UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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

NOTICE OF FILING OF REED SMITH LLP'S MOTION TO STAY THE BANKRUPTCY TURNOVER ORDER IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK

Reed Smith LLP, by and through its undersigned counsel, respectfully submits this Notice to notify the Bankruptcy Court that this evening Reed Smith filed a *Motion Stay the Bankruptcy Turnover Order Pending Appeals* (the "Motion") in the United States District Court for the Southern District of New York (the "District Court") and to ensure that timely notice of the Motion is provided to this Court and all parties-in-interest.

On September 30, 2026, the Bankruptcy Court issued an order [Dkt. No. 2129] that, among other things, provided Reed Smith with seven days from the day of that order—*i.e.*, until October 7, 2026—to file a motion to stay the Bankruptcy Court Turnover Order [Dkt. No. 2117] in the District Court.

On October 6, 2026, consistent with the District Court's guidelines,[2] counsel for Reed Smith contacted the clerk of the Bankruptcy Court to obtain the district court case number and the name of the district judge assigned to its appeal of the Bankruptcy Turnover Order [Dkt. No. 2127]

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

[2] Under the guidelines issued by the United State District Court for the Southern District of New York, if a stay "is to be sought from the district court after a notice of appeal has been filed but before the appeal appears on the district court docket, the movant must obtain from the clerk of the bankruptcy court the district court civil case number and name of the district judge assigned to the appeal, and thereafter file with the clerk of the district court the motion for relief." *Filing an Appeal of a Bankruptcy Court Order, Judgment or Decree* (S.D.N.Y. Updated 11/2023).

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and was told that its appeal had not yet been assigned a case number or judge. Counsel was also informed that its appeal would be processed the next day, October 7, 2026, and that counsel would receive the requested information then. Reed Smith, however, has not yet received that information and therefore has no way of filing the Motion on the District Court's electronic docket by the deadline established by this Court.

To ensure that it complied with the deadline mandated by this Court, on October 7, 2026, Reed Smith (1) emailed copies of the Motion and all supporting papers to the clerk for the District Court and the clerk for the Bankruptcy Court, copying opposing counsel and (2) files this Notice on the docket of the underlying bankruptcy case. Attached to this Notice is the Memorandum in Support of the Motion.

Reed Smith will promptly file the Motion and all supporting papers on the District Court's electronic docket once its appeal is assigned a case number and judge.

Dated: New York, New York
October 7, 2026

Respectfully submitted,

GIBSON, DUNN & CRUTCHER LLP

By: */s/ C. Lee Wilson*

Marshall R. King
mking@gibsondunn.com
Nancy E. Hart
nhart@gibsondunn.com
C. Lee Wilson
clwilson@gibsondunn.com

200 Park Avenue
New York, NY 10166-0193
Telephone: 212.351.4000

Attorneys for Appellant Reed Smith LLP

Marshall R. King
Nancy E. Hart
C. Lee Wilson
GIBSON, DUNN & CRUTCHER LLP
200 Park Avenue
New York, NY 10166-0193
Telephone: 212.351.4000
Email: mking@gibsondunn.com
nhart@gibsondunn.com
clwilson@gibsondunn.com

Attorneys for Appellant Reed Smith LLP

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	Chapter 11
ELETSON HOLDINGS INC.,[1]	Case No. 23-10322 (JPM)
Debtors.	
REED SMITH LLP,	
Appellant,	
-against-	Civil Action No.
ELETSON HOLDINGS INC.,	
Appellee.	

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

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Fed. R. Bankr. P. 8007(b) 1

MEMORANDUM OF LAW IN SUPPORT OF REED SMITH LLP'S MOTION TO STAY THE BANKRUPTCY TURNOVER ORDER PENDING APPEALS

Reed Smith LLP ("Reed Smith") moves (the "Motion"), pursuant to Fed. R. Bankr. P. 8007(b), to stay (the "Stay") the *Order (I) Authorizing Turnover of the Eletson Client Files and (II) Confirming Transfer of Attorney-Client Privilege* (the "Bankruptcy Turnover Order"),[2] pending the earlier of the conclusion of (i) Reed Smith's appeal (the "Bankruptcy Turnover Appeal") of the Bankruptcy Turnover Order in this Court; or (ii) Reed Smith's appeal[3] (the "District Turnover Appeal") of the order[4] (the "District Turnover Order") issued by this Court requiring Reed Smith to turn over the client file it maintained in connection with its representation of Eletson Corp. or Eletson Holdings in arbitration, the Vacatur Proceeding, and related proceedings, and Reed Smith's appeal [5] (the "Plan Confirmation Appeal") of the confirmation of the Debtors' bankruptcy plan (the "Plan").

