

HUNTON ANDREWS KURTH LLP
Joseph P. Rovira (*pro hac vice* pending)
Catherine A. Rankin (*pro hac vice* pending)
600 Travis Street, Suite 4200
Houston, Texas 77002
Telephone: (713) 220-4200

HUNTON ANDREWS KURTH LLP
Tyler P. Brown (VSB No. 28072)
Henry P. (Toby) Long, III (VSB No. 75134)
Riverfront Plaza, East Tower
951 East Byrd Street
Richmond, Virginia 23219
Telephone: (804) 788-8200

Proposed Attorneys for Debtor and Debtor in Possession

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION**

In re: : **Chapter 11**
:
HOPEMAN BROTHERS, INC., : **Case No. 24-32428 (___)**
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Debtor. :
:
:
:

**DECLARATION OF CHRISTOPHER LASCELL IN SUPPORT OF CHAPTER 11
PETITION AND FIRST DAY PLEADINGS OF HOPEMAN BROTHERS, INC.**

I, Christopher Lascell, hereby declare under penalty of perjury:

1. I am the President of Hopeman Brothers, Inc. (“Hopeman” or the “Debtor”), having served in that capacity since 2016. My father, David M. Lascell, previously served as general counsel to Hopeman and, following Hopeman ceasing its business operations in 2003 (as discussed below), my father became the sole officer and majority owner of Hopeman and in such capacities, he oversaw the administration and resolution of the Asbestos-Related Claims (as defined below). Following his passing in 2016, my two siblings, Daniel Lascell and Carrie Lascell Brown, and I acquired my father’s shares, as well as the minority shares, in Hopeman. Since that time, my siblings and I have been the 100% equity holders in Hopeman and serve as Hopeman’s board of directors and officers.



2. As set forth in more detail below, long prior to my involvement, Hopeman was a “ship joiner” subcontractor. In that line of work, Hopeman contracted with shipbuilders to outfit the interior of ships, which consisted of supplying and installing shipboard furniture, beds, box berthing, non-structural bulkhead panels, ceilings, insulation and other interior components of ocean going vessels. Hopeman exited that line of business in the 1980s and following the sale of substantially all of its assets in 2003, Hopeman has had no ongoing business operations. Hopeman has maintained its corporate existence solely to address the over 126,000 personal injury claims asserted against it allegedly arising out of the asbestos-containing products used in its legacy ship joining business (collectively, the “Asbestos-Related Claims”).

3. Neither I nor my siblings had any affiliation with Hopeman’s business operations prior to its cessation of operations in 2003 or prior to our father’s death. We have attempted to serve as stewards of Hopeman for the last eight years, overseeing the work of outside professionals in the administration and resolution of the Asbestos-Related Claims.

4. Except as otherwise indicated, this declaration is based upon my personal knowledge, my review of relevant documents, information provided to me by Hopeman’s outside professional advisors, or my lay opinion based upon my experience, knowledge, and information concerning the Debtor’s operations. If called upon to testify, I would testify competently to the facts set forth in this Declaration.

5. On the date hereof (the “Petition Date”), the Debtor commenced with this bankruptcy court (the “Court”) a voluntary case under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”).

6. I submit this declaration (the “Declaration”) to assist the Court and other parties in interest in understanding the circumstances and events that led to the commencement of this

chapter 11 case and in support of the motions and applications that the Debtor has filed with the Court, including the “first-day” pleadings (the “First Day Pleadings”).

7. The two primary objectives of this chapter 11 case are (i) to establish an efficient mechanism to address the thousands of unresolved Asbestos-Related Claims presently asserted against and likely to be asserted against Hopeman during an anticipated claims-filing period, and (ii) to provide for an orderly liquidation and dissolution of Hopeman. Specifically, Hopeman intends to seek confirmation of a liquidating chapter 11 plan (the “Plan”) that would establish a liquidating trust (the “Liquidation Trust”) to which Hopeman would convey all of its assets, consisting of its cash, books and records, and insurance policies, for the benefit of all claimants holding allowed Asbestos-Related Claims. Such claimants would receive distributions from the Liquidation Trust to pay their allowed claims on a pro rata basis from the available Trust Assets (as defined and described further below) pursuant to the Trust Distribution Procedures included with the Plan, which the Debtor intends to file in the near term.

