**UNITED STATES BANKRUPTCY COURT**
**SOUTHERN DISTRICT OF NEW YORK**

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| In re: | Chapter 11 |
| ELETSON HOLDINGS INC.,[1] | Case No. 23-10322 (JPM) |
| Debtor. | **Hearing Date: September 28, 2026, at 11:00AM ET** |
| | **Objection Deadline: September 25, 2026, at 12:00PM ET** |

**NOTICE OF REED SMITH LLP'S MOTION TO STAY THE BANKRUPTCY COURT TURNOVER ORDER PENDING APPEALS**

**PLEASE TAKE NOTICE** that a hearing (the "Hearing") will be held before the Honorable John P. Mastando III, United States Bankruptcy Judge, via Zoom on September 28, 2026, at 11:00 a.m. (prevailing Eastern Time), in Courtroom 723, United States Bankruptcy Court for the Southern District of New York, One Bowling Green, New York, NY 10004, to consider the motion (the "Motion") of Reed Smith LLP pursuant to Rule 8007(a) of the Federal Rules of Bankruptcy Procedure to stay the Bankruptcy Court Turnover Order.[2]

**PLEASE TAKE FURTHER NOTICE** that parties wishing to register for the Zoom hearing should use the eCourt Appearances link on the Court's website: https://www.nysb.uscourts.gov/ecourt-appearances. Parties must register to participate via Zoom by 4:00 p.m. on the business day before the scheduled hearing.

**PLEASE TAKE FURTHER NOTICE** that you need not appear at the Hearing if you do not object to the relief requested in the Motion.

[1] Prior to November 19, 2024, the Debtors in these cases were: Eletson Holdings Inc., Eletson Finance (US) LLC, and Agathonissos Finance LLC.

[2] Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Motion.



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**PLEASE TAKE FURTHER NOTICE** that the Hearing may be continued or adjourned from time to time without further notice other than an announcement of the adjourned date or dates at the Hearing or at a later hearing.

**PLEASE TAKE FURTHER NOTICE** that objections, if any, to the Motion, may be made (1) orally at the Hearing or (2) in writing and filed with the Bankruptcy Court (with a copy to chambers) and served upon the undersigned, together with proof of service thereof, so as to be received no later than September 25, 2026, at 12:00 p.m. (prevailing Eastern Time).

Dated: September 22, 2026
New York, New York

Respectfully submitted,

GIBSON, DUNN & CRUTCHER LLP

By: /s/ *C. Lee Wilson*

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| In re: | Chapter 11 |
| ELETSON HOLDINGS INC.,[1] | Case No. 23-10322 (JPM) |
| Debtor. | **Hearing Date: September 28, 2026, at 11:00AM ET** |
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**REED SMITH LLP'S MOTION TO STAY THE BANKRUPTCY COURT TURNOVER ORDER PENDING APPEALS**

Reed Smith LLP ("Reed Smith"), by and through its undersigned counsel, hereby files this motion (the "Motion") for entry of an order, pursuant to Fed. R. Bankr. P. 8007(a), to stay (the "Stay") the *Order (I) Authorizing Turnover of the Eletson Client Files and (II) Confirming Transfer of Attorney Client Privilege*, entered on September 15, 2026 [Dkt. No. 2117] (the "Bankruptcy Court Turnover Order"), pending the earliest of the conclusion of (i) Reed Smith's appeal of the Bankruptcy Court Turnover Order (the "Bankruptcy Turnover Appeal");[2] or (ii) Reed Smith's appeal (the "District Court Turnover Appeal") of the order issued by the U.S. District Court for the Southern District of New York requiring Reed Smith to turn over the client file it maintained in connection with its representation of Eletson Corp. or Eletson Holdings in arbitration, vacatur proceedings, and related materials (the "District Court Turnover Order") and the appeal (the "Plan Confirmation Appeal") of the confirmation of the Debtors' bankruptcy plan (the "Plan"). If the Court is not inclined to grant the requested Stay,

[1] Prior to November 19, 2024, the Debtors in these cases were: Eletson Holdings Inc., Eletson Finance (US) LLC, and Agathonissos Finance LLC.

[2] Reed Smith intends to file a notice of appeal on or before the September 29, 2026 deadline for appealing the Bankruptcy Court Turnover Order.

then Reed Smith requests that this Court grant a brief Administrative Stay to allow Reed Smith to expeditiously seek the Stay from the District Court and, if necessary, the Second Circuit.