If the Court is not inclined to grant the Stay, Reed Smith requests a brief Administrative Stay to allow Reed Smith to seek the Stay from the Second Circuit.

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[2] Ex. B, Bankr. Dkt. No. 2117

[3] *Eletson Holdings Inc., et al. v. Levona Holdings Ltd.*, Case No. 25-445 (2d Cir.)

[4] Ex. Q, *Eletson Holdings, Inc. et al. v. Levona Holdings Ltd*., Case No. 23-cv-07331-LJL (S.D.N.Y.) (the "Vacatur Proceeding"), Dkt. No. 269.

[5] *In re Eletson Holdings, Inc.*, Case No. 25-0176 (2d Cir.)

PRELIMINARY STATEMENT[6]

1. Reed Smith asks only for a temporary stay of the Bankruptcy Turnover Order. That order requires Reed Smith to turn over "the client files developed and maintained in the course of, or in connection with, the representation of the Debtors" (the "Eletson Client Files").[7] But two fully briefed appeals, set for argument on December 16, 2026, before the Second Circuit[8] will determine whether the current management of reorganized Eletson Holdings ("Reorganized Holdings") is entitled to Reed Smith's client files. The Motion therefore asks the Court to briefly pause the irreversible disclosure of its privileged, confidential materials until those appeals resolve.

2. Before filing the Motion, Reed Smith first sought a stay from the Bankruptcy Court, which declined to grant it, finding that the irreparable-injury and likelihood-of-success factors did not support a stay.[9] Respectfully, the Bankruptcy Court erred. To the contrary, all four factors—irreparable harm, likelihood of success, injuries to other parties, and public interest—favor granting the Stay.

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[6] Capitalized terms not defined in this Preliminary Statement shall have the meaning ascribed to them in the Motion.

[7] Ex. B, Bankruptcy Turnover Order ¶ 14; *see* ¶ 2 (incorporating the definition of the Eletson Client Files from the Bankruptcy Turnover Motion (defined herein)).

[8] Ex, W, Plan Confirmation Appeal, Dkt. No. 151; Ex. EE, District Turnover Appeal, Dkt. No. 147.

[9] Ex. C, Bankr. Dkt. No. 2129.

3. First, absent the Stay, Reed Smith will face irreparable harm because, once disclosed, privileged materials cannot recover their confidentiality. Here, two fully briefed Second Circuit appeals implicate whether Reed Smith should be compelled to produce its Eletson Client Files. The District Turnover Appeal concerns the District Turnover Order, which the Second Circuit has stayed and overlaps with the Bankruptcy Turnover Order. The Plan Confirmation Appeal raises the questions of "who controls Eletson Holdings, Inc., and what effect that control has on the appeal."[10] Rulings in either appeal could limit or eliminate Reed Smith's obligation to turn over its client files but can provide meaningful relief only if issued before turnover, not after.

4. Reed Smith would also suffer irreparable harm from the significant, unnecessary burden required to turn over a subset of its Eletson Client Files. Because the Bankruptcy Turnover Order exempts the documents subject to the Second Circuit's Stay (the "Vacatur Documents") from production, Reed Smith will need to review each document in the Eletson Client Files to determine which qualify as Vacatur Documents and must be withheld. But the Second Circuit's forthcoming rulings on the fully briefed appeals will eliminate the need for this review, *regardless of how the Second Circuit rules*. Following those rulings, either (i) Reed Smith will not need to produce any of its Eletson Client Files, or (ii) if the District Turnover

[10] Ex. B, Second Circuit's Stay (defined herein) at 2.

Order is affirmed, Reed Smith will produce all the files, avoiding the burden of determining which documents count as Vacatur Documents and litigating ensuing disputes.

