

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

F21 OPCO, LLC, *et al.*,¹

Debtors.

Chapter 11

Case No. 25-10469 (MFW)

(Jointly Administered)

**CERTIFICATION OF COUNSEL REGARDING ORDER
APPROVING STIPULATION GRANTING LIMITED
RELIEF FROM THE AUTOMATIC STAY AND PLAN
INJUNCTION AND LIMITING PAYMENT FOR BREACH
RESPONSE COSTS AND BUSINESS INTERRUPTION LOSS,
SETTLEMENT PAYMENTS, AND REIMBURSEMENT OF
DEFENSE COSTS AND FEES TO AVAILABLE INSURANCE PROCEEDS**

The undersigned counsel hereby certify as follows:

1. On March 16, 2025 (the “Petition Date”), the above-captioned debtors and debtors in possession (collectively, the “Debtors”) commenced these chapter 11 cases (the “Chapter 11 Cases”) with the filing of voluntary petitions for relief with the United States Bankruptcy Court for the District of Delaware (the “Court”).

2. On April 15, 2025, the Court entered the *Final Order (I) Authorizing the Debtors to Continue (A) to Maintain Prepetition Insurance Policies; (B) to Maintain Prepetition Surety Bonds; and (C) to Use the Services of the Broker; and (II) Granting Related Relief* [Docket No. 222] (the “Insurance Order”).

3. On June 24, 2025, the Court entered the *Findings of Fact, Conclusions of Law, and Order Confirming the Debtors’ Amended Joint Plan Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 493] (the “Confirmation Order”) confirming the Debtors’ *Amended Joint Plan Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 472] (the “Plan”).

¹ The Debtors in these cases are: F21 OpCo, LLC; F21 Puerto Rico, LLC; and F21 GiftCo Management, LLC.



4. On June 30, 2025 (the “Effective Date”), the Debtors filed the *Notice of (I) Entry of Confirmation Order, (II) Occurrence of Effective Date, and (III) Final Deadlines For Filing Certain Claims* [Docket No. 514].

5. In accordance with the Confirmation Order and Plan, on the Effective Date, Steven Balasiano of MHR Advisory Group, LLC was appointed as plan administrator (the “Plan Administrator”) to administer the liquidation process for the post-Effective Date Debtors.

6. Prior to the Petition Date, certain insurers, including, but not limited to, Beazley Insurance Company (“Beazley”), Allied World Specialty Insurance Company (“Allied World”), Stratford Insurance Company (“Stratford”) and Validus Specialty Underwriting Services (“Validus”), Ascot Insurance Company (“Ascot”), and Westfield Specialty Insurance Company (“Westfield”, and together with Beazley, Allied World, Stratford/Validus, and Ascot, the “Insurers”) issued certain insurance policies (collectively, the “Cyber Policies”) to SPARC Group Holdings, LLC for the policy period of February 1, 2023 through February 1, 2024 (the “Policy Period”).

7. These Cyber Policies include, but are not limited to:

- Stratford/Validus – Policy No. CVX8000404
- Ascot – Policy No. EOXS2310001283-02
- Westfield – Policy No. XCO-294986R-00

8. The Cyber Policies cover Breach Response Costs and Business Interruption Loss (as those terms are defined in the Beazley InfoSec Policy No. V34530230101 issued to SPARC by Beazley for the period of February 1, 2023 to February 1, 2024 (the “Beazley Primary Policy”), to which the other Cyber Policies generally follow form) in connection with a ransomware attack sustained by Debtor F21 OpCo, LLC on or about March 20, 2023 (the “Cyber Attack”).

9. Prior to the Petition Date, on or about September 6, 2023, Qudsiyyah Ishaq, individually and on behalf of all others similarly situated (collectively, the “Plaintiffs”), filed a complaint against debtor F21 OpCo, LLC (“F21 OpCo” together with the Plaintiffs, the “Data Breach Parties”) in the United States District Court for the Central District of California. The case was subsequently consolidated on February 27, 2024 and styled *In re F21 Opco, LLC Data Breach Litigation*, 2:23-cv-07390-MEMF-AGR (the “Data Breach Litigation”). The Plaintiffs in the Data Breach Litigation allege, amongst other things, that F21 OpCo failed to properly secure and safeguard personally identifiable information and protected health information of certain employees.