8. This Declaration is divided into four sections. Section I of this Declaration summarizes Hopeman’s corporate history and past business operations. Section II of this Declaration describes the Asbestos-Related Claims asserted against Hopeman, the prepetition claims and defense process, and Hopeman’s remaining insurance coverage to address those claims and defense costs. Section III sets forth the events leading to the commencement of this chapter 11 case. Section IV of this Declaration provides relevant facts in support of the First Day Pleadings.

I. Hopeman’s Corporate History and Business Operations

9. Hopeman’s origins date from 1869, when Arendt Willem Hopeman, a native of Holland, established himself as a building contractor in Rochester, New York.

10. In 1908, Mr. Hopeman's two sons joined him in the building contractor business, and they incorporated in New York as A.W. Hopeman & Sons Company ("Hopeman & Sons") and added cabinet-making to their business operations.

11. In 1917, Hopeman & Sons diversified its business into marine joiner work, *i.e.*, the assemblage, furnishing, and installation of bulkhead panels, ceilings and other interior components of ships. In 1930, the marine business segment of Hopeman & Sons' operations was separately incorporated in Delaware as Hopeman, the Debtor in this chapter 11 case.¹

12. After its formation, Hopeman continued in the exclusive business of marine joiner work for over 50 years. More specifically, Hopeman was a joiner subcontractor that would acquire materials from manufacturers, make modifications to those products to meet shipbuilder specifications, and deliver the resulting "joiner packages" to various shipyards for installation by either Hopeman or shipyard employees. Hopeman provided these joiner packages and/or related services for over 3,000 ships in at least 49 shipyards in over 19 states, including Virginia. Hopeman did not at any time own or operate any shipyard and did not own ships for which it provided joiner packages and/or services.

13. The burning of the S.S. Morro Castle off of the coast of New Jersey in 1934, which resulted in the loss of 124 crew and passengers, led to changes in regulations requiring the use of fireproof materials in ships. In 1939, the United States Coast Guard (the "Coast Guard") approved of asbestos-containing wall and ceiling panels, which later became required non-combustible materials in ship construction.

¹ Hopeman moved its shipyard and accounting operations from New York to Virginia in 1971, and by 1976, Hopeman was headquartered in and maintained its principal place of business in Virginia. In February 2007, Hopeman reincorporated in Virginia and, in 2015, AWH Corporation merged into Hopeman, leaving Hopeman as the surviving entity. Hopeman later closed its office in Virginia, but it continues to store business records in a warehouse in Virginia and to maintain its active corporate status in Virginia with its registered agent located in Glen Allen, Virginia.

14. To comply with these regulations for its subcontracting work, Hopeman purchased “Marinite” fireproof core panels (which contained asbestos) primarily from Johns-Manville Corporation (“Johns-Manville”). The facing materials for the panels included a Johns-Manville product called “Marine Veneer” (which also contained asbestos), and “Micarta,” a Westinghouse Electric Corporation laminate (which sometimes had an asbestos backing), that Hopeman purchased from U.S. Plywood Corporation. A now-dissolved former subsidiary of Hopeman, Wayne Manufacturing Corporation (“Wayne”),² would glue the laminate to the Marinite core panels for the lining and divisional wall panels. Marine Veneer also was used for ceiling panels and was typically purchased by Hopeman and shipped directly to the shipyard.

15. Installation of the wall panels required cutting and drilling at the shipyard and/or aboard the ship being constructed. In 1965, upon hearing rumors about potential health hazards presented by the release of asbestos fibers, Hopeman took immediate and extreme action to substantially reduce or eliminate any such release. Hopeman began developing, and later refined, vacuum saws and drills to reduce the dust created by sawing and drilling asbestos-containing panels. By 1970, most of the cutting of panels was moved off the vessels to an isolated location and, by 1971, Hopeman developed a vacuum table to supplement the vacuum saws. By the time applicable Occupational Safety and Health Administration (OSHA) regulations were published in 1972, Hopeman’s asbestos-related threshold limit value testing showed that any asbestos particles released to the work area were well within exposure limitations in those regulations.

² Wayne, formerly known as Wayne Lumber and Manufacturing Corporation, was a Virginia corporation that became a wholly-owned subsidiary of Hopeman and was dissolved in 1985. Wayne primarily was in the sheet metal business, manufacturing furniture, doors, window casings, trim and stairs. Wayne, however, performed the job of gluing the Micarta laminate to the Marinite core panels Hopeman supplied to Wayne because Wayne was located in Waynesboro, Virginia, in a more suitable climate for gluing the boards together than in many of the shipyards where Hopeman was furnishing the finished panels. Hopeman did not continue the general business operations of Wayne after Wayne dissolved in 1985.