5. Second, for likelihood of success, Reed Smith need only demonstrate that "serious questions" exist regarding the merits of its appeals. The Second Circuit's stay of the District Turnover Order indicates that serious questions exist regarding that order. The Second Circuit also expressed its trust that the lower courts would "tailor their proceedings to protect the privileged property at issue."[11] Reed Smith believes the "privileged property at issue" the Second Circuit referred to is not limited to the Vacatur Documents but applies to any potentially privileged document in Reed Smith's client files. Yet the Bankruptcy Turnover Motion directly calls for those documents. And, although the Bankruptcy Turnover Order carves out the Vacatur Documents from production, that carveout does not protect the privilege and confidentiality of Reed Smith's remaining client files. Similarly, in denying Reorganized Holdings' motion to dismiss the Plan Confirmation Appeal, the Second Circuit expressly reserved for itself the questions of "who controls Eletson Holdings, and what effect that control has on the appeal,"[12] underscoring the serious questions likewise going to the merits of the Bankruptcy Turnover Appeal.

[11] *Id.* at 3.

[12] *Id.* at 2.

6. Third, granting the Stay would not substantially harm Reorganized Holdings. Reorganized Holdings has no urgent need for these materials, as shown by its 22-month delay in filing the underlying motion[13] seeking the Eletson Client Files and continued failure to identify particular documents it purportedly needs, despite Reed Smith's repeated requests. With argument in the Second Circuit appeals scheduled in two months, briefly staying the Bankruptcy Turnover Order pending resolution of the appeals will not cause substantial harm.

7. Fourth, the Stay serves the public interest by avoiding inconsistent judgments, protecting privilege, and promoting judicial economy. Although the public has an interest in promptly implementing effective plans of reorganization, that interest is not served here because plan consummation and effectiveness are exactly the issues on appeal.

8. Accordingly, the relevant factors strongly favor granting the Stay.

PROCEDURAL BACKGROUND

I. The Plan Confirmation Appeal

9. On November 4, 2024, the Bankruptcy Court entered an order (the "Confirmation Order") confirming the Plan.[14]

[13] Ex. G, Bankr. Dkt. No. 2094.

[14] Ex. E, Bankr. Dkt. No. 1223.

10. On November 14, 2024, Reed Smith, on behalf of Eletson Holdings, appealed the Confirmation Order to this Court.[15]

11. On November 25, 2024, Reorganized Holdings stipulated to dismissing the appeal of the Confirmation Order.[16] On December 30, 2024, this Court granted that stipulation.[17]

12. On January 16, 2025, Reed Smith, on behalf of Eletson Holdings, appealed this Court's order granting the stipulation to the Second Circuit.[18]

13. Reorganized Holdings and Eletson Corp. moved the Second Circuit to dismiss the appeal or remand to the District Court.[19]

14. On June 25, 2026, the Second Circuit denied Reorganized Holdings' and Eletson Corp.'s motion to dismiss the Plan Confirmation Appeal, reserving the question of "who controls Eletson Holdings, Inc., and what effect that control has on the appeal."[20]

II. The District Turnover Order and the Second Circuit's Stay

15. On August 18, 2023—prior to the Confirmation Order—Eletson Holdings and Eletson Corp. commenced an action in this Court seeking confirmation

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[15] *See* Ex. M, *see In re Eletson Holdings Inc*., Case No. 24-08672 (S.D.N.Y.), Dkt. No. 1.

[16] Ex. N, *In re Eletson Holdings Inc*., Case No. 24-08672 (S.D.N.Y.), Dkt. No. 9.

[17] Ex. O, *In re Eletson Holdings Inc*., Case No. 24-08672 (S.D.N.Y.), Dkt. No. 20.

[18] Ex. S, Plan Confirmation Appeal, Dkt. No. 1.1.

[19] Ex. T, Plan Confirmation Appeal, Dkt. No. 27.

[20] Ex. CC, Second Circuit's Stay (defined herein) at 2.

of an arbitration award that had resolved a dispute between Eletson Holdings and Eletson Corp. and Levona Holdings, Ltd. ("Levona").[21] *See Eletson Holdings, Inc. v. Levona Holdings Ltd.*, 731 F. Supp. 3d 531, 545-565 (S.D.N.Y. 2024).

16. On January 7, 2025, Reorganized Holdings moved this Court for an order requiring "the immediate turnover of all the materials provided by [the Debtors] or its agents to Reed Smith in connection with this action and an order permitting inspection and copying of all materials created by Reed Smith during its representation of [the Debtors]."[22]

17. On February 14, 2025, this Court granted that motion, ordering[23] (the "District Turnover Order") Reed Smith to turn over "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."[24]

18. Reed Smith appealed the District Turnover Order and moved to stay that order pending appeal.[25] Reed Smith's appeal argues in part that "the ordered

[21] *See* Vacatur Proceeding.