10. The Insurance Order modified the automatic stay to permit Allied World to use the proceeds of the Allied World Excess Policy (as defined in the Insurance Order) to pay (1) Breach Response Costs and Business Interruption Loss in connection with the Cyber Attack; and (2) Claims Expenses (as that term is defined in the Beazley Primary Policy) in connection with the Data Breach Litigation.

11. The Plan Administrator and Stratford/Validus, Ascot and Westfield (collectively, the “Excess Insurers”) have conferred and have entered into the *Stipulation Granting Limited Relief from the Automatic Stay and Plan Injunction and Limiting Payment for Breach Response Costs and Business Interruption Loss, Settlement Payments, and Reimbursement of Defense Costs and Fees to Available Insurance Proceeds* (the “Stipulation”, and the parties thereto, the “Stipulation Parties”).

12. The Stipulation Parties have prepared a proposed form of order (the “Proposed Order”), attached hereto as **Exhibit A**, approving the Stipulation. A true and correct copy of the Stipulation is attached as **Exhibit 1** to the Proposed Order.

WHEREFORE, undersigned counsel respectfully requests that the Court enter the Proposed Order attached as **Exhibit A** at the Court's earliest convenience.

Dated: December 5, 2025

COLE SCHOTZ, P.C.

/s/ Stacy L. Newman

Justin R. Alberto (No. 5126)
Stacy L. Newman (No. 5044)
500 Delaware Avenue, Suite 600
Wilmington, DE 19801
Telephone: (302) 652-3131
Facsimile: (302) 652-3117
Email: jalberto@coleschotz.com
snewman@coleschotz.com

Sarah A. Carnes (admitted *pro hac vice*)
1325 Avenue of the Americas, 19th Floor
New York, NY 10019
Telephone: (212) 752-8000
Facsimile: (212) 752-8393
Email: scarnes@coleschotz.com

-and-

KELLEY DRYE & WARREN LLP

Jason R. Adams (admitted *pro hac vice*)
Andres Barajas (admitted *pro hac vice*)
Charlie Fendrych (admitted *pro hac vice*)
3 World Trade Center
175 Greenwich Street
New York, New York 10007
Tel: (212) 808-7800
Fax: (212) 808-7897
Email: jadams@kelleydrye.com
abarajas@kelleydrye.com
cfendrych@kelleydrye.com

Counsel to the Plan Administrator

EXHIBIT A

**THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

F21 OPCO, LLC, *et al.*,¹

Debtors.

Chapter 11

Case No. 25-10469 (MFW)

(Jointly Administered)

Related Docket No. _____

**ORDER (I) APPROVING STIPULATION GRANTING
LIMITED RELIEF FROM THE AUTOMATIC STAY AND
PLAN INJUNCTION AND LIMITING PAYMENT FOR
BREACH RESPONSE COSTS AND BUSINESS INTERRUPTION
LOSS, SETTLEMENT PAYMENTS, AND REIMBURSEMENT
OF DEFENSE COSTS AND FEES TO AVAILABLE
INSURANCE PROCEEDS AND (II) GRANTING RELATED RELIEF**

Upon consideration of the *Stipulation Granting Limited Relief from the Automatic Stay and Plan Injunction and Limiting Payment for Breach Response Costs and Business Interruption Loss, Settlement Payments, and Reimbursement of Defense Costs and Fees to Available Insurance Proceeds* (the “Stipulation”),² entered into by and among the Plan Administrator and the Insurers (together, the “Stipulation Parties”), a copy of which is attached hereto as **Exhibit 1**, and the related *Certification of Counsel Regarding Order Approving Stipulation Granting Limited Relief from the Automatic Stay and Limiting Payment and Reimbursement of Defense Costs and Fees to Available Insurance Proceeds*; and having determined that this Court has jurisdiction to enter this Order in accordance with 28 U. S.C. §§ 157 and 1334, and the Amended Standing Order of Reference from the United States District Court for the District of Delaware, dated February 29, 2012; and the Court having determined that the legal and factual bases set forth in the Stipulation establish just

¹ The Debtors in these cases are: F21 OpCo, LLC; F21 Puerto Rico, LLC; and F21 GiftCo Management, LLC.