In support of the Motion, Reed Smith states as follows:

**PRELIMINARY STATEMENT**

1. Reed Smith asks only for a temporary stay of the Bankruptcy Court Turnover Order until the Second Circuit resolves the pending appeals that will determine whether Holdings'[3] current management is entitled to Reed Smith's Eletson Client Files. Those appeals are fully briefed and provisionally set for argument during the week of December 14, 2026. Through this Motion, Reed Smith asks that the Court refrain from requiring the irreversible disclosure of privileged, confidential materials in advance of these imminent decisions from the Second Circuit.

2. All four stay factors—irreparable harm, likelihood of success, injuries to other parties, and the public interest—favor granting the Stay.

3. With respect to the first factor, absent the Stay, Reed Smith will face irreparable harm as, once privileged materials are disclosed, no later ruling can restore their confidentiality. That harm is underscored by the fact that two fully briefed Second Circuit appeals implicate whether Reed Smith should be compelled to produce its Eletson Client Files to Holdings. The District Court Turnover Appeal concerns the overlapping District Court Turnover Order, as to which the Second Circuit has already held that a stay is warranted. And the Plan Confirmation Appeal raises the questions of "who controls Eletson Holdings, Inc., and what that control has on the appeal."[4] The rulings in either of these appeals could limit or eliminate Reed Smith's obligation

[3] Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Bankruptcy Court Turnover Opinion.

[4] Second Circuit's Stay Order at 2; Plan Confirmation Appeal, Dkt. No. 50.1 (same).

to turn over the Eletson Client Files to Holdings, but those rulings can afford meaningful relief only if they issue before turnover, not after.

4. In addition, Reed Smith would be irreparably harmed by being forced to incur the significant cost and effort required to turn over some but not all of its Eletson Client Files now. Given the Second Circuit's Stay Order, the Bankruptcy Court Turnover Order exempts the Vacatur Documents from production. Thus, to comply with the Bankruptcy Court Turnover Order, Reed Smith will need to review its Eletson Client Files, document-by-document, to determine which documents fall within the Vacatur Documents and should be withheld. This process would be far less burdensome following the Second Circuit's rulings on the fully briefed appeals. Following those rulings, either (i) Reed Smith will not need to produce any of the Eletson Client Files, or (ii) if the Second Circuit affirms the District Court Turnover Order, Reed Smith can avoid the burdensome process of determining whether documents are or are not Vacatur Documents as the whole Eletson Client Files would be turned over. Granting the temporary Stay would entirely avoid this irreparable harm to Reed Smith.

5. With regard to likelihood of success, to satisfy this factor, Reed Smith need only demonstrate that there are serious questions going to the merits of its appeal. Here, respectfully, multiple serious questions exist with respect to the pending appeals. Indeed, this is what the Second Circuit already inherently determined in granting its stay of the District Court Turnover Order. And in staying that order, the Second Circuit expressed its trust that both this Court and the District Court would "tailor their proceedings to protect the privileged property at issue."[5] In that regard, Reed Smith believes that the "privileged property at issue" the Second Circuit referred to is not limited to the Vacatur Documents but more broadly refers to any documents as to which

[5] Second Circuit's Stay Order at 3.

there is a colorable claim of privilege that Reed Smith is obligated to preserve. And here, the Bankruptcy Turnover Motion (defined below) directly called for the materials subject to the Second Circuit's Stay Order. In an attempt to avoid this clear conflict, the Bankruptcy Court Turnover Order carves out Vacatur Documents from the turnover, but that carveout only underscores the conflict with the Second Circuit's Stay Order and the Second Circuit's implicit findings. Similarly, in denying Holdings' motion to dismiss the Plan Confirmation Appeal, the Second Circuit has expressly reserved for itself the questions "of who controls Eletson Holdings, and what effect that control has on the appeal,"[6] emphasizing the serious questions going to the merits of the District Court Turnover Appeal and the Plan Confirmation Appeal.

6. With respect to injuries to other parties, granting the brief Stay would not substantially harm any interested parties, including Holdings. Holdings has not demonstrated an urgent need for these materials, as shown both by its nearly two-year delay in filing the underlying motion seeking the Eletson Client Files (the "Bankruptcy Turnover Motion") [Dkt. No. 2094] and in its failure to identify the particular documents it purportedly needs, despite being pressed to do so in Reed Smith's briefing on the Bankruptcy Turnover Motion.