[22] Ex. P, Vacatur Proceeding, Dkt. No. 243 at 1.

[23] Ex. Q, Vacatur Proceeding, Dkt. No. 269.

[24] Ex. R, Feb. 14 Hr'g Tr. at 107:1–5., Vacatur Proceeding, Dkt. No. 270.

[25] Ex. X, District Turnover Appeal, Dkt. Nos. 1.1; Ex. Y, 20.1.

turnover is premised on final consummation of the Bankruptcy Plan that has not occurred."[26]

19. On June 25, 2025, in the same order denying Reorganized Holdings' motion to dismiss the Plan Confirmation Appeal, the Second Circuit stayed (the "Second Circuit's Stay") the District Turnover Order pending appeal, finding that the "stay factors" supported granting the stay.[27]

20. The Second Circuit further directed the lower courts to "tailor their proceedings to protect the privileged property at issue."[28]

21. On October 2, 2026, the Second Circuit issued an order scheduling argument in the District Turnover Appeal and the Plan Confirmation Appeal for December 16, 2026.[29]

III. The Bankruptcy Turnover Order and the Bankruptcy Court's Stay Denial

22. Notwithstanding the Second Circuit's Stay, on August 14, 2026—22 months after Plan confirmation—Reorganized Holdings moved (the "Bankruptcy Turnover Motion") the Bankruptcy Court for an order requiring Reed Smith to turn

[26] Ex. Y, District Turnover Appeal, Dkt. No. 20.1 at 13.

[27] Ex. CC, District Turnover Appeal, Dkt. No. 66.1; Ex. U, Plan Confirmation Appeal, Dkt No. 50.1.

[28] *Id.* at 3.

[29] Ex. EE, District Turnover Appeal, Dkt. No. 147; Ex. W, Plan Confirmation Appeal, Dkt. No. 151.

over the Eletson Client Files, *i.e.*, "the client files developed and maintained in the course of, or in connection with, [Reed Smith's] representation of the Debtors."[30]

23. On September 15, 2026, the Bankruptcy Court granted the motion, issuing an opinion[31] and the Bankruptcy Turnover Order, which requires Reed Smith to "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."[32] Reed Smith, however, was "not required to produce the Vacatur Documents within the Eletson Client Files."[33]

24. On September 22, 2026, Reed Smith moved the Bankruptcy Court to stay the Bankruptcy Turnover Order pending appeals.[34] On September 29, 2026, Reed Smith appealed the Bankruptcy Turnover Order to this Court.[35]

25. On September 30, 2026, the Bankruptcy Court denied (the "Stay Denial") staying the Bankruptcy Turnover Order, finding that the likelihood-of-

[30] Ex. G, Bankr. Dkt. No. 2094 at 2.

[31] Ex. A, Bankr. Dkt. No. 2116.

[32] Ex. B, Bankr. Dkt. No. 2117 ¶ 14.

[33] *Id.* ¶ 11.

[34] Ex. J, Bankr. Dkt. No. 2120.

[35] Ex. L, Bankr. Dkt. No. 2127

success and irreparable-injury factors weighed against the stay.[36] On the former, the Bankruptcy Court found it had already rejected Reed Smith's "serious questions."[37] On the latter, the Bankruptcy Court reasoned that disclosing the Eletson Client Files to Reorganized Holdings will cause "no harm at all given that [Reorganized] Holdings possesses the privilege attached to [the Eletson Client Files]"[38] and that the burden Reed Smith would incur in producing the files was not an irreparable harm.[39]

26. The Bankruptcy Court, however, granted a temporary administrative stay for Reed Smith to seek the Stay in this Court.[40]

ARGUMENT

27. When considering a stay pending appeal, courts consider four factors:

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

b. whether the applicant is likely to succeed on the merits,

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

d. the public interest.

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

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[36] Ex. C, Bankr. Dkt. No. 2129 at 3-7. The Bankruptcy Court further noted that it "need not consider the remaining factors" but nonetheless observed that the two others factors also weigh against a stay. *Id.* at 7.

