for future oversight, the Bankruptcy Administrator simply states that she has "no concerns" after speaking with ACC appointees and their prepetition tort counsel. R. 2004 Opp. at 20. The looseness of this process and the fact that all the same law firms involved in the original ACC remain (with the sole exception being Shepard Law, P.C.) raises the specter that the newly constituted ACC will simply conduct "business as usual" and continue its past approach.

11. In defense of the past, the Bankruptcy Administrator raises the uncontroversial fact that a creditors' committee member's refusal to settle is not a per se violation of that committee member's fiduciary duties. R. 2004 Opp. at 18-19. Of course a fiduciary's refusal to settle is consistent with that fiduciary's duties if *refusal to settle is in the best interests of those represented*. But this gets at the one of the primary issues that prompted the Rule 2004 Motion: the lawyer-dominated ACC has not only refused to settle these cases, but has refused to seriously engage in any settlement negotiations in over five years. Whether that unwavering position, taken without the involvement of any actual ACC members, is in the best interest of claimants, or simply their tort lawyers' short and long term business interests, is open to serious question.

12. Finally, the Bankruptcy Administrator proposes five principles that will "guide the ACC going forward." R. 2004 Opp. at 23-24.[14] These principles are at times vague and lack

[14] These principles are:
(1) Individual claimants named to the ACC are its members. Decision-making authority rests with ACC members, not their counsel.
(2) ACC members' direct participation is encouraged and should be facilitated when possible.
(3) ACC counsel must communicate directly with its members and provide the information necessary for the ACC's members to make informed decisions.

mechanisms for ensuring compliance. Instead, the Debtors respectfully request that the Court direct the ACC to work with the Debtors and other parties in interest to develop a protocol for the ACC's governance going forward. As just one example, the Bankruptcy Administrator's principles suggest that "members' direct participation **is encouraged and should be facilitated when possible**" whereas the Debtors maintain that a fiduciary appointee's direct participation in a creditors' committee **is mandatory**. Id. (emphasis added). Crafting more substantive guidelines than those proposed by the Bankruptcy Administrator, that provide specific details regarding the expectations for ACC members going forward, will be beneficial both to ACC members and other parties in interest. Further, crafting specific guidelines to which ACC members and their counsel are bound, including the addition of some level of independent oversight, will provide this Court and the other parties in interest assurance that the ACC's previous governance irregularities will not be repeated.

IV. Maune's Joinder to the Rule 2004 Opposition Should Be Disregarded

13. The joinder to the Rule 2004 Opposition [Dkt. 2919] filed by Maune, Raichle, Hartley, French & Mudd, LLC ("Maune") is tardy,[15] contains similar hyperbolic language that

(4) ACC members have a responsibility to remain informed about these cases and engaged in the work of the ACC.
(5) Actions taken through counsel must be authorized by the ACC member.

[15] All other parties in interest, aside from the Bankruptcy Administrator (who was limited by the government shutdown), filed their briefing on the Rule 2004 Motion before the October deadlines required by the Case Management Order. In addition, the Court heard related arguments from these parties at the October 23, 2025 hearing and entered an order continuing that hearing specifically to allow for the participation of the Bankruptcy Administrator. See Order Continuing Rule 2004 Motion at 4, n.3.

has been the subject of warnings from this Court and sanctions by others,[16] and fails to even address the pending Rule 2004 Motion it purports to oppose. It should be disregarded.[17]

14. Finally, it is worthy of note that Maune has sought to weigh in on the pending Rule 2004 Motion litigation, but has made no attempt to substantively engage on the ACC governance that is the subject of that motion. Maune is not a remote party with no ACC connections or ties to the potential Rule 2004 examination. Rather, it is tort counsel to an originally appointed ACC member and a newly elected ACC member,[18] and therefore privy to and directly involved in a variety of details surrounding ACC governance. Maune was in a unique position to provide useful insight into ACC governance and the issues raised by the proposed Rule 2004 discovery.[19] Maune's complete silence on this front, paired with the other issues identified above, render their joinder not only irrelevant, but curiously lacking.

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[16] See Aug. 28, 2025 Hr'g Tr. at 5:10-19 (Court: "I will ask counsel for Robert Semian and the other individual claimants to review again the last paragraph of my order [requesting all parties moderate their tone] . . . to the extent papers are filed that flout my requests for civility . . . I will begin to question whether that paper was, indeed, filed with the intent of being counterproductive, vexatious, and disrespectful to the Court."); see also *Order on Debtor's Emergency Motion to Enforce PIQ Order and Automatic Stay and Order to Show Cause* [Dkt. 1996], In re Bestwall LLC, No. 17-31795 (Bankr. W.D.N.C. Aug. 18, 2021) at 4, 7 ("The court concludes that . . . [Maune] are in contempt of the court's PIQ Order" and further noting that Maune is "willfully flouting the plain terms of the PIQ Order and this court's authority"); May 23, 2024 Hr'g Tr. at 20:22-21:1, In re DBMP LLC, No. 20-30080 (Bankr. W.D.N.C.) (Court to Maune: "So like Judge Beyer before me, I would suggest not continuing to try to beat your head against a rock. That's not going to change the outcome, but it could end up with you being sanctioned for pressing the same rejected theories time and again.").

[17] Furthermore, as stated in the September 24 Letter, the Debtors continue to believe that, among other things, this type of behavior illustrates why Maune is unfit for participation in the ACC, particularly since Maune's longstanding practice of filing its own pleadings and motions in these cases—the only law firm with a client on the ACC that regularly does so—demonstrates that Maune is fully capable of advocating for its clients from outside the scope of ACC influence.

[18] See Appointment Order; Second ACC Appointment Notice.

[19] The Debtors further assert that this could have been done without violating attorney-client privilege, for example, by disclosing who attended meetings, what information was provided to ACC members, or whether counsel to the ACC had any direct communication with Maune's client on the ACC.

Dated: November 17, 2025
Charlotte, North Carolina

Respectfully submitted,

/s/ John R. Miller, Jr.

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