16. In June 1972, Hopeman began research and development of an asbestos-free bulkhead panel and, on April 18, 1975, the Coast Guard approved Hopeman's asbestos-free "Beta 100" panel, for which Hopeman later received a patent. Following the Coast Guard's approval of Beta 100, Hopeman began using this asbestos-free panel. However, Hopeman had certain pre-existing contracts for which asbestos-containing panels were still specified. The majority of such contracts were completed by the end of 1976, and the remaining few contracts in 1977. Hopeman discontinued the use of any asbestos-containing bulkhead panels (and Marine Veneer) in 1977 once the pre-Beta 100 contracts were satisfied.

17. During the 1980s, Hopeman transitioned its business away from ship joining and into manufacturing check-out counters used in commercial retail stores such as Walmart. In 2002, Hopeman spun off its cabinet-making business into Cinnabar Solutions, Inc. ("Cinnabar").³ In 2003, Hopeman sold substantially all of its remaining shipbuilding-related assets to an unrelated party, US Joiner LLC (the "Asset Sale"), pursuant to an Asset Purchase Agreement, dated as of December 23, 2003. Hopeman's liabilities for any Asbestos-Related Claims were excluded and not assumed by US Joiner in the Asset Sale and, as such, remained the obligations of Hopeman post-sale closing.

18. Since the Asset Sale in 2003, Hopeman has had no business operations and exists solely to defend and, when appropriate, settle the Asbestos-Related Claims. Generally, the prepetition administration of the Asbestos-Related Claims involved Hopeman defending and attempting to resolve lawsuits filed against it in federal and state courts across the country, reviewing and attempting to resolve pre-litigation claims submitted pursuant to Administrative Agreements (as defined in Section II(B) below), paying settled claims, and managing Hopeman's

³ Cinnabar was subsequently sold in 2007.

insurance program including by collecting insurance proceeds to reimburse it for defense and claims administration costs and indemnify it for payments Hopeman made to satisfy resolved Asbestos-Related Claims.

19. Hopeman has no employees. Aside from its remaining cash and business records, the Debtor's only other assets are its interests in the remaining limits of its insurance policies (which policies are discussed further in Section II.C. below). As set forth below, the Debtor's only material unpaid liabilities are the Asbestos-Related Claims, most of which currently are unresolved.

II. Hopeman's Asbestos-Related Liabilities, Claims Process, and Insurance Policies

A. Hopeman's Historical Asbestos-Related Claims Experience

20. In 1979, Hopeman received its first Asbestos-Related Claim alleging personal injury as a result of alleged exposure to asbestos fibers contained in marine interior materials included within the joiner packages provided by Hopeman. Since that time, claimants have asserted more than 126,000 Asbestos-Related Claims against Hopeman. Despite Hopeman discontinuing the use of asbestos-containing products in 1977 and ceasing any business operations in 2003, claimants were continuing to assert Asbestos-Related Claims against Hopeman during the last weeks prior to the Petition Date.

21. The Asbestos-Related Claims include both lawsuits and out-of-court claims asserted through agreed procedures put in place with several law firms pursuant to Administrative Agreements (as defined below). While the pace of the filing of claims has slowed, the Asbestos-Related Claims filed against Hopeman from January 2015 through May 2024 still exceeded 5,000 claims. Absent the establishment of a bar date for the assertion of Asbestos-Related Claims against it, Hopeman expects claimants would continue to assert Asbestos-Related Claims against it long

after exhaustion of Hopeman's remaining cash, leaving Hopeman unable to administer the claims resolution and insurance recovery process.

B. The Claimants and the Alleged Diseases

22. Some of the Asbestos-Related Claims are asserted by shipyard workers who claim exposure to asbestos-containing materials supplied by Hopeman in the construction of one or more ships. Other shipyard workers claim exposure to asbestos-containing materials provided by Hopeman on ships being converted, repaired, or reconditioned many years after Hopeman provided those materials at the time the ships were built.

23. A subset of claimants in the Asbestos-Related Claims are not shipyard workers. Rather, some of these claimants allege exposure while they were visiting shipyards to perform other work, while other claimants claim no shipyard exposure. For example, a substantial group of claimants claim service on, or transportation by, ships that allegedly contained asbestos-containing materials provided by Hopeman. Another significant group asserts claims for "secondary exposure" to asbestos. These claimants often are family members of shipyard workers who allegedly returned home from work wearing clothing containing asbestos dust.