[37] *See id.* at 4-5.

[38] *Id.* at 6 (citation omitted).

[39] *Id.* at 7 (citations omitted).

[40] *See id.* at 8.

28. The first two factors are the "most critical." *Id.* (quotations and citations omitted). Irreparable injury is a "principal prerequisite" for a stay pending appeal. *In re Adelphia Commc'ns Corp.*, 361 B.R. 337, 347 (S.D.N.Y. 2007) (quotations and citations omitted). Nevertheless, deciding whether to grant a stay involves "a balancing of factors[.]" *Id.* (noting that failing to satisfy one of the factors does not necessarily doom the stay request (citation omitted)). "[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) (quotations and citations omitted) (citation modified).

29. All four factors support granting the Stay.

I. Reed Smith Will Suffer Irreparable Injury Absent the Stay.

30. Absent the Stay, Reed Smith will be irreparably harmed for two reasons.

31. ***First***, producing privileged materials has irreversible consequences: once the materials have been disclosed, the confidentiality the privilege is meant to protect is destroyed. As parties 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."). Because the disclosure of potentially privileged documents destroys such privilege, the Second Circuit has repeatedly permitted mandamus review of discovery orders. *See*, *e.g.*, *In re Cty. of Erie*, 473 F.3d 413 (2d Cir. 2007).

32. Furthermore, counsel has an ethical obligation to preserve client confidences, which includes all confidential information obtained during the attorney-client relationship. *See Bernstein v. Bernstein Litowitz Berger & Grossmann LLP*, 814 F.3d 132, 145 (2d Cir. 2016). And because irreparable harm is a "principal prerequisite" for granting a stay pending appeal (*In re Adelphia Commc'ns Corp.*, 361 B.R. at 347), in issuing the Second Circuit's Stay, the Second Circuit recognized that producing privileged client files may irreparably harm counsel.

33. Absent the Stay, Reed Smith risks suffering precisely that harm. Two fully briefed Second Circuit appeals—the District Turnover Appeal and the Plan Confirmation Appeal—implicate whether Reed Smith must produce the Eletson Client Files at all. The Second Circuit recognized this by issuing a single order denying Reorganized Holdings' motion to dismiss, issuing a stay, and directing that the appeals be considered in tandem.[41]

[41] *See* Ex. CC, Second Circuit's Stay.

34. First, in the District Turnover Appeal, the ruling on appeal is the District Turnover Order, which requires Reed Smith to turn over the Vacatur Documents in its Eletson Client Files. The District Turnover Order is inextricably linked to the Bankruptcy Turnover Order as the two orders overlap both in the documents they reach and the privilege issues they implicate. Second, the Plan Confirmation Appeal involves the issue of "who controls Eletson Holdings, Inc. and what effect that control has on the appeal."[42] The Second Circuit's resolution of those issues will determine whether Reorganized Holdings is entitled to the documents and privilege it claims.

35. Although the Bankruptcy Court found that the "[Bankruptcy] Turnover Order covers documents not within the scope of the Second Circuit's Stay,"[43] the language of the two orders belies that conclusion. The stayed District Turnover Order applies to "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."[44] In turn, the Bankruptcy Turnover Order covers all "the client files [Reed Smith] developed and maintained in the course of, or in connection with, the

[42] *Id.* at 2.

[43] Ex. B, Stay Denial at 6.

[44] Ex. R, Vacatur Proceeding, Dkt. No. 270 at 107:1-5

representation of the Debtors."[45] Thus, the Bankruptcy Turnover Order covers all files relating to Reed Smith's representation of the Debtors, including the files relating to the arbitration covered by the stayed District Turnover Order. And the carveout for the Vacatur Documents underscores, rather than resolves, this problem. It does not address the privilege issues implicated by the Eletson Client Files, including whether Reorganized Holdings owns the privilege attaching to those documents and whether it is entitled to them as Eletson Holdings' former adversary.

36. The Bankruptcy Court found that Reorganized Holdings "possesses the privilege attached to [the Eletson Client Files]"[46] and turning those documents over to Reorganized Holdings therefore cannot cause harm.[47] Not so. The premise of that finding—that Reorganized Holdings owns the privilege—is on appeal: the Second Circuit reserved the issue of "who controls Eletson Holdings, Inc[.]"[48] Thus, even assuming *arguendo* that Reorganized Holdings *currently* possesses the privilege at issue, if the Second Circuit later finds that the Plan was not properly consummated and the District Court should not have dismissed the appeal of the Plan, Reorganized Holdings will not own the privilege at issue. Indeed, in entering

[45] *See* Bankruptcy Turnover Order ¶ 14; Bankruptcy Turnover Motion ¶ 4 (defining "Eletson Client Files").

