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

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**In re:** : **Chapter 11**  
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**HOPEMAN BROTHERS, INC.,** : **Case No. 24-32428 (KLP)**  
:   
**Debtor.** :   
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**OMNIBUS REPLY OF DEBTOR IN SUPPORT OF ENTRY OF A THIRD  
INTERIM ORDER EXTENDING THE AUTOMATIC STAY TO STAY ASBESTOS-  
RELATED ACTIONS AGAINST NON-DEBTOR DEFENDANTS**

Hopeman Brothers, Inc., the debtor and debtor in possession in the above-captioned chapter 11 case (the “Debtor”),<sup>1</sup> hereby submits this omnibus reply (this “Reply”) in (i) further support of the *Motion of the Debtor for Entry of A Third Interim Order Extending the Automatic Stay to Stay Asbestos-Related Actions Against Non-Debtor Defendants* [Docket No. 579] (the “Motion for Third Interim Order”) and (ii) in response to the only two objections filed to the Motion for Third Interim Order: (a) an objection filed on behalf of three families of Louisiana claimants who filed direct action claims against the Debtor (the “Roussel Claimants”) [Docket No. 592] (the “Roussel Objection”) and (b) an objection filed on behalf of two Louisiana law firms, the Boling Law Firm

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<sup>1</sup> Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Motion.



and the Law Office of Philip C. Hoffman [Docket No. 593] (the “Hoffman Objection”; together with the Roussel Objection, the “Objections”), which objection does not identify their clients but from a review of the Direct Action Lawsuits, the Hoffman firm represents nine plaintiffs and the Boling Law Firm represents one plaintiff in those lawsuits (collectively, the “Hoffman Claimants”). In further support of the Motion and in reply to the Objections, the Debtor represents as follows:

**REPLY**

1. Both the Roussel and Hoffman Claimants raise the same objections to the Motion for a Third Interim Order that they raised in their prior objections to the Motion to Stay. *See* Docket Nos. 86 and 138. In essence, both argue again that (i) LMIC should not be a Protected Party because post-petition pursuit of any Louisiana claimant’s claims asserted against LMIC will not harm the estate, and (ii) the Louisiana asbestos claimants have rights to pursue direct actions against the Debtor’s insurers despite the commencement of this chapter 11 case. *See* Roussel Objection, p. 2-18; and Hoffman Objection, p. 2-7.

2. The Debtor fully briefed in its Omnibus Reply filed in September why these arguments fail under applicable law and then presented compelling and un rebutted evidence at the September 10 hearing supporting the relief the Court granted. *See* Omnibus Reply, p. 10-29; 9.10.24 Hr’g Tr. at 72:3-170:13.

3. In particular, as relevant to the Roussel and Hoffman Claimants’ Objections, the Debtor presented evidence at the September 10 hearing that supports the following:

- (i) If LMIC is not a Protected Party, the Debtor will incur substantial administrative expenses to (a) respond to discovery on the underlying claims and the insurance coverage disputes about the effectiveness of the LMIC Settlement, (b) follow

litigation in Louisiana to protect the Debtor's interests to avoid collateral estoppel and rulings inconsistent with the Debtor's interests, and (c) address indemnity claims asserted by LMIC under purported contractual indemnity rights, which the Debtor will have to defeat to avoid diluting the recoveries of claimants. *See* 9.10.24 Hr'g Tr. at 72:3-170:13.

(ii) The continuation or commencement of Direct Action Lawsuits against the Debtor's excess insurers would lead to expensive coverage fights over, among other issues, allocation, exhaustion and policy coverage of the claims, all of which would ensnare the Debtor in discovery and cause it to incur substantial administrative expenses. *See id.* In addition, if the claims are covered by policies with aggregate limits, the Debtor faces a diminution of coverage in policies owned by the Debtor that insure against liabilities and/or defense costs of other claimants besides the objecting Louisiana claimants. *See id.* Furthermore, the automatic stay bars direct action claims against the Debtor's Insurers under section 362(a)(3) because proceeds of the policies are property of the Debtor's estate to the extent they might diminish recoveries for other claimants and frustrate the orderly administration of the claims by this Court.