24. The Asbestos-Related Claims asserted against Hopeman typically involve allegations of the manifestation of one or more of four general types of asbestos-related diseases: (i) mesothelioma; (ii) lung cancer; (iii) cancers other than lung cancer, such as esophageal cancer or colon cancer; and (iv) asbestosis, or a disease that was not articulated on the face of the pleading or claim.

C. Hopeman's Prepetition Claims Process

25. Prepetition, the Asbestos-Related Claims were asserted against Hopeman by two methods. The first method was pursuant to an agreed out-of-court claims process pursuant to administrative agreements Hopeman entered into with various personal injury law firms

(collectively, the “Administrative Agreements”). The purpose of the Administrative Agreements was to resolve substantiated⁴ Asbestos-Related Claims without the need for litigation, with each type of disease pursuant to most agreements having been assigned a scheduled settlement amount (a “Disease Level”). Upon confirmation that an Asbestos-Related Claim was valid, Hopeman’s third-party prepetition claims administrator, Special Claims Services, Inc. (“SCS”), would pay the agreed upon scheduled amount prescribed for the substantiated Disease Level pursuant to the applicable Administrative Agreement, or the parties would negotiate a settlement amount if there was no predetermined amount scheduled for the subject disease with the counterparty. If the claims were not resolved through the administrative process, litigation of the claims might proceed in court.

26. Of the 1,318 Asbestos-Related Claims Hopeman resolved in the 2023 calendar year collectively through litigation or the administrative process, 224 of these claims were accepted as substantiated claims and settled by Hopeman. Of these settled claims, 66.47% were for Mesothelioma, 27.84% were for lung cancer, 2.15% were for other types of cancer (such as esophageal cancer or colon cancer), and 3.54% were for Asbestosis or another type of disease.

27. The second prepetition method for claim assertion was through a claimant naming Hopeman as a defendant in federal or state court litigation, typically along with multiple other defendants, including other parties that provided products or services in the construction or repair of ships, manufacturers and sellers of products, shipyards, and ship owners, among others, and at times, former directors and officers of Hopeman. The former directors and officers of Hopeman who have been named in asbestos-related lawsuits have indemnification rights against Hopeman,

⁴ Pursuant to the Administrative Agreements, each claimant was required to submit evidence of his/her asbestos-related disease diagnosis and exposure to asbestos that was connected to Hopeman’s business operations.

and Hopeman traditionally has paid the defense costs associated with defending the claims asserted against such directors and officers, subject to reimbursement for a portion of those defense costs by insurers.⁵

28. As of June 23, 2024, over 2,700 unresolved Asbestos-Related Claims have been asserted against Hopeman. These claims are filed in courts in, or submitted pursuant to the Administrative Agreements and assigned by SCS as if filed in, California (35), Illinois (32), Louisiana (88), Maryland (1,097), Pennsylvania (41), and Virginia (1,376), with the remaining 47 claims being filed in, or assigned as if filed in, fourteen other states.⁶

29. Prepetition, Hopeman entered into settlement agreements or approved for allowance, but had not yet paid, 160 of the pending Asbestos-Related Claims. The outstanding settlement payments, which either were not scheduled to be made prior to the Petition Date or for which the claimant had not yet provided required signatures on releases or other documents as a condition to payment, total \$858,800.

⁵ The directors and officers of Hopeman who have been sued are insureds and have rights under the Debtor's insurance coverage. In addition, in at least one state that allows "direct action" lawsuits, Asbestos-Related Claims have been filed against an insurer that provided primary insurance coverage to Wayne, a former Hopeman subsidiary that dissolved long ago (as described above). Secondary coverage for claims against Wayne overlap with Hopeman's existing insurance coverage. Accordingly, both the indemnity claims of the directors and officers and the potential drain on Hopeman's insurance coverage related to Wayne must be addressed in any plan providing for the use of the Debtor's cash and available insurance to address the Asbestos-Related Claims.

⁶ Some of these claims may also be the subject of filed complaints that the parties to Administrative Agreements agree are not to proceed while the administrative process continues.

For claims submitted via Administrative Agreements, the above-referenced jurisdictions historically were assigned by SCS based upon several criteria, including (i) the jurisdiction in which the claimant's counsel typically filed its lawsuits pertaining to the Asbestos-Related Claims asserted against the Debtor; or (ii) the jurisdiction in which a claimant initially filed a lawsuit against the Debtor pertaining to his or her Asbestos-Related Claim but subsequently pursued the claim instead through an Administrative Agreement.