7. Finally, the Stay would serve the public interest by avoiding the risk of inconsistent judgments, ensuring that privilege is protected, and reducing the likelihood of additional discovery disputes, thereby furthering judicial economy.

8. Accordingly, all the relevant factors overwhelmingly favor granting the Stay.

9. This Court has already recognized the prudence of awaiting appellate guidance. In deferring ruling on Holdings' *Motion for Entry of an Order Compelling Reed Smith to Implement the Plan and Imposing Sanctions*, this Court observed that the District Court and the Second

[6] *Id.* at 2.

Circuit have before them a "pipeline of largely overlapping appeals" and "that resolution of the various appeals is likely to bring clarity on disputed issues[.]"[7] The same logic warrants granting the Stay here.

**RELEVANT PROCEDURAL BACKGROUND**

10. The factual and procedural history relevant to this Motion is set forth in detail in the Relevant Procedural Background section of *Reed Smith LLP's Opposition to Motion for an Order Authorizing Turnover Under § 542(e) of the Bankruptcy Code and Confirming the Transfer of Attorney-Client Privilege* [Dkt. No. 2100] ¶¶ 6-21. Reed Smith incorporates that background by reference as though fully set forth herein.

11. On September 15, 2026, this Court entered the *Memorandum Opinion and Order Granting Eletson Holdings Inc.'s Motion for an Order Authorizing Turnover Under § 542(e) of the Bankruptcy Code and Confirming Transfer of Attorney-Client Privilege* [Dkt. No. 2116] (the "Bankruptcy Court Turnover Opinion"). That same day, this Court issued the Bankruptcy Court Turnover Order, which stated that Reed Smith should "turn over the documents comprising the Eletson Client Files once either the time to appeal this Order has expired and [Reed Smith] has not appealed, or [Reed Smith] has appealed but has not obtained a stay pending appeal." Bankruptcy Court Turnover Order ¶ 14.

12. The Bankruptcy Court Turnover Order, however, also stated that Reed Smith was "not required to produce the Vacatur Documents within the Eletson Client Files, and Holdings shall hold enforcement of this Order in abeyance, solely as to the Vacatur Documents, pending the Second Circuit's decision in the Vacatur Proceeding." *Id.* ¶ 11.

[7] *Memorandum Opinion and Order Deferring Ruling on Eletson Holdings Inc.'s Motion for Entry of an Order Compelling Reed Smith to Implement the Plan and Imposing Sanctions* [Dkt. No. 2119] at 19 (internal quotations marks and citations omitted).

## LEGAL ARGUMENT

13. When considering whether to grant a stay pending appeal, courts consider the following four factors:

a. whether the applicant will be irreparably injured absent a stay,

b. whether the stay applicant has made a strong showing that he is likely to succeed on the merits,

c. whether issuance of the stay will substantially injure the other parties interested in the proceeding, and

d. where the public interest lies.

*See Mahdawi v. Trump*, 136 F.4th 443, 449 (2d Cir. 2025) (citing *Nken v. Holder*, 556 U.S. 418, 433 (2009)).

14. In general, the irreparable injury and likelihood-of-success factors are the "most critical." *Id.* (internal quotations and citations omitted). But the inquiry into whether to grant a stay pending appeal involves "a balancing of factors that must be weighed." *See In re Adelphia Commc'ns Corp.*, 361 B.R. 337, 347 (S.D.N.Y. 2007) (noting that, in the Second Circuit, failing to satisfy one of the four factors does not necessarily mean the court should not grant a stay pending appeal). "[T]he degree to which a factor must be present varies with the strength of the other factors, meaning that more of one factor excuses less of the other." *In re World Trade Ctr. Disaster Site Litig.*, 503 F.3d 167, 170 (2d Cir. 2007) (internal citation and quotation marks omitted) (citation modified).