4. The Court agreed with the Debtor at the September 10 hearing, entered the Second Interim Order extending the Stay Period on an interim basis until March 10, 2025, and ruled that the Court would reassess the status of the case following the Stay Period if the Debtor requested a further extension of the Stay Period. *See id.* at 169:11-16 (holding that the Court "can reassess where this case is [at the end of the Stay Period]" and "all of the current arguments are preserved at that time").

5. The evidence that supported the relief the Court granted in the Second Interim Order continues to support that relief. Additionally, since the entry of that Second Interim Order

the Debtor has made substantial progress toward expeditiously and economically concluding this chapter 11 case. That progress further supports approving the Motion for Third Interim Stay and granting the limited extension of the Stay Period requested therein to avoid the wasting of estate resources, the substantial distractions to this case that the lack of such relief will cause, and the depletion of available insurance coverage while the Debtor negotiates and prosecutes a chapter 11 plan.

6. The Debtor's progress is summarized more fully in the Motion for Third Interim Order, but, notably, after agreeing to adjourn the hearing on the Insurer Settlement Motions to permit the Committee and other parties to conduct discovery and consider the merits of the proposed settlements, the Debtor successfully prosecuted the Certain Settling Insurers Motion at the December 16 hearing.<sup>2</sup>

7. Following the December 16 hearing, the Court authorized mediation by an Order entered on December 20, and since early January the Debtor has been actively engaged in Court-approved mediation concerning the Chubb Insurers Settlement Motion and in negotiating with the Committee and others, with the assistance and oversight of the judicial mediator, over the Plan that the Debtor filed within the first two weeks of commencing this case.

8. As set forth in the *Settlement Term Sheet for § 524(g) Plan of Hopeman Brothers, Inc.* (the "524(g) Term Sheet") annexed as Exhibit 1 to the Debtor's *Motion for Expedited Status Conference* filed with the Court on March 7 [Docket No. 609], the mediation has resulted in an agreement between the Debtor and the Committee, which has been joined in by Huntington

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<sup>2</sup> As this Court is aware, at the September 10 hearing, the Debtor also successfully prosecuted its motion to approve the proposed procedures for providing notice of the Insurer Settlement Motions and scheduled such motions for approval at a hearing on November 12. *See* Docket No. 204. The hearings on the Insurance Settlement Motions were later bifurcated by agreement with the Committee and with this Court's approval.

Industries, Inc., that will provide the Debtor and its estate and creditors with an agreed pathway to accomplish the Debtor's goal for this chapter 11 case – establishing an efficient and fair process to utilize the Debtor's remaining cash and its insurance policies to address the thousands of asbestos-related claims asserted against the Debtor.

9. The 524(g) Term Sheet is further evidence that the Debtor is making progress toward prosecuting a chapter 11 plan that will benefit all creditors. Seemingly, even the Hoffman Claimants admit that reaching such an agreement is meaningful progress toward the Debtor's goal of confirming a plan. *See* Hoffman Objection, ¶ 6 (“The [Hoffman Claimants] acknowledge that mediation is necessary to facilitate the development of a confirmable plan. However, to exercise the ‘drastic’ remedy of extending the stay to non-debtors on a third interim basis, the Debtor must demonstrate that mediation is resulting in meaningful progress towards the Debtor’s goal of ‘confirmation of plan that creates [a] trust.’”).

10. A relatively short extension of the Stay Period, through June 30, 2025, as requested in the Motion for Third Interim Order, is critical for the Debtor to focus its resources and efforts on negotiating and prosecuting a chapter 11 plan consistent with the agreement set forth in the 524(g) Term Sheet.

### **CONCLUSION AND RESERVATION OF RIGHTS**

11. Accordingly, the Debtor submits that the Court should overrule the Objections and approve the Motion for Third Interim Order.

12. The Debtor expressly reserves its right to amend, modify, or supplement this Reply and to raise any additional arguments at any hearing concerning the Motion for Third Interim Order.

Dated: March 7, 2025  
Richmond, Virginia

/s/ Henry P. (Toby) Long, III

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