D. Hopeman's Insurance Policies and Its Prepetition Funding of Defense and Reconciliation Costs Concerning Asbestos-Related Claims

30. Prepetition, Hopeman primarily funded its defense and resolution of the Asbestos-Related Claims by drawing upon available coverage from its liability insurance program and with cash on hand. Hopeman's asbestos-related liability insurance program consists of primary-layer insurance policies and multilayer excess general liability insurance policies issued by various insurers (collectively, the "Insurers"), the last coverage period for which ended December 31, 1984. The primary-layer policies Hopeman purchased from 1937 through 1984 were all issued by Liberty Mutual Insurance Company ("LMIC"). The excess insurance policies in the program were issued by LMIC and various other Insurers from 1965 through 1984.

31. Historically, pursuant to Hopeman's various insurance policies, solvent Insurers, within their applicable policy limits, would reimburse Hopeman for portions of the applicable defense costs (including claims administration costs) and for portions of the liability payments it made to resolve Asbestos-Related Claims.

32. Additionally, prior to the Petition Date, Hopeman entered into various agreements with certain Insurers to address the Asbestos-Related Claims. Specifically, in June 1985, Hopeman and certain of its Insurers, as well as other asbestos claim defendants and their respective insurers, entered into an Agreement Concerning Asbestos-Related Claims (commonly known as the "Wellington Agreement"). Pursuant to the Wellington Agreement, participating insurers' obligations for Asbestos-Related Claims, including for payment of defense costs and indemnification of liability payments incurred by Hopeman, were spread pro-rata across all insurance policies from a claimant's date of first exposure across a "coverage block" which, in Hopeman's case, eventually extended to 1984.

33. A number of Insurers who were not signatories to the Wellington Agreement entered into bilateral insurance settlement agreements, called “coverage-in-place” agreements, with Hopeman (collectively, the “CIP Agreements”). Pursuant to each CIP Agreement, the applicable insurance policy remained in place and the agreements obligated those Insurers to pay portions of Hopeman’s defense costs and liability indemnification amounts for Asbestos-Related Claims on terms identical to or substantially similar to those of the Wellington Agreement.

34. As a result of such agreements and payments, all of the primary layer and excess insurance that Hopeman purchased from LMIC is exhausted and released, such that only excess insurance from certain other Insurers remains available to pay the Asbestos-Related Claims.

35. Hopeman’s historical spend to pay claims and fund defense costs in connection with the Asbestos-Related Claims has far exceeded the amounts reimbursed by the Insurers. For the four-year period of 2020 through 2023, Hopeman’s claim payments and defense costs totaled over \$52 million, with payments to claimants totaling \$30 million and defense costs totaling \$22 million. In 2023 alone, Hopeman spent over \$12 million in combined claim payments and defense costs, while being reimbursed only \$6.6 million of this amount by Insurers. As such, for year 2023, net of insurance recoveries, Hopeman used its own cash to pay approximately 35.12% of claim payments and 57.33% of defense costs, resulting in an annual cash burn of approximately \$5.5 million.

36. Pursuant to current CIP Agreements, of the \$6,362,200 Hopeman paid to claimants in 2023, Insurers were responsible to reimburse Hopeman for 64.88% of those amounts and 42.67% of the \$5,946,060 in defense costs. As of the date hereof, Century Indemnity Company (“Century”, as successor to CCI Insurance Company, as successor to Insurance Company of North America) and Westchester Fire Insurance Company (“Westchester” and, together with Century, along with their respective predecessors, successors, subsidiaries, affiliates, directors, officers, and

representatives, the “Chubb Insurers”) are the Insurers with the largest coverage contribution obligations owed to Hopeman.

III. Events Leading to Commencement of this Chapter 11 Case

A. Debtor’s Prepetition Cash Position and the Chubb Insurer Settlement

37. After years of Hopeman covering the shortfall in insurance proceeds for its defense costs and claims payments in connection with the Asbestos-Related Claims, Hopeman’s cash reserves have dwindled. If allowed to continue on the current pace, Hopeman estimates it would deplete its remaining cash within the next 12 months. Upon such depletion, only the coverage remaining from unexhausted insurance policies would be available to cover the costs and liability associated with the Asbestos-Related Claims. With Hopeman unable to continue managing the defense and resolution of the Asbestos-Related Claims upon exhausting its available cash, it would create the classic “race to the courthouse” for claimants to recover remaining insurance proceeds. As a result, in consultation with its restructuring counsel and other advisors, Hopeman determined that it was in its best interest, as well as in the best interest of holders of Asbestos-Related Claims, to commence this chapter 11 proceeding to seek approval and implementation of an efficient, value maximizing process to monetize the remaining available insurance and distribute those proceeds equitably to valid holders of Asbestos-Related Claims.