15. Here, all four of these factors support granting the Stay.

**a. Reed Smith Will Suffer Irreparable Injury Absent the Stay.**

16. Reed Smith will be irreparably harmed if the Stay is not granted for two independent reasons.

17. ***First***, as courts in this Circuit have long recognized, compelling a party to produce privileged materials has irreversible consequences: once the materials have been disclosed, the confidentiality the privilege is meant to protect is permanently destroyed. As parties and counsel cannot "unlearn what has been disclosed to them in discovery," *Chase Manhattan Bank, N.A. v. Turner & Newall, PLC*, 964 F.2d 159, 165 (2d Cir. 1992), when a party "turns over the disputed documents, it will lose the privilege and will be unable to recoup the benefit of it on appeal." *In re Long Island Lighting Co.*, 129 F.3d 268, 271 (2d Cir. 1997); *see Bogosian v. Gulf Oil Corp.*, 738 F.2d 587, 591 (3d Cir. 1984) ("[C]ompliance with the production orders complained of destroys the right sought to be protected."). Indeed, because the disclosure of potentially privileged documents results in the irreversible loss of such privilege, the Second Circuit has repeatedly permitted interlocutory review of discovery orders. *See*, *e.g.*, *In re Cty. of Erie*, 473 F.3d 413 (2d Cir. 2007); *Chase Manhattan Bank, N.A.*, 964 F.2d at 165.

18. Absent the Stay, Reed Smith risks suffering precisely that irreparable harm. Two separate fully-briefed Second Circuit appeals—the District Court Turnover Appeal and the Plan Confirmation Appeal—implicate the question of whether Reed Smith has an obligation to produce the Eletson Client Files at all. The Second Circuit recognized this by issuing a single order denying Holdings' motion to dismiss, issuing its stay, and directing that the appeals be considered in tandem. *See* Second Circuit's Stay Order. First, with respect to the District Court Turnover Appeal, the issue on appeal is whether the District Court Turnover Order, which requires Reed Smith to turn over the Vacatur Documents, should be reversed. And the District Court Turnover Order and the appeal of that order are inextricably linked to the Bankruptcy Court Turnover Order because the two orders overlap both in the documents they reach and in the privilege issues they raise. Second, the Plan Confirmation Appeal involves the issue of "who controls Eletson Holdings, Inc. and what

effect that control has on the appeal." Second Circuit's Stay Order at 2. The Second Circuit's resolution of those issues will decide whether Holdings is entitled at all to the documents it seeks and the privilege it claims.

19. Although this Court found that the Eletson Client Files sought by the Bankruptcy Turnover Motion are not "documents within the scope of the Second Circuit's Stay Order," the plain language of the two orders at issue belies that conclusion. The stayed District Court Turnover Order requires Reed Smith to disclose "the entire file maintained by Reed Smith in any matter wherein it represented Eletson Corp. or Eletson Holdings in relation to the arbitration award, the enforcement thereof or the monetization of it and the disputes underlying the award." Feb. 14 Hr'g Tr. at 107:1–5, Vacatur Proceeding Dkt. No. 270. In turn, the Bankruptcy Court Turnover Order requires Reed Smith to produce the Eletson Client Files, which encompass "the client files [Reed Smith] developed and maintained in the course of, or in connection with, the representation of the Debtors." *See* Bankruptcy Court Turnover Order ¶ 14; Bankruptcy Turnover Motion ¶ 4 (defining "Eletson Client Files"). Thus, at a minimum, the Bankruptcy Court Turnover Order reaches all files relating to Reed Smith's representation of the Debtors, including the files relating to the arbitration covered by the stayed District Court Turnover Order.

20. The "notwithstanding" carveout for the Vacatur Documents underscores, rather than resolves, this problem. But for that artificial exception, the Bankruptcy Court Turnover Order would reach the very materials the Second Circuit has ordered withheld for now. And the carveout therefore does not address the privilege issues implicated by the Eletson Client Files, including whether Holdings actually owns the privilege attaching to those documents and whether it is entitled to them as the Debtors' former adversary. Although the Bankruptcy Court addresses these issues in the Bankruptcy Court's Turnover Opinion, the Second Circuit reserved these issues for

itself in the Second Circuit's Stay Order, placing the Bankruptcy Court Turnover Order at odds with the Second Circuit's order. Moreover, in entering that Stay Order, the Second Circuit inherently found that Reed Smith would suffer irreparable harm if it was forced to turn over client documents before the Second Circuit could resolve the pending issues regarding the documents' privilege.

21. Thus, absent the Stay, the Second Circuit's rulings on the appeals would come too late. Reed Smith would have already produced the Eletson Client Files, destroyed their confidentiality, and thereby suffered irreparable harm.

