UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	:	Chapter 11
ELETSON HOLDINGS INC.,[1]	:	Case No. 23-10322 (JPM)
Debtor.	:	

ORDER DENYING REED SMITH LLP'S MOTION TO STAY THE BANKRUPTCY COURT TURNOVER ORDER PENDING APPEALS

Before the Court is Reed Smith LLP's ("Reed Smith") Motion To Stay The Bankruptcy Court Turnover Order Pending Appeals, dated September 22, 2026 ("Stay Motion"). Dkt. No. 2120.[2] The Stay Motion seeks a stay pursuant to Federal Rule of Bankruptcy Procedure 8007(a)[3] of this Court's September 15, 2026 Order (I) Authorizing Turnover Of The Eletson Client Files And (II) Confirming Transfer Of Attorney-Client Privilege ("Turnover Order"). Dkt. No. 2117; *see also* Dkt. No. 2116 (Memorandum Opinion And Order Granting Eletson Holdings Inc.'s

[1] Prior to November 19, 2024, the debtors in these cases were: Eletson Holdings Inc., Eletson Finance (US) LLC, and Agathonissos Finance LLC (the "Debtors"). On March 5, 2025, the Court entered a final decree and order closing the Chapter 11 cases of Eletson Finance (US) LLC and Agathonissos Finance LLC. Commencing on March 5, 2025, all motions, notices, and other pleadings relating to any of the Debtors shall be filed in the Chapter 11 case of Eletson Holdings Inc. The Debtor's mailing address is c/o Herbert Smith Freehills Kramer (US) LLP, 1177 Avenue of the Americas, New York, New York 10036.

[2] All references to Dkt. No. refer to docket entries in this case, unless proceeded by 2d Cir. Case No. xx-xxx or S.D.N.Y. Case No. xx-cv-xxxx, which refer to docket entries in cases in the Second Circuit and Southern District of New York respectively.

[3] "(a) Initial Motion in the Bankruptcy Court. (1) In General. Ordinarily, a party must move first in the bankruptcy court for the following relief: (A) a stay of the bankruptcy court's judgment, order, or decree pending appeal[.]" Fed. R. Bankr. P. 8007(a)(1)(A).

Motion For An Order Authorizing Turnover Under § 542(e) Of The Bankruptcy Code And Confirming Transfer Of Attorney-Client Privilege).[4] The Stay Motion seeks a stay of the Turnover Order pending the earliest conclusion of either: 1) Reed Smith's appeal of the Turnover Order; 2) Reed Smith's appeal of the District Court's order granting Holdings' motion to compel the production of the Eletson client file in the vacatur proceeding, on appeal to the Second Circuit. S.D.N.Y. Case No. 23-cv-7331, Dkt. Nos. 269 (Feb. 14, 2025 Or.), 270 (Feb. 14, 2025 Hr'g Tr.) at 106–115 ("District Court's Turnover Order"); 2d Cir. Case No. 25-445 ("Appeal of the District Court's Turnover Order"); or 3) what Reed Smith purports is an appeal of this Court's October 25, 2024, Memorandum Opinion And Order Confirming Petitioning Creditors' Amended Joint Chapter 11 Plan Of Reorganization Of Eletson Holdings Inc. And Its Affiliated Debtors, Sustaining Objections To Competing Plans, And Denying Motion In Limine ("Confirmation Opinion"), Dkt. No. 1212; S.D.N.Y. Case No. 24-08672, Dkt. No. 20 (stipulation and agreement to dismiss appeal); 2d Cir. No. 25-176 ("Appeal of the Stipulated Dismissal"). Dkt. No. 2120 (Stay Motion) at 1.

The Court is also in receipt of Eletson Holdings, Inc.'s ("Holdings") Objection To Reed Smith LLP's Motion To Stay The Bankruptcy Court Turnover Order Pending Appeals, dated September 25, 2026 ("Objection"). Dkt. No. 2123.[5] The Court held a hearing on the Stay Motion

[4] Capitalized terms used but not otherwise defined herein have the definitions ascribed to them in 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 ("Turnover Opinion"). Dkt. No. 2116.

[5] The Court agrees with Holdings that the Stay Motion is effectively a motion for reconsideration, as the arguments it raises were all previously raised and addressed in the Turnover Opinion. Objection at 1; *Nemaizer v. Baker*, 793 F.2d 58, 61 (2d Cir. 1986) ("Since 60(b) allows extraordinary judicial relief, it is invoked only upon a showing of exceptional circumstances."); *Schwartz v. Dolan*, 159 F.R.D. 380, 384 (N.D.N.Y. 1995) ("Mere repetition of arguments previously considered and rejected cannot be characterized as a 'strong showing.'").

on September 28, 2026.

> In considering a stay motion, courts consider:
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> (1) whether the stay applicant has made a strong showing that he is likely to succeed on the merits; (2) whether the applicant will be irreparably injured absent a stay; (3) whether issuance of the stay will substantially injure the other parties interested in the proceeding; and (4) where the public interest lies.