[46] Ex. C, Stay Denial at 6.

[47] *Id.*

[48] Ex. CC, Second Circuit's Stay at 2.

the Second Circuit's Stay, Reed Smith believes that the Second Circuit necessarily found that Reed Smith was likely to suffer irreparable harm if forced to turnover client documents before the merits panel could resolve the pending issues; that conclusion applies equally here.

37. Absent the Stay, however, the Second Circuit's rulings may come too late: Reed Smith would have already produced the Eletson Client Files, suffering irreparable harm.

38. ***Second***, complying with the Bankruptcy Turnover Order now would be burdensome and inefficient, adding to Reed Smith's irreparable harm. As the Bankruptcy Turnover Order carves out the Vacatur Documents, Reed Smith will need to determine, document-by-document, which client file materials should be withheld. Reorganized Holdings will then challenge Reed Smith's determinations, creating additional litigation and expense.

39. The Second Circuit's forthcoming rulings will render this burden unnecessary, *regardless of outcome*. If the Second Circuit finds that Reorganized Holdings is not the Debtors' successor, Reorganized Holdings will not be entitled to the Eletson Client Files, and Reed Smith will not need to produce them. Conversely, if the Circuit affirms the District Turnover Order, Reed Smith can produce all the Eletson Client Files, without having to determine which qualify as Vacatur Documents. Thus, denying the Stay would subject Reed Smith to an onerous and

wasteful exercise.[49] While the Bankruptcy Court found that "cost" alone cannot represent irreparable harm,[50] this unnecessary burden and waste of effort should independently qualify.

II. Reed Smith Has Established a Strong Likelihood of Success on Appeal.

40. 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) (citing *Citigroup Glob. Mkts., Inc. v. VCG Special Opportunities Master Fund Ltd.*, 598 F.3d 30, 35-37 & n.7 (2d Cir. 2010)).

41. Here, serious questions exist with respect to the Bankruptcy Turnover Appeal, given the appeals pending in the Second Circuit. With respect to those appeals, Reed Smith believes that the Second Circuit already found that serious questions exist going to the merits of the underlying dispute; in staying the District Turnover Order, the Second Circuit applied the same standard governing this Motion.[51] While the Bankruptcy Court rejected this conclusion in its Stay Denial,[52] given the factor's importance, the strongest inference is that the Second Circuit must

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

[50] Ex. C, Stay Denial at 7.

[51] *See* Ex. CC, Second Circuit's Stay at 2 (citing *Nken*, 556 U.S. at 434).

[52] Ex. C., Stay Denial at 3, n.6.

have found that serious questions exist (or found that irreparable harm overwhelmingly favored a stay, mandating the same result).

42. As the Second Circuit expressly directed this Court to "tailor [its] proceedings to protect the privileged property at issue," this Court should likewise find that the likelihood-of-success factor supports granting the Stay here. The same serious questions going to the merits of the District Turnover Appeal and the Plan Confirmation Appeal also exist with respect to the Bankruptcy Turnover Appeal.

43. ***First***, like the District Turnover Order, the Bankruptcy Turnover Order depends on Reorganized Holdings' ownership of the Debtors' materials and privilege—the subject of the Plan Confirmation Appeal. In that fully-briefed appeal, appellants argue that foreign authorities have not sufficiently recognized the Plan and Confirmation Order, as required by the Plan and the Confirmation Order to consummate a change in the Debtors' ownership and control.[53] If the Second Circuit agrees, Reorganized Holdings' current management has no claim to the Eletson Client Files.[54]

[53] Ex. D, Bankr. Dkt. No. 846 §§5.2(b), 5.4, V.5.1, V.5.9, IX.9.1, XI.11.2, XI.11.3

[54] On the date of this Motion, opposing counsel sent Reed Smith an October 6, 2026 decision from Greece that they assert impacts certain of the arguments on appeal. Reed Smith is in the process of reviewing the decision and assessing its impact.

