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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	Chapter 11
ELETSON HOLDINGS INC., *et al.,*	Case No. 23-10322 (JPM)
Debtors.[1]	(Jointly Administered)

SIDLEY AUSTIN LLP'S REPLY TO ELETSON HOLDINGS INC.'S LIMITED OBJECTION TO MOTION TO WITHDRAW

[1] The Debtors in these chapter 11 cases are: Eletson Holdings Inc., Eletson Finance (US) LLC, and Agathonissos Finance LLC. The address of the Debtors' corporate headquarters is 118 Kolokotroni Street, GR 185 35 Piraeus, Greece.

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William E. Curtin, Duston K. McFaul, Robert S. Velevis and Sidley Austin LLP ("Sidley Austin" and together with William E. Curtin, Duston K. McFaul, and Robert S. Velevis, the "Movants") hereby submit this reply (the "Reply") to *Eletson Holdings Inc.'s Limited Objection to the Motion of Sidley Austin LLP to Withdraw as Counsel to the Former Majority Shareholders of Eletson Holdings Inc. and the Preferred Nominees* [Docket No. 1557] (the "Objection") and in further support of the *Motion of Sidley Austin LLP to Withdraw as Counsel to the Majority Shareholders of Eletson Holdings Inc. and the Preferred Shareholders* [Docket No. 1525] (the "Motion to Withdraw"). In support of the Reply, Movants state as follows:

REPLY[2]

1. Movants request for withdrawal is appropriate for three reasons. First, Movants have satisfied multiple bases for withdrawal set forth in the New York Rules of Professional Conduct since its client has consented to the withdrawal and substitute counsel has been retained and has appeared so there will be no material adverse effect on the interests of the client, which means withdrawal is presumptively appropriate. Second, the impact of the withdrawal will not materially affect the timing of the proceedings, especially where, as here, substitute counsel has been identified and engaged. And finally, while Movants did not include a statement regarding a charging lien (given their clients are seeking no monetary recovery to be charged), Movants are able to represent to the Court that they hold no remaining funds in retainer on account of their clients, meaning Reorganized Eletson Holding Inc.'s ("Reorganized Holdings") status as a potential creditor of their clients has no bearing on the question of withdrawal.[3]

[2] Capitalized terms used but not defined herein shall have such meaning as ascribed to them in the Motion to Withdraw.

[3] Movants are still assessing whether appropriate to file a retaining lien, but no retaining lien has been filed to date.

A. Withdrawal is Presumptively Appropriate Under the Rules

2. Rule 2090-1 United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Local Rules") states that an order granting counsel leave to withdraw from a case may be granted upon cause shown. In reviewing whether counsel has presented a satisfactory reason for withdraw, courts are guided by the applicable rules of professional conduct. *See, e.g.*, *Whiting v. Lacara*, 187 F.3d 317 at 321-23 (2d Cir. 1999) *See Fidelity Nat. Title Ins. v. Intercounty Nat*, 310 F.3d 537 at 540 (7th Cir. 2002); *Rivera-Domenech v. Calvesbert Law Offices PSC*, 402 F.3d 246 at 248 (1st Cir. 2005); *Brandon v. Blech*, 560 F.3d 536 (6th Cir. 2009).

3. The New York State Unified Court System's Rules of Professional Conduct (the "Rules of Professional Conduct") outline satisfactory reasons for an attorney's withdrawal, including, among others, when "(1) withdrawal can be accomplished without material adverse effect on the interests of the client; . . . and (10) the client knowingly and freely assents to termination of the employment." New York Rules of Professional Conduct, Rule 1.16(c)(1), (10). As noted by the circuit court in *Brandon v. Blech*, "while [the rules of professional conduct] stop short of guaranteeing a right to withdraw, they confirm that withdrawal is presumptively appropriate where the rule requirements are satisfied." 560 F.3d at 538.

4. The Objection alleges that that Movants have failed to meet their burden in demonstrating that withdrawal is appropriate under the Bankruptcy Local Rules, stating that Sidley should be forced to describe the conflicts among and between their client before withdrawal may be granted. What the Objection fails to address (or even mention) is that the client has knowingly and freely assented to the termination of the employment—one of the express bases for withdrawal set forth in the New York Rules of Professional Conduct. *See* New York Rules of Professional

Conduct, Rule 1.16(c)(10). Accordingly, withdrawal is presumptively appropriate and should be granted.

5. Also, on DATE, ADD A REFERENCE TO THE NOTICE OF SUBSTITUTION. Accordingly, withdrawal is presumptively appropriate and should be grated for the reason as well. *See* New York Rules of Professional Conduct, Rule 1.16(c)(1).