Nken v. Holder, 556 U.S. 418, 434 (2009) (citation modified). "The first two factors . . . are the most critical." *Id.* "It is not enough that the chance of success on the merits be better than negligible." *Id.* (citation modified). "By the same token, simply showing some possibility of irreparable injury fails to satisfy the second factor." *Id.* (citation omitted).

I. Likelihood of success on the merits

Reed Smith argues that in the Appeal of the District Court's Turnover Order and the Appeal of the Stipulated Dismissal, "the Second Circuit has already implicitly found that there are multiple serious questions going to the merits of the underlying disputes." Stay Motion at 10. Reed Smith also argues that because the Second Circuit stayed the District Court's Turnover Order, "the Second Circuit necessarily determined that sufficiently serious questions exist with respect to the merits of the underlying disputes." *Id.* (citing 2d Cir. Case No. 25-445, Dkt. No. 66).[6]

[6] It is not the case that the Second Circuit *necessarily* determined a likelihood of success on the merits by granting the stay of the District Court's Turnover Order. As Reed Smith itself cites, whether to grant a stay involves a balancing test of four factors, and no single factor is dispositive. Stay Motion at 6. And the Second Circuit granted the stay of the District Court's Turnover Order without commenting explicitly on any single factor. 2d Cir. Case No. 25-445, Dkt. No. 66.

Moreover, as Holdings states in the Objection, the Second Circuit then subsequently denied Reed Smith's request to stay the District Court's order granting Levona Holdings Ltd.'s motion to compel seeking documents from a Microsoft server (a server which this Court had authorized Holdings and its designee to obtain administrative level access to). 2d Cir. Case No. 25-445, Dkt. No. 105 (Oct. 31, 2025 panel order denying motion for stay of District Court's Aug. 26, 2026 order directing Reed Smith to produce documents from, inter alia, a Microsoft server); Objection at 7–8, 15–17.

Reed Smith also argues that the Turnover Order is premised on the effectiveness of the confirmed bankruptcy plan of reorganization, which Reed Smith purports is an issue on appeal in the Appeal of the Stipulated Dismissal. Stay Motion at 11; *see* Objection at 20 ("[I]t is worth emphasizing that the Plan Confirmation Appeal pending before the Second Circuit (2d Cir. Case No. 25-176) does not actually address the merits of confirmation, but rather the discrete issue of whether the District Court should have dismissed Provisional Holdings' purported appeal of the Plan."). As this Court and the District Court have repeatedly held, "the confirmed plan is effective, no party sought or obtained a stay of the order confirming the plan, and the relevant parties are thus bound by the terms of the confirmed plan and the confirmation order." Turnover Opinion at 9–10 (citing *Maness v. Meyers*, 419 U.S. 449, 458 (1975) ("If a person to whom a court directs an order believes that order is incorrect the remedy is to appeal, but, absent a stay, he must comply promptly with the order pending appeal."); *Eletson Holdings Inc. v. Levona Holdings Ltd.*, No. 23-cv-7331, 2025 U.S. Dist. LEXIS 165962, at *10 (S.D.N.Y. Aug. 26, 2025) ("Reed Smith's representation of Holdings was terminated as a result of the Confirmation Order which became effective in November 2024 and was not appealed or stayed."); *In re Eletson Holdings Inc.*, No. 25-cv-1312, 2025 U.S. Dist. LEXIS 187947, at *48 (S.D.N.Y. Sept. 22, 2025) ("[T]he Confirmation Order is binding on the former shareholders that participated in the bankruptcy process and on their counsel[.]")).

Reed Smith also argues that the "Turnover Order requires Reed Smith to provide its privileged files to its client's former adversary, in contravention of settled law," which is an issue also purportedly raised in the Appeal of the District Court's Turnover Order. Stay Motion at 11–12. As discussed in the Turnover Opinion, the Court rejects this argument, as the Turnover Order covers documents not within the scope of the District Court's Turnover Order or the Second

Circuit's Stay of that order. Turnover Opinion at 8–12. For the same reasons, the Court rejects Reed Smith's argument that the Turnover Order violates the Second Circuit's Stay Order. Stay Motion at 12–13.

The Court thus concludes that Reed Smith has not made a showing of a likelihood of success on the merits, and accordingly this factor weighs against granting the Stay Motion. *Nken*, 556 U.S. at 434.

II. Irreparable injury

Reed Smith argues that it will be irreparably injured absent a stay for two reasons: 1) "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," Stay Motion at 7–9; and 2) compliance with the Turnover Order would be "extraordinarily burdensome," *id.* at 9–10.