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Stipulation.

cause for the relief requested in the Stipulation, and that such relief is in the best interests of the Debtors, their estates, and their creditors; and after due deliberation,

IT IS HEREBY ORDERED THAT:

1. The Stipulation attached hereto as **Exhibit 1** is approved.
2. To the extent applicable, the automatic stay imposed by section 362 of the Bankruptcy Code and Plan Injunction are modified solely to the extent necessary to permit and authorize the Excess Insurers to make payments for (1) Breach Response Costs and Business Interruption Loss in connection with the Cyber Attack; (2) any settlement amounts to or for the benefit of the Data Breach Parties; and (3) any reimbursement or payments of legal fees and expenses of the Data Breach Parties or their counsel incurred in connection with the Data Breach Litigation on the terms set forth in the Stipulation. Except as set forth in the Stipulation, the automatic stay and Plan Injunction shall remain in full force and effect.
3. Nothing in this Order shall constitute (a) a waiver, modification, or limitation of any Excess Insurer's reservation of all of its rights, remedies, and defenses under the applicable Cyber Policies and/or (b) a finding that any sum is due and owing under the applicable Cyber Policies.
4. Nothing in this Order shall constitute a waiver, modification, or limitation of the Debtors', or any other insured individual's, reservation of all rights, remedies, and defenses under the applicable Cyber Policies or applicable law, including in connection with any claim for indemnification, reimbursement, or subrogation.
5. Nothing in this Order shall modify or alter the terms and conditions of the Cyber Policies or the contractual rights and obligations thereunder.

6. Nothing herein shall constitute a finding by the Court or an admission by any of the Stipulation Parties, nor a waiver of any of the Stipulation Parties' respective rights and remedies, that the proceeds of the Cyber Policies are or are not property of the Debtors' estates, and the Court makes no finding as to the applicability of the automatic stay imposed by section 362(a) of the Bankruptcy Code or the Plan Injunction as to the applicable Cyber Policies' proceeds; *provided, however*, that the Stipulation Parties acknowledge and agree that any payments made pursuant to the Stipulation cannot be challenged or recovered by any of the Stipulation Parties or any Excess Insurer on the basis that the proceeds of the Cyber Policies used to make those payments are property of the Debtors' estates. The Excess Insurers retain any rights pursuant to the Cyber Policies.

7. This Order shall become effective immediately upon entry notwithstanding anything in the Federal Rules of Bankruptcy Procedure or otherwise to the contrary.

8. This Court shall retain jurisdiction with respect to all matters arising from or related to the interpretation, implementation, and enforcement of this Order and the Stipulation.

EXHIBIT 1

**THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

F21 OPCO, LLC, *et al.*,¹

Debtors.

Chapter 11

Case No. 25-10469 (MFW)

(Jointly Administered)

**STIPULATION GRANTING LIMITED RELIEF FROM THE
AUTOMATIC STAY AND PLAN INJUNCTION AND LIMITING PAYMENT
FOR BREACH RESPONSE COSTS AND BUSINESS INTERRUPTION
LOSS, SETTLEMENT PAYMENTS, AND REIMBURSEMENT
OF DEFENSE COSTS AND FEES TO AVAILABLE INSURANCE PROCEEDS**

This stipulation (the “Stipulation”) is entered into by and between the Plan Administrator of F21 OpCo, LLC and its affiliated debtors and debtors in possessions (collectively, the “Debtors”), on the one hand, and the Excess Insurers, on the other hand (collectively, the “Stipulation Parties”). The Stipulation Parties agree, subject to the approval of the United States Bankruptcy Court for the District of Delaware (the “Court”), as follows:

RECITALS

A. On March 16, 2025 (the “Petition Date”), the Debtors filed with the Court voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”). Prior to the Effective Date (defined below), the Debtors were managing their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. The above-captioned cases (the “Chapter 11 Cases”) were jointly administered for procedural purposes pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure. No trustee or examiner was appointed in the Chapter 11 Cases.

¹ The Debtors in these cases are: F21 OpCo, LLC; F21 Puerto Rico, LLC; and F21 GiftCo Management, LLC.