44. The Bankruptcy Court found that this was not a serious question because it and this Court have previously found that the Plan is effective.[55] But when an applicant seeks a stay pending appeal, that applicant inherently has failed to succeed on the merits in the lower court; that loss is not a reason to deny a stay. Instead, Reed Smith need only demonstrate that "serious questions" exist with respect to the merits of the underlying issues. And, in staying the District Turnover Order, which implicates the same ownership issues as the Bankruptcy Turnover Order, the Second Circuit implicitly found that serious questions exist with respect to those issues' merits.

45. The Bankruptcy Court also implied that at issue in the Plan Confirmation Appeal is not the merits of confirmation but whether this Court should have dismissed the appeal of Plan Confirmation.[56] But, here, that distinction makes no difference; whether the District Court properly dismissed the appeal is based on whether the Plan was properly consummated.

46. ***Second***, as also raised in the District Turnover Appeal, the Bankruptcy Turnover Order requires Reed Smith to provide privileged files to its client's former adversary. But counsel has 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."

[55] *See* Ex. C, Stay Denial at 4.

[56] *Id.*

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 becomes controlled by an adversary, counsel 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 ordered exactly that, requiring Reed Smith to turn over the Eletson Client Files to Reorganized Holdings, an entity owned and controlled by Pach Shemen LLC, an affiliate under common control with Levona, the Debtors' adversary in arbitration.

47. Although this Court has found that *Tekni-Plex* does not apply here,[57] this issue remains a serious, pending question going to the merits of the appeal, on which the Second Circuit has already implicitly found that Reed Smith established a likelihood of success. This Court should follow the Second Circuit and hold that likelihood of success favors the Stay.

48. ***Third***, there is a serious question of whether the Bankruptcy Turnover Order conflicts with the Second Circuit's Stay. The Bankruptcy Court found that its Turnover Order "covers documents not within the scope of . . . the Second Circuit's Stay" given the Vacatur Documents' carveout.[58] That finding, however, ignores a separate provision of the Second Circuit's Stay: that the lower courts "tailor their

[57] Ex. R, Vacatur Proceeding, Dkt. No. 270 at 108:22-109:09.

[58] Ex. C, Stay Denial at 6 (citation omitted).

proceedings to protect the privileged property at issue."[59] As the Second Circuit has already stayed the turnover of the Vacatur Documents, the "privileged property at issue" necessarily encompasses the broader set of privileged communications in Reed Smith's possession.

49. Respectfully, it is difficult to imagine an order more squarely at odds with the Second Circuit's mandate. Far from being "tailor[ed]" to "protect the privileged property" the Bankruptcy Turnover Order compels the turnover of the entirety of Reed Smith's Eletson Client Files. Where the Second Circuit required protection, the Bankruptcy Turnover Order commands disclosure.

50. It is no response to say that the Bankruptcy Turnover Order leaves "the privileged property" unharmed because Reorganized Holdings owns that privilege. When the Second Circuit issued its order, it was not assuming that Reorganized Holdings owned the privilege. To the contrary, by reserving the question of "who controls Eletson Holdings Inc.," the Second Circuit recognized that ownership of the privilege is in dispute.

51. Finally, the Bankruptcy Court cited a separate October 31, 2025 Second Circuit order denying Reed Smith's motion to stay a Bankruptcy Court order (the "Microsoft Order") authorizing Microsoft to grant Reorganized Holdings access to

[59] Ex. U, Second Circuit's Stay at 3.

the Debtors' digital accounts maintained by Microsoft.[60] That order does not support denying the Stay here. The Bankruptcy Turnover Order and the Microsoft Order are distinct: unlike the Eletson Client Files, the documents subject to the Microsoft Order are in the Debtors' digital accounts and maintained by a third party. When it issued the Microsoft Order, the Second Circuit did not alter its stay. And the Second Circuit's Stay is on point here, when the Bankruptcy Turnover Order similarly involves Reed Smith's client files.

III. Granting the Stay Will Not Substantially Injure Other Parties.

52. Granting the Stay will not substantially injure Reorganized Holdings, whose own conduct belies any urgent need for the Eletson Client Files. Reorganized Holdings filed the District Court Turnover Motion to obtain the Vacatur Documents seven weeks after the Plan was confirmed but waited 22 months to file the Bankruptcy Turnover Motion. That delay undercuts any claimed urgency.