B. Withdrawal Will Not Materially Affect the Timing or Posture of the Case

6. On February 27, 2025, the Court entered the *Order in Support of Confirmation and Consummation of the Court-Approved Plan of Reorganization and Imposing Sanctions on Certain Parties* [Docket No. 1495] (the "Sanctions Order"), ordering sanctions as against the Majority Shareholders, among others, until such time as the address of record ("AOR") is updated or amended and the corporate governance documents on file with the Liberian International Ship and Corporate Registry ("LISCR") were updated or amended. As indicated by the letter from Reorganized Holdings, dated March 21, 2025, as of March 13, 2025, Reorganized Holdings had updated the AOR and the corporate governance documents on file with LISCR. *See* Docket No. 1555.

7. On March 3, 2025, the Court held a hearing on Levona Holdings Ltd.'s *Motion to Enforce the Stipulated Stay Relief Order and for Sanctions Against (A) the Purported Preferred Nominees and (B) Reed Smith LLP, Pursuant to Section 105(a) of the Bankruptcy Code and Inherent Authority* (the "Levona Motion"). Following the hearing, the Court took the matter under advisement, and no order on the Levona Motion has been issued to date.

8. On March 13, 2025, the Court entered the *Order in Further Support of Confirmation and Consummation of the Court-Approved Plan of Reorganization* [Docket No. 1537] (the "Second Sanctions Order"), ordering sanctions as against the Majority Shareholders,

among others, until such time as "the parties comply with the Plan, the Confirmation Order, the Consummation Order, and this Order." *See* Docket No. 1537. The Majority Shareholders responded, a hearing was held, and an order was entered. *See* Docket No. 1537.

9. No other sanctions orders or motions are currently pending as against the Majority Shareholders or the Preferred Shareholders. There are no pending response deadlines for the Majority Shareholders or the Preferred Shareholders or any hearings on motions affecting either party. In addition substitute counsel has been retained and has appeared. Accordingly, there can be no prejudice to or disruption of the timing or posture of this case based on Movants' immediate withdrawal, and such withdrawal should be granted.

C. Movants Have No Charging Lien or Retaining Lien, Although They Are Still Assessing What Rights, If Any, They May Have in the Same

10. According to Black's Law Dictionary, a charging lien is "[a]n attorney's lien on a claim that the attorney has helped the client perfect, as through a judgement or settlement" or "[a] lien on specified property in the debtor's possession." *See* Black's Law Dictionary (12th ed. 2024). By comparison, a retaining lien is "[a]n attorney's right to keep a client's papers until the client has paid for the attorney's services." *Id.*

11. Movants have not helped the clients perfect any claim for judgment in either this case or the underlying bankruptcy case and Movants do not hold specified property of the client in their possession. Accordingly, a charging lien is inapplicable in the present case. Movants are still assessing the propriety of filing a retaining lien over their client's papers, but no retaining lien has been filed to date. Thus, the Bankruptcy Local Rules and the Local Rules of the Southern District of New York have been satisfied and the Court should grant the withdrawal requested.

D. Reorganized Holdings' Requested Changes to the Order Are Inappropriate, Unnecessary, and Should Not Be Included

12. Finally, as a throwaway and without any legal basis for their request, Reorganized Holdings states that any order approving the Motion to Withdraw should "include an express reservation of rights that all parties' rights are reserved as to Sidley, including any potential claims or causes of action against Sidley, whether arising before or after November 19, 2024." *See* Objection, ¶ 12. Even if claims against Sidley were to exist, which they do not, such an express reservation of rights is unnecessary where any claims or causes of action Reorganized Holdings may have are already expressly preserved, as they recognize in their Objection, through the language contained in the Plan and order confirming the Plan. *See id.*

13. This request for further, redundant language in the order approving the Motion to Withdraw is just the latest in Reorganized Holdings' string of bullying attacks against law firms, including their, to date, three requests for sanctions against any law firm that has filed an objection on behalf of their clients' opposition to Reorganized Holdings in these chapter 11 cases over the past three months. Notably, each such request has been denied by this court for the same reasons that the superfluous language should be denied here—an attorney's good faith representation of their client in a legal proceeding is not actionable by a counterparty to such proceeding.

CONCLUSION

Contrary to the statements made in the Objection, Movants have demonstrated, consistent with the Bankruptcy Local Rules and the New York Rules of Professional Conduct, satisfactory reasons for withdrawal as counsel in this appeal. For the foregoing reasons, the Court should overrule the Objection and grant the Movants' Motion to Withdraw. Sidley otherwise reserves all rights, remedies, and recourse.

Dated: March 24, 2025
New York, New York

Respectfully submitted,

*/s/ William E. Curtin*________
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