B. On April 15, 2025, the Court entered the *Final Order (I) Authorizing the Debtors to Continue (A) to Maintain Prepetition Insurance Policies; (B) to Maintain Prepetition Surety Bonds; and (C) to Use the Services of the Broker; and (II) Granting Related Relief* [Docket No. 222] (the “Insurance Order”).

C. On June 24, 2025, the Court entered the *Findings of Fact, Conclusions of Law, and Order Confirming the Debtors’ Amended Joint Plan Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 493] (the “Confirmation Order”) confirming the Debtors’ *Amended Joint Plan Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 472] (the “Plan”).

D. On June 30, 2025 (the “Effective Date”), the Debtors filed the *Notice of (I) Entry of Confirmation Order, (II) Occurrence of Effective Date, and (III) Final Deadlines For Filing Certain Claims* [Docket No. 514].

E. In accordance with the Confirmation Order and Plan, on the Effective Date, Steven Balasiano of MHR Advisory Group, LLC was appointed as plan administrator (the “Plan Administrator”) to administer the liquidation process for the Post-Effective Date Debtors.

F. Prior to Petition Date, certain insurers, but not limited to, Beazley Insurance Company (“Beazley”), Allied World Specialty Insurance Company (“Allied World”), Stratford Insurance Company (“Stratford”) and Validus Specialty Underwriting Services (“Validus”), Ascot Insurance Company (“Ascot”), and Westfield Specialty Insurance Company (“Westfield”, and together with Beazley, Allied World, Stratford/Validus, and Ascot, the “Insurers”) issued certain insurance policies (collectively, the “Cyber Policies”) to SPARC Group Holdings, LLC for the policy period of February 1, 2023 through February 1, 2024 (the “Policy Period”).

G. These Cyber Policies include, but are not limited to:

- Stratford/Validus – Policy No. CVX8000404
- Ascot – Policy No. EOXS2310001283-02
- Westfield – Policy No. XCO-294986R-00

H. The Cyber Policies cover Breach Response Costs and Business Interruption Loss (as those terms are defined in the Beazley InfoSec Policy No. V34530230101 issued to SPARC by Beazley Insurance Company, Inc. for the period of February 1, 2023 to February 1, 2024 (the “Beazley Primary Policy”), to which the Cyber Policies generally follow form) in connection with a ransomware attack sustained by Debtor F21 OpCo, LLC on or about March 20, 2023 (the “Cyber Attack”).

I. Prior to the Petition Date, on or about September 6, 2023, Qudsiyyah Ishaq, individually and on behalf of all others similarly situated (collectively, the “Plaintiffs”), filed a complaint against debtor F21 OpCo, LLC (“F21 OpCo”, and together with the Plaintiffs, the “Data Breach Parties”) in the United States District Court for the Central District of California. The case was consolidated on February 27, 2024 and styled *In Re F21 Opco, LLC Data Breach Litigation*, 2:23-cv-07390-MEMF-AGR (the “Data Breach Litigation”). The Plaintiffs to the Data Breach Litigation allege, amongst other things, that F21 OpCo failed to properly secure and safeguard personally identifiable information and protected health information of certain employees.

J. In accordance with the Cyber Policies, the Data Breach Parties provided notice of the Data Breach Litigation to the Insurers.

K. The Insurance Order modified the automatic stay to permit Allied World to use the proceeds of the Allied World Excess Policy (as defined in the Insurance Order) to pay (1) Breach Response Costs and Business Interruption Loss in connection with the Cyber Attack; and

(2) Claims Expenses (as that term is defined in the Beazley Primary Policy) in connection with the Data Breach Litigation.

L. The Plan Administrator is prepared to consent to modification of the automatic stay under section 362(a) of the Bankruptcy Code and the injunction set forth in Article VIII.H of the Plan (the “Plan Injunction”) and any other provision of the Plan, to the extent applicable, to expand the relief previously granted by the Court to Allied World under the Insurance Order to Stratford/Validus, Ascot and Westfield (the “Excess Insurers”) as provided herein.