53. Moreover, Reorganized Holdings' request remains wholly generalized. Despite Reed Smith's requests, Reorganized Holdings has not specified the documents or document categories it needs. A party with a genuine, urgent business need can articulate that need and prioritize specific materials. Reorganized Holdings' sweeping, undifferentiated demand underscores the absence of urgency.

[60] Ex. C, Stay Denial at 3 n.6 (discussing the Second Circuit's denial of Reed Smith's request to stay the District Court's order granting a Levona's motion to compel, which sought documents from Microsoft servers (citing Ex. DD, District Turnover Appeal, Dkt. No. 105)).

54. Finally, granting the Stay will not cause substantial delay. The District Turnover Appeal and the Plan Confirmation Appeal are fully briefed and scheduled for argument in two months on December 16, 2026. As Reorganized Holdings waited 22 months to file the Bankruptcy Turnover Motion, nothing will change with this slight delay. Regardless, delay alone is not substantial injury. *See Sutherland v. Ernst & Young*, 856 F. Supp. 2d 638, 643–44 (S.D.N.Y. 2012) (finding that delay was a less than overwhelming and fully reparable harm).

55. The injuries to Reorganized Holdings, if any, pale in comparison to the irreparable injuries Reed Smith will suffer absent the Stay.

IV. Granting the Stay Would Further the Public Interest.

56. The public interest factor "calls for the court to . . . balance several goals and objectives, including efficient case administration and the right to a meaningful review on appeal." *In re Homaidan*, 646 B.R. 550, 602 (Bankr. E.D.N.Y. 2022) (citations omitted).

57. Courts have held 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."). Here, briefly pausing these proceedings until the Second Circuit resolves the underlying issues would spare Reed Smith and the courts enormous time and expense—including the cost of litigating discovery disputes.

58. Granting the Stay would also reduce the risk of inconsistent judgments. Courts in this Circuit routinely defer ruling on issues subject to 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).

59. Here, dispositive issues lie before the Second Circuit. It has reserved the question of "who controls Eletson Holdings, Inc[.]"[61] That question of control—and the privilege and ownership rights that follow—dictates whether Reorganized Holdings is entitled to the Eletson Client Files. Proceeding in parallel risks inconsistent judgments: despite the Bankruptcy Turnover Order, the Second Circuit may conclude that Reorganized Holdings lacks a right to the materials.

60. The public interest also favors a stay pending appeal where attorney-client privilege issues are at stake. "[T]he generally acknowledged purpose of the privilege is 'to encourage full and frank communication . . . 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) (citation omitted).

[61] Ex. CC, Second Circuit's Stay at 2.

61. Finally, although, as the Bankruptcy Court noted,[62] the public interest favors prompt implementation of confirmed plans, that principle has little force here because the Plan's consummation and effectiveness are on appeal. Implementing a plan that may be reversed would only cause the parties to spend time and resources on work that may need to be undone.

62. Accordingly, the public interest favors the Stay.

CONCLUSION

Reed Smith respectfully requests that the Court grant the Motion and impose the Stay. If the Court declines, Reed Smith alternatively requests a temporary administrative stay to allow it to seek a stay from the Second Circuit.

[62] Ex. C, Stay Denial at 7.

Dated: New York, New York
October 7, 2026

Respectfully submitted,

GIBSON, DUNN & CRUTCHER LLP

By: */s/ C. Lee Wilson*

Marshall R. King
mking@gibsondunn.com
Nancy E. Hart
nhart@gibsondunn.com
C. Lee Wilson
clwilson@gibsondunn.com

200 Park Avenue
New York, NY 10166-0193
Telephone: 212.351.4000

Attorneys for Appellant Reed Smith LLP

CERTIFICATE OF COMPLIANCE

This Motion complies with the type-volume limitation of Federal Rule of Bankruptcy Procedure 8015(a)(7)(B)(i), because it contains under 5196 words, excluding the items exempted by Federal Rule of Bankruptcy Procedure 8015(g).

This Motion complies with the typeface requirements of Federal Rule of Bankruptcy Procedure 8015(a)(5) and the type style requirements of Federal Rule of Bankruptcy Procedure 8015(a)(6) because this Motion has been prepared in a proportionately spaced typeface using 14-point Times New Roman font.

Respectfully submitted,

/s/ C. Lee Wilson