As to the first rationale, Reed Smith argues that the Appeal of the District Court's Turnover Order and the Appeal of the Stipulated Dismissal "implicate the question of whether Reed Smith has an obligation to produce the Eletson Client Files at all." *Id.* at 7. Reed Smith argues that "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." *Id.* Reed Smith also asserts that the Appeal of the Stipulated Dismissal "involves the issue of 'who controls Eletson Holdings, Inc. and what effect that control has on the appeal.'" *Id.* at 7–8 (quoting 2d Cir. Case No. 25-445, Dkt. No. 66).[7] As Reed Smith also

[7] Similar to Reed Smith's erroneous argument that the Second Circuit *necessarily* determined that sufficiently serious questions exist with respect to the merits of the underlying disputes, here too Reed Smith overstates the Second Circuit's Stay Order. Stay Motion at 2, 4, 7–8, 11, 14 (repeated quotations of the Second Circuit's Stay Order, stating that "[t]he Second Circuit has expressly reserved for itself the questions of 'who controls Eletson Holdings, Inc., and what effect that

acknowledges, however, "the Bankruptcy Court Turnover Order exempts the Vacatur Documents from production," *id.* at 3, and "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,'" *id.* at 8 (quoting Turnover Opinion at 8).

The Court rejects Reed Smith's representation that this was an "artificial exception," and finds, as it did earlier, that the Turnover Order covers documents not within the scope of the Second Circuit's Stay Order. *Id.*; Turnover Opinion at 8–12; Objection at 21 ("The Vacatur Documents are excluded from the Turnover Order, so no ruling by the Second Circuit about those documents can conflict with it."). The Turnover Order concerns documents "relating to the debtor's property or financial affairs." 11 U.S.C. § 542(e). As stated above, the confirmed plan is effective, and thus Holdings and its post-reorganization legal representation are entitled to, inter alia, e.g., documents concerning day-to-day business operations that are potentially currently being withheld. These documents are not within the scope of the Second Circuit's Stay Order, which stayed production of documents "in relation to the arbitration award, the enforcement thereof or the monetization of it and the disputes underlying the award." S.D.N.Y. Case No. 23-cv-7331, Dkt. No. 270 (Feb. 14, 2025 Hr'g Tr.) at 106–07; 2d Cir. Case No. 25-445, Dkt. No. 66.

In any event, as argued by Holdings, the privilege at issue asserted by Reed Smith belongs to Holdings, and disclosure of this purported privileged material to Holdings is no harm at all given that Holdings possesses the privilege attached to its own documents. Turnover Opinion at 11 n.8

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control has on the appeal.'"). While the Second Circuit did deny Holdings' motion to dismiss the Appeal of the Stipulated Dismissal, the full quote that Reed Smith points to states that the denial was "*without prejudice* to the parties raising their arguments regarding who controls Eletson Holdings, Inc., and what effect that control has on the appeal, before the merits panel." 2d Cir. Case No. 25-445, Dkt. No. 66 (emphasis added). That the Second Circuit permitted the parties to raise arguments is not tantamount to the Second Circuit "expressly reserv[ing] for itself" an issue on appeal.

("[T]he corporate privilege as to the Debtors' materials passed to Holdings on the Effective Date." (citation modified)); Objection at 11–13. "[D]elivering a client's file to the client reveals nothing to anyone outside the privilege." Objection at 11–12. In any event, "[a]ppellate courts can remedy the improper disclosure of privileged material in the same way they remedy a host of other erroneous evidentiary rulings: by vacating an adverse judgment and remanding for a new trial in which the protected material and its fruits are excluded from evidence." *Mohawk Indus., Inc. v. Carpenter*, 558 U.S. 100, 109 (2009).

As to Reed Smith's second rationale, Stay Motion at 9–10, that compliance with the Turnover Order would be burdensome, this Court again already determined that "such an objection is no basis to deny an owner its property," Turnover Opinion at 10 (citation modified). The Court finds no reason to conclude otherwise here. And the Court agrees with Holdings, in any event, that such monetary harm is not irreparable. Objection at 13–14; Stay Motion at 10 n.8; *Sampson v. Murray*, 415 U.S. 61, 90 (1974) ("Mere injuries, however substantial, in terms of money, time and energy necessarily expended in the absence of a stay, are not enough." (citation modified)).

III. Remaining factors

Having determined that the most critical factors weigh against a stay, the Court need not consider the remaining factors. *Nken*, 556 U.S. at 434. In any event, the Court finds that these also weigh against a stay. Objection at 18–22 ("A party cannot generate delay and then invoke it as a reason to deny relief. . . . The public interest favors the prompt implementation of confirmed plans and compliance with unstayed orders.").

IV. Conclusion

The Stay Motion is DENIED.

The Court, however, grants a temporary administrative stay of seven days, commencing

from the date of this Order, for Reed Smith to seek a stay in the District Court. Upon filing a motion for a stay in the District Court, this administrative stay will then extend until the District Court rules on the stay motion in the District Court. If Reed Smith fails to file a stay motion in the District Court, this administrative stay will expire seven days after the date of this Order.

IT IS SO ORDERED.

Dated: September 30, 2026
New York, New York

/s/ John P. Mastando III
HONORABLE JOHN P. MASTANDO III
UNITED STATES BANKRUPTCY JUDGE