22. ***Second***, compliance with the Bankruptcy Court Turnover Order while the appeals remain pending would also be extraordinarily burdensome, expensive, and inefficient for Reed Smith, adding to the irreparable harm it faces absent the Stay. Given that the Bankruptcy Court Turnover Order carves out the Vacatur Documents from its scope, Reed Smith will need to review and determine, document-by-document, which materials qualify as Vacatur Documents. Inevitably, Holdings will then challenge Reed Smith's determinations, leaving Reed Smith to deal with additional litigation and expense. Absent the Stay, Reed Smith will be forced to shoulder this substantial burden, which the Second Circuit's forthcoming rulings will render unnecessary. If the Second Circuit's rulings relieve Reed Smith of producing any of the Eletson Client Files, it will have expended enormous resources reviewing and producing documents it does not have to produce. Conversely, if the Second Circuit instead affirms the District Court Turnover Order, absent a Stay, Reed Smith will already have been forced to undertake the painstaking process of determining which particular documents constitute Vacatur Documents for no reason at all.

Denying the Stay thus subjects Reed Smith to an onerous, impractical exercise that will prove wasteful no matter how the Second Circuit rules in the pending appeals.[8]

**b. Reed Smith Has a Strong Likelihood of Success on Appeal.**

23. In the Second Circuit, a movant may satisfy the likelihood-of-success factor "by showing that there are serious questions going to the merits of the dispute and that the balance of the hardships tips decidedly in its favor." *Starke v. SquareTrade, Inc.*, 2017 WL 11504834, at *1 (E.D.N.Y. Dec. 15, 2017) (internal citations omitted).

24. Here, serious questions exist with respect to the merits of the Bankruptcy Turnover Appeal, given the pending District Court Turnover Appeal and the Plan Confirmation Appeal. With respect to the District Court Turnover Appeal and the Plan Confirmation Appeal, the Second Circuit has already implicitly found that there are multiple serious questions going to the merits of the underlying disputes. In staying the District Court Turnover Order, the Second Circuit applied the same standard governing this Motion. *See* Second Circuit's Stay Order at 2 (citing *Nken v. Holder*, 556 U.S. 418, 434 (2009) (discussing the same stay factors)). Therefore, the Second Circuit necessarily determined that sufficiently serious questions exist with respect to the merits of the underlying disputes. Considering that the Second Circuit expressly directed this Court to "tailor [its] proceedings to protect the privileged property at issue," (*id.* at 3), this Court should defer to the Second Circuit and likewise find that the likelihood-of-success factor supports granting the Stay here.

[8] Reed Smith reserves the right to seek reimbursement for its costs and expenses, including attorneys' fees, in undertaking any review and production requested by Holdings in connection with the Bankruptcy Court Turnover Order. *Sage Realty Corp. v. Proskauer Rose Goetz & Mendelsohn L.L.P.*, 91 N.Y.2d 30, 38 (1997).

25. The same serious questions going to the merits of the District Court Turnover Appeal and the Plan Confirmation Appeal also exist with respect to the merits of the dispute underlying the Bankruptcy Turnover Appeal.

26. ***First***, like the District Court Turnover Order, the Bankruptcy Court Turnover Order is premised on the effectiveness of the Plan—the exact subject of the Plan Confirmation Appeal. As the Second Circuit will address in that appeal, appellants argue that there has not been the recognition of the Plan and Confirmation Order in Liberia and Greece necessary to fully consummate a change in ownership and control over Holdings, as required by the Plan and the Confirmation Order. Dkt. No. 846 §§5.2(b), 5.4, V.5.1, V.5.9, IX.9.1, XI.11.2, XI.11.3. If that is correct, then Holdings' current management is not entitled to the documents subject to the Bankruptcy Court Turnover Order. This exact issue is pending before the Second Circuit, which expressly reserved for itself the question of "who controls [the Debtors], and what effect that control has on the appeal." Second Circuit's Stay Order at 2.

27. ***Second***, as also raised in the appeal from the District Court Turnover Order, the Bankruptcy Court Turnover Order requires Reed Smith to provide its privileged files to its client's former adversary, in contravention of settled law. An attorney is under no duty to disclose its client files if doing so "might violate a duty of nondisclosure owed to a third party, or otherwise imposed by law." *Sage Realty Corp. v. Proskauer Rose Goetz & Mendelsohn L.L.P.*, 91 N.Y.2d 30, 37 (1997). Under *Tekni-Plex Inc. v. Meyner & Landis*, when a client changes or reorganizes and becomes controlled by an adversary, the client's law firm is not required to produce documents related to matters against the adversary. *See* 89 N.Y.2d 123, 136-39 (1996). Yet, the Bankruptcy Court Turnover Order requires exactly that—it requires Reed Smith to turn over the Eletson Client

Files to Holdings, an entity owned and controlled by Pach Shemen LLC, an affiliate under common control with Levona Holdings Ltd., the Debtors' adversary in the arbitration.