NOW, THEREFORE, in consideration of the mutual promises and agreements set forth below and for other good, valuable, and adequate consideration hereby deemed received, the following is hereby stipulated and agreed to by the Stipulation Parties, subject to approval of the Court:

1. The foregoing recitals and provisions are true and correct and are incorporated herein by reference.

2. The Plan Administrator hereby consents, subject to the terms of this Stipulation, to the modification of the automatic stay imposed by section 362 of the Bankruptcy Code and Plan Injunction, to the extent necessary, to permit the Excess Insurers to use the proceeds of the Cyber Policies, under and in accordance with the terms of the Cyber Policies, to pay the following: (1) Breach Response Costs and Business Interruption Loss in connection with the Cyber Attack; (2) any settlement amounts to or for the benefit of the Data Breach Parties; and (3) any reimbursement or payments of legal fees and expenses of the Data Breach Parties or their counsel incurred in connection with the Data Breach Litigation, *provided, however*, that nothing set forth herein shall constitute an agreement that the Data Breach Parties or any other person or entity may commence any collection efforts against the Debtors or their estates.

3. Nothing contained herein shall be construed as an admission or agreement by the Debtors as to any of the allegations asserted in the Data Breach Litigation.

4. Nothing herein is intended or shall be deemed to be a stipulation, agreement, warranty, or admission by the Debtors or their estates that the Debtors or their estates are liable to the Data Breach Parties for any amounts or claims asserted at all on account of the claims set forth in the Data Breach Litigation.

5. This Stipulation may be executed in counterparts, each of which shall be deemed to be an original as against any party whose signature appears thereupon and all of which shall constitute one and the same instrument.

6. The undersigned represent that they are fully authorized to enter into this Stipulation on their own behalf and on behalf of their respective client(s).

7. The Court shall retain jurisdiction with respect to all matters arising from or related to the interpretation or implementation of this Stipulation.

IN WITNESS WHEREOF, the Stipulation Parties have executed this Stipulation on this 5th day of December, 2025.

[Signature block on following pages]

ASCOT INSURANCE COMPANY

By its counsel,

/s/ Samantha L. Riley

Samantha L. Riley

SKARZYNSKI MARICK & BLACK LLP

One Battery Park Plaza, 32nd Floor

New York, NY 10004

Telephone: (212) 820-7700

Facsimile (212) 820-7740

Email: sriley@skarzynski.com

**STRATFORD INSURANCE COMPANY
AND VALIDUS SPECIALTY
UNDERWRITING SERVICES**

By their counsel,

/s/ Kari A. Timm

Kari A. Timm

BATESCAREY LLP

191 N. Upper Wacker Dr., Suite 2400

Chicago, IL 60606

Telephone: (312) 762-3100

Facsimile (312) 762-3200

Email: ktimm@batescarey.com

**WESTFIELD SPECIALTY INSURANCE
COMPANY**

By its counsel,

/s/ Leland H. Jones IV

Leland H. Jones IV (DC Bar No. 995855)

LAVIN RINDNER DUFFIELD LLC

1717 K Street NW

Washington, DC 20006

Telephone: (912) 266-8300

Email: ljones@lrd.law

THE PLAN ADMINISTRATOR

By his counsel,

/s/ Stacy L. Newman

Justin R. Alberto (No. 5126)

Stacy L. Newman (No. 5044)

COLE SCHOTZ, P.C.

500 Delaware Avenue, Suite 600

Wilmington, DE 19801

Telephone: (302) 652-3131

Facsimile: (302) 652-3117

Email: jalberto@coleschotz.com

snewman@coleschotz.com

Sarah A. Carnes (admitted *pro hac vice*)

COLE SCHOTZ, P.C.

1325 Avenue of the Americas, 19th Floor

New York, NY 10019

Telephone: (212) 752-8000

Facsimile: (212) 752-8393

Email: scarnes@coleschotz.com

-and-

KELLEY DRYE & WARREN LLP

Jason R. Adams (admitted *pro hac vice*)

Andres Barajas (admitted *pro hac vice*)

Charlie Fendrych (admitted *pro hac vice*)

3 World Trade Center

175 Greenwich Street

New York, New York 10007

Tel: (212) 808-7800

Fax: (212) 808-7897

Email: jadams@kelleydrye.com

abarajas@kelleydrye.com

cfendrych@kelleydrye.com

Counsel to the Plan Administrator