38. To that end, in the months leading up to the commencement of this chapter 11 case, the Debtor conducted extensive, good faith negotiations with the Chubb Insurers – the Insurers that, as noted above, have the greatest share of defense and indemnity coverage contribution obligations owed to Hopeman pursuant to current CIP Agreements and that, accordingly, have the most remaining exposure of Hopeman’s Insurers. These prepetition negotiations were initiated and conducted with the purpose of resolving the Debtor’s unexhausted insurance coverage under

policies issued by the Chubb Insurers and resulted in a settlement agreement that monetizes the applicable insurance policies in the amount of \$31,500,000 (the “Chubb Insurer Settlement”).

39. The settlement agreement memorializing the Chubb Insurer Settlement (the “Chubb Insurer Settlement Agreement”) is attached to the motion seeking approval of the Chubb Insurer Settlement Agreement, being filed contemporaneously herewith, as Exhibit A. As set forth further below, and in accordance with the terms of the Plan and the Chubb Insurer Settlement Agreement, the proceeds to be received by the Debtor pursuant to the Chubb Insurer Settlement Agreement will be transferred to the Liquidation Trust as a substantial contribution toward payment of the Asbestos-Related Claims that the liquidation trustee determines are valid and payable.

40. Moreover, prior to the Petition Date, the Debtor has been actively engaged in discussions with other Insurers with the goal of negotiating, and ultimately entering into, additional settlement agreements with such Insurers. Similar to the terms of the Chubb Insurer Settlement Agreement, proceeds to be received by the Debtor pursuant to any additional settlement agreements will be transferred to the Liquidation Trust for the payment of the Asbestos-Related Claims deemed valid and payable by the liquidation trustee (such anticipated settlement agreements, together with the Chubb Insurer Settlement Agreement, the “Insurer Settlement Agreements”). The Debtor anticipates that it will be seeking Court approval of at least one additional Insurer Settlement Agreements in the near term.

B. Objectives of the Debtor’s Chapter 11 Case

41. Through this chapter 11 case, the Debtor intends to establish an efficient and fair process to utilize Hopeman’s remaining cash, the settlement payments contemplated by the Insurer Settlement Agreements, and its remaining insurance policies to address the thousands of pending Asbestos-Related Claims against Hopeman and those additional Asbestos-Related Claims to be

filed against Hopeman within a reasonable claims period. To resolve such claims, the Debtor intends to seek confirmation of the Plan and approval of the Insurer Settlement Agreements, by separate motions filed with the Court, as soon as practicable.

42. The Debtor's Plan provides for the establishment of the Liquidation Trust into which all its remaining assets will be transferred (namely its insurance rights and remaining cash). Further, the Liquidation Trust will assume liability for all of the Debtor's Asbestos-Related Claims and will use the Trust Assets⁷ to resolve and make distributions on account of substantiated Asbestos-Related Claims. By monetizing the applicable insurance policies through the Insurer Settlement Agreements and establishing the Trust Distribution Procedures (the terms of which will govern the review and payment, as appropriate, of the Asbestos-Related Claims), the Liquidation Trust will be able to address Asbestos-Related Claims in an equitable and efficient manner.

43. The approval of the Insurer Settlement Agreements and confirmation of the Plan are key to ensuring a fair and equitable process for addressing outstanding Asbestos-Related Claims. After transferring its current Asbestos-Related Claims, any remaining cash, and insurance assets to the Liquidation Trust, the Debtor will dissolve and no longer be subjected to additional Asbestos-Related Claims, as provided for in the proposed Plan.⁸

⁷ As currently contemplated by the Plan, which the Debtor expects to file in the near term, the Trust Assets are anticipated to be (i) the \$31,500,000 in proceeds from the Chubb Insurer Settlement Agreement; (ii) the proceeds of any other Insurer Settlement Agreements approved by the Court, (iii) the Debtor's remaining insurance rights pursuant to insurance policies entered into between the Debtor and applicable Insurers; and (iv) any Excess Cash of the Debtor's Estate.