28. Although this Court has ruled against Reed Smith on these issues—finding that the Debtors' privilege had transferred to Holdings and that the *Tekni-Plex* holding does not apply here (Bankruptcy Court Turnover Opinion at 11-12)—they remain serious, pending questions going to the merits of the disputes on appeal that are set to be decided by the Second Circuit imminently. And in entering the Second Circuit's Stay Order, the Second Circuit has already implicitly found that Reed Smith established a sufficient likelihood of success on these issues. Accordingly, this Court should follow the Second Circuit and hold that the likelihood-of-success factor also weighs in favor of granting the temporary Stay here.

29. ***Third***, there is a serious question of whether the Bankruptcy Court Turnover Order violates the Second Circuit's Stay Order. At the outset, as this Court has acknowledged, it is bound by the Second Circuit's rulings. Bankruptcy Court Turnover Opinion at 8. The Second Circuit mandated that this Court "tailor [its] proceedings to protect the privileged property at issue." Second Circuit's Stay Order at 3. By its own terms, that order applies not just to the Vacatur Documents but to all the "privileged property at issue," which broadly includes the Debtors' privileged communications in Reed Smith's possession. *Id.* at 2. And it is that broader universe that the Bankruptcy Court Turnover Order implicates, and which Reed Smith respectfully believes violates the Second Circuit's Stay Order. Given the breadth of the respective language in the Bankruptcy Court Turnover Order and the stayed District Court Turnover Order, the respective scopes of the two orders overlap. Although the Bankruptcy Court Turnover Order exempts the Vacatur Documents from being disclosed, that exemption does not resolve the privilege issues that

prompted the Second Circuit to issue the Second Circuit's Stay Order, and there is a serious question of whether or not that order "protect[s] the privileged property at issue." *Id.*

**c. Granting the Stay Will Not Substantially Injure Other Parties.**

30. Granting the Stay will not substantially injure Holdings. Holdings' own conduct belies any urgency. It waited nearly two years to file the Bankruptcy Turnover Motion, and its request remains wholly generalized—despite Reed Smith's requests for specificity, Holdings seeks the Eletson Client Files wholesale rather than identifying the particular documents or types of documents it has a real need for. Holdings' sweeping, undifferentiated demand for the entire file demonstrates the absence of any urgent, particular need.

31. Moreover, to the extent granting the Stay will lead to any delay, such delay will likely be minimal. Both the District Court Turnover Appeal and the Plan Confirmation Appeal have been fully briefed, and the parties are only awaiting argument and a decision. And, regardless, delay, alone, does not constitute substantial injury. *See Sutherland*, 856 F. Supp. 2d at 643–44 (finding that the harm from a stay was less than overwhelming and fully reparable where the only injury was delay).

32. At bottom, the injuries to other parties, if any, pale in comparison to the irreparable injury Reed Smith will suffer absent the Stay.

**d. The Public Interest Favors Granting the Stay.**

33. The public interest also favors granting the Stay. When deciding whether to grant a stay, courts have repeatedly found that conserving judicial resources serves the public interest. *See*, *e.g.*, *New York Immigr. Coal. v. Trump*, 2026 WL 36140, at *1 (S.D.N.Y. Jan. 6, 2026) ("[A] stay would serve the public interest by conserving judicial resources."); *Nelson v. G.Skill USA, Inc.*, 2023 WL 3300408, at *6 (W.D.N.Y. May 8, 2023) ("Considerations of judicial economy are

frequently viewed as relevant to the public interest" (internal citations and quotation marks omitted)). The Second Circuit has fully briefed appeals that are ready for argument, and burdening the Court with additional appeals and arguments on these issues when the Second Circuit is poised to resolve them in the near future is inefficient. *See Nelson v. G.Skill USA, Inc.*, 2023 WL 3300408, at *6 (W.D.N.Y. May 8, 2023) ("[A] stay would serve the public interest by conserving judicial resources."). Waiting for the Second Circuit to resolve these issues would spare Reed Smith enormous time, effort, and resources—including the cost of litigating potential discovery disputes—and spare this Court the burden of adjudicating that unnecessary litigation, conserving judicial resources.