⁸ While reserving its right to do so, the Debtor has not proposed a plan pursuant to section 524(g) of the Bankruptcy Code to address future claims, *i.e.*, those claims that are not filed by a bar date to be established for filing claims against the contemplated liquidation trust.

IV. Summary of First Day Motions

44. Contemporaneously with the filing of its chapter 11 petition and this Declaration, the Debtor filed the following First Day Motions:

- a. *Motion of the Debtor for Entry of an Order (I) Waiving the Requirement to Submit a Formatted Mailing Matrix; (II) Approving the Form and Manner of Notice of Commencement of the Chapter 11 Case; and (III) Granting Related Relief (the “Commencement Motion”);*
- b. *Motion of the Debtor for Entry of an Order (I) Authorizing the Listing of Addresses of Counsel for Personal Injury Claimants in the Creditor Matrix in Lieu of Claimants’ Addresses; (II) Approving Notice Procedures for Such Claimants; and (III) Granting Related Relief (the “Counsel Service Motion”);*
- c. *Motion of the Debtor for Entry of Interim and Final Orders (I) Authorizing Debtor to Use Existing Bank Accounts and Business Forms; and (II) Granting the Debtor an Extension of Time to Comply with Requirements of Section 345(b) of the Bankruptcy Code (the “Cash Management Motion”);*
- d. *Motion of the Debtor for Entry of Interim and Final Orders Extending the Automatic Stay to Stay Asbestos-Related Actions Against Non-Debtor Defendants (the “Motion to Extend the Stay to Certain Non-Debtors”); and*
- e. *Application of the Debtor for Entry of an Order (I) Authorizing the Appointment of Kurzman Carson Consultants, LLC DBA Verita Global as Claims and Noticing Agent Effective as of the Petition Date; and (II) Granting Related Relief (the “Claims Agent Application”).*

45. I am familiar with the contents of each First Day Motion, and the facts set forth therein are true and correct to the best of my knowledge. The relief sought in the First Day Motions will permit the Debtor to, among other things, establish certain administrative procedures to promote a seamless transition into its chapter 11 case, which will enable the Debtors to efficiently administer its estate and affairs. As detailed more fully below, I believe the entry of orders granting the relief requested in the First Day Motions will provide critical assistance in the Debtor’s chapter 11 case by aiding in preserving the value of the Debtor’s assets and assisting in its reorganization efforts.

A. Commencement Motion

46. In the Commencement Motion, the Debtor is requesting entry of an order (i) approving the form and manner by which it will give notice to all known creditors and certain other parties in interest that it has filed this chapter 11 case, and (ii) authorizing the Debtor to prepare a list of creditors in lieu of filing a formatted mailing matrix. The Debtor proposes that the creditor matrix be maintained by Verita rather than filed with the Court. Furthermore, the Debtor seeks authority to serve the approved form of the notice of commencement no later than ten (10) business days following the date of entry of the Order approving the Commencement Motion. I believe that the relief requested in the Commencement Motion is in the best interests of the Debtor's estate, its creditors, and all other parties in interest and constitutes a critical element in achieving a successful and smooth transition to chapter 11.

B. Counsel Service Motion

47. By the Counsel Service Motion, the Debtor is requesting entry of an order (i) authorizing the listing of addresses of counsel for personal injury claimants in the creditor matrix in lieu of claimants' addresses; (ii) approving notice procedures for such claimants; and (iii) granting related relief.

48. Prior to the Petition Date, SCS tracked Asbestos-Related Claims against the Debtor by maintaining a database that identified the names, but not the addresses, of the claimants asserting Asbestos-Related Claims against Hopeman (the "Claimants"). This database maintained by SCS does, however, include the addresses for the Claimants' respective counsel of record because all communications regarding a Claimant's Asbestos-Related Claim were sent to his or her counsel.

49. Throughout the course of this chapter 11 case, various notices, mailings, and other communications must be sent to the Claimants. To ensure that the Claimants receive proper and

timely notice of the filings and critical events in this chapter 11 case, the Debtor seeks to (i) provide notice to Claimants in this chapter 11 case by listing the addresses of their respective counsel of record in the Debtor's creditor matrix in lieu of the Claimant's respective mailing addresses, and (ii) serve all notices, mailings, and other communications that are required to be served on the Claimants to their respective counsel of record in accordance with applicable noticing procedures set forth in the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, and the Local Rules of the United States Bankruptcy Court for the Eastern District of Virginia (the "Notice Procedures").