34. Granting the Stay would also reduce the risk of inconsistent judgments. Compelling the disclosure of documents when the issue of the propriety of such disclosure is on appeal risks leading to inconsistent judgments. Indeed, courts in this Circuit routinely defer ruling on issues subject to a pending appeal, including where the Second Circuit has "temporarily stayed enforcement" of a lower court's order that touches on the underlying issue. *Thai Lao Lignite (Thailand) Co., Ltd. v. Gov't of Lao People's Democratic Republic*, 2013 WL 3970823, at *1 (S.D.N.Y. Aug. 2, 2013); see *United States v. Romeo*, 136 F.4th 372, 376 n.1 (2d Cir. 2025) (noting that the district court "deferred ruling" on a forfeiture order pending Second Circuit appeal); *In re Lehman Bros. Sec. and ERISA Litig.*, 2012 WL 6584524, at *1 (S.D.N.Y. Dec. 18, 2012) (deferring ruling on question that was "sub judice in the Court of Appeals").

35. Here, issues dispositive to the underlying dispute are already pending before the Second Circuit. The Second Circuit has expressly reserved for itself the questions of "who controls Eletson Holdings, Inc., and what effect that control has on the appeal." Second Circuit's Stay Order at 2. Those same questions of control—and the privilege and ownership rights that follow

from them—dictate whether Holdings is entitled to the Eletson Client Files it seeks from Reed Smith. Proceeding in parallel therefore invites a risk of inconsistent judgments: notwithstanding that this Court issued the Bankruptcy Court Turnover Order, the Second Circuit may conclude that Holdings never had any right to them.

36. Moreover, the public interest favors a stay pending appeal where, as here, substantial attorney-client privilege issues are at stake. "[T]he generally acknowledged purpose of the privilege is 'to encourage full and frank communication between attorneys and their clients and thereby promote broader public interests in the observance of law and the administration of justice.'" *In re Grand Jury Investigation*, 399 F.3d 527, 581 (2d Cir. 2005) (*quoting Swidler & Berlin v. United States*, 524 U.S. 399, 403 (1998)).

37. Finally, there are no countervailing public interests that support denying the Stay. As such, granting the Stay would only serve the public interest.

## CONCLUSION

For the foregoing reasons, Reed Smith respectfully requests that the Court grant the Motion and impose the requested Stay. If the Court is not inclined to do so in full, Reed Smith respectfully requests that the Court grant a temporary administrative stay to allow Reed Smith time to seek a stay from the District Court and the Second Circuit.

Dated: New York, New York
September 22, 2026

Respectfully Submitted,

GIBSON, DUNN & CRUTCHER LLP

By: /s/ *C. Lee Wilson*

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*Attorneys for Reed Smith LLP*

**UNITED STATES BANKRUPTCY COURT**
**SOUTHERN DISTRICT OF NEW YORK**

| | |
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| In re: | |
| ELETSON HOLDINGS INC., | Chapter 11 |
| | Case No. 23-10322 (JPM) |
| Debtor. | |

**[PROPOSED] ORDER GRANTING REED SMITH LLP'S MOTION TO STAY THE BANKRUPTCY COURT TURNOVER ORDER PENDING APPEALS**

Upon the motion to this Court (the "Motion") of Reed Smith LLP ("Reed Smith") for entry of an order, pursuant to Fed. R. Bankr. P. 8007(a), to stay the Bankruptcy Court Turnover Order,[1] and the Court having reviewed the Motion and any responses to the Motion, it is hereby

ORDERED, ADJUDGED, AND DECREED that:

1. The Motion is GRANTED.

2. The Bankruptcy Court Turnover Order [Dkt. No. 2117] and any further proceedings implementing the Bankruptcy Court Turnover Order are stayed until the earlier of: (a) the District Court's ruling on the Bankruptcy Turnover Appeal *or* (b) the Second Circuit's rulings on the District Court Turnover Appeal and the Plan Confirmation Appeal.

[1] Capitalized terms used but not otherwise defined herein shall have the definition ascribed to them in the Motion.

Dated: _____
New York, New York

_____
THE HONORABLE JOHN P. MASTANDO III
UNITED STATES BANKRUPTCY JUDGE