50. By establishing the Notice Procedures and effectuating service in accordance therewith, the Claimants will receive superior notice as compared to the Debtor and its restructuring professionals attempting to deliver notices directly to the Claimants. Moreover, the Notice Procedures will ease the Debtor's administrative burden of having to expend valuable estate resources attempting to determine where to send notices to thousands of Claimants. For these reasons, the Notice Procedures result in a more reliable and cost-effective noticing process that benefits the Debtor's bankruptcy estate as well as its creditors.

C. Motion to Extend the Stay to Certain Non-Debtors

51. By the Motion to Extend the Stay to Certain Non-Debtors, the Debtor is seeking to stay parties from prosecuting pending asbestos-related actions against Insurers on behalf of the Debtor's now-dissolved former subsidiary, Wayne, and former officers and directors of the Debtor and Wayne (collectively, "Former D&Os"; together with the Insurers, the "Protected Parties"), including, without limitation, the thirty-five lawsuits (35) lawsuits listed on Exhibit 1 to the proposed interim order approving the Motion to Extend the Stay (collectively, the "Direct Action Lawsuits") as to any of the Protected Parties, and from commencing new actions or proceedings against the Protected Parties.

52. The Protected Parties include (a) the Insurers who provide shared-insurance coverage to the Debtor and Wayne and are named in “direct-action” asbestos-related lawsuits on behalf of Wayne, and (b) the Former D&Os of the Debtor and Wayne who also are named in asbestos-related lawsuits with the Debtor and are covered under the Debtor’s insurance policies. If the Direct Action Lawsuits and any other asbestos-related actions are allowed to proceed against the Protected Parties to access insurance shared with the Debtor while this chapter 11 case is pending, they would deplete the Debtor’s available insurance and its assets and negatively impact the other creditors of the Debtor’s estate. Furthermore, without the requested extension of the stay, claimants would be permitted to litigate, in other forums, the exact same asbestos claims and attempt to recover from the insurance proceeds that the Debtor proposes to channel to the liquidation trust through the chapter 11 plan.

53. Accordingly, I believe that the relief requested in the Motion to Extend the Stay to Certain Non-Debtors is critical for the Debtor’s ability to achieve a primary goal of this chapter 11 case – ensuring a fair and equitable distribution of the Debtor’s remaining assets among claimants with valid, payable asbestos-related claims against the Debtor. On behalf of the Debtor, I respectfully submit that the Motion to Extend the Stay to Certain Non-Debtors is essential relief and should be granted.

D. Cash Management Motion

54. By the Cash Management Motion, the Debtor is requesting (i) authority to maintain and use existing bank accounts (the “Bank Accounts”) and business forms; and (ii) if the Court determines the Debtor is not in compliance with section 345(b) of the Bankruptcy Code, granting the Debtor a 45-day extension from the Petition Date to comply with such requirements (or such additional time as to which the United States Trustee may agree).

55. Prior to the Petition Date, the Debtor worked to centralize its cash, eliminate unnecessary accounts, and move its cash to its Bank Accounts at Citizens Bank, an institution that I have been told has been approved as an authorized depository by the U.S. Trustee for the Eastern District of Virginia. The Debtor maintains current and accurate accounting records of its cash transactions and submits that continued use of its Bank Accounts will prevent undue disruption to the Debtor during this chapter 11 case, while protecting the Debtor's cash for the benefit of the estate.

56. I believe that the relief requested in the Cash Management Motion is in the best interests of the Debtor's estate, its creditors, and all other parties in interest and constitutes an important element in achieving a successful and smooth transition to chapter 11. Accordingly, on behalf of the Debtor, I respectfully submit that the Cash Management Motion should be granted.

E. Claims Agent Application

57. Through the Claims Agent Application, the Debtor is seeking entry of an order appointing Kurtzman Carson Consultants, LLC dba Verita Global ("Verita") to act as the claims and noticing agent in order to assume full responsibility for, among other things, the distribution of notices, the creation and maintenance of a website accessible to the public about the bankruptcy process, and the maintenance, processing and docketing of proofs of claim filed in the Debtor's chapter 11 case. I believe Verita's rates are competitive and reasonable given Verita's quality of services and expertise. Accordingly, on behalf of the Debtor, I respectfully submit that the Claims Agent Application should be granted.

I declare under penalty of perjury that, after reasonable inquiry, the foregoing is true and correct to the best of my knowledge, information, and belief.

Executed this 30th day of June, 2024.

/s/ Christopher Lascell

Christopher Lascell
President
Hopeman Brothers, Inc.