IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

In re:	§	Chapter 11
	§	
RHODIUM ENTERPRISES, INC.	§	Case No. 24-90454 (ARP)
	§	
Wind Down Debtor.[1]	§	

THE WIND DOWN DEBTOR'S OBJECTION TO QUINN EMANUEL URQUHART & SULLIVAN, LLP'S FIFTH AND FINAL APPLICATION FOR PAYMENT OF COMPENSATION AND REIMBURSEMENT OF EXPENSES

[Relates to Dkt. No. 2324]

The Wind Down Debtor[2] hereby files this Objection (the "Objection") to the Fifth and Final Application for Payment of Compensation and Reimbursement of Expenses [Dkt. No. 2324] (the "Final Fee Application") filed by Quinn Emanuel Urquhart & Sullivan, LLP ("QE").

WHAT THIS OBJECTION IS NOT ABOUT

1. As an initial matter, the Wind Down Debtor wants to make clear what this Objection is ***not*** about. This Objection is ***not*** the typical scattershot attack on estate professional fees.

2. The Wind Down Debtor does ***not*** challenge QE's hourly rates in this Objection – partner rates ranging up to $2,230 per hour, associate rates ranging up to $1,665 per hour, and paralegal rates ranging up to $720 per hour are not being challenged. The Wind Down Debtor does ***not*** ask this Court to comb through QE's invoices for vague narratives, block billing, clerical work at professional rates, or transient timekeepers. And the Wind Down Debtor does ***not*** object to QE's internal overstaffing of this matter (despite 30 unique QE timekeepers billing at least 1 hour across

[1] The last four digits of the taxpayer identification number for Rhodium Enterprises, Inc. are 6290. The location of the Wind Down Debtor's service address for purposes of this chapter 11 case is 7301 SW 57th Ct, Suite 515, Miami, FL 33143.

[2] The term "Wind Down Debtor," when used herein, refers to Rhodium Enterprises, Inc.

QE's Rhodium invoices).

3. This Objection is also ***not*** the result of any animus or personal contempt held by the Wind Down Debtor (or its counsel) for QE – because there is none.

4. What this Objection ***is about*** consists of two narrowly targeted grounds (both of which are mandated by this Court's orders):

(i) QE billing for "Conflict Matters"; and

(ii) QE duplicating efforts with Barnes & Thornburg LLP ("B&T").

5. The core of this Objection ***is about*** requiring QE's compliance with this Court's orders, which were designed to protect the corpus of the estates from depletion by way of duplication and unnecessary billing (specifically as to QE and B&T). QE's billing in violation of the guardrails established by this Court's orders cost the stakeholders of these estates millions of dollars in additional recovery. The bases supporting the Wind Down Debtor's narrowly tailored objections are set forth herein (and will be expounded upon through the presentation of evidence and argument at the final hearing on this Objection).

SUMMARY OF THE WIND DOWN DEBTOR'S OBJECTION

6. The Wind Down Debtor does not take filing this Objection lightly. Objecting to professional fees is never a happy circumstance (neither for the parties nor the Court). But QE left the Wind Down Debtor no other choice.

7. In its effort to reach a resolution and avoid the need for this Objection, the Wind Down Debtor entered numerous stipulations extending the deadline to object to QE's Final Fee Application. The Wind Down Debtor explained in detail the grounds for its objection. The Wind Down Debtor also pushed for and participated in a pre-objection mediation. The Wind Down Debtor even paid the entire mediation fee at QE's insistence. The Wind Down Debtor exhausted

all avenues toward a reasonable, amicable resolution before filing this Objection.

8. QE seeks final allowance of ***$14,456,320.27*** in fees and expenses – $12,445,280.35 previously awarded on an interim basis, plus $2,011,039.92 sought for the final application period (collectively, "QE's Fees"). Between QE and B&T alone, these estates were billed over $23 million in professional fees and expenses in less than 17 months. A substantial portion of QE's Fees was billed for work that this Court's orders – and QE's own filings and representations – expressly prohibited QE from performing.

9. The rules were bright lines; they were guardrails; and they existed for good reason. Conflict Matters, as defined and used in various filings in this bankruptcy proceeding,[3] were placed within the exclusive purview of the Special Committee of the Board of Directors of Rhodium Enterprises, Inc. (the "Special Committee"). The Special Committee retained B&T – at substantial expense to these estates – as its independent counsel.

10. B&T's employment application, which QE itself filed, assured this Court that B&T's services for the Special Committee would not be "duplicative of work performed by [QE]," and that the firms would coordinate "to ensure no duplicative services are performed." Dkt. No. 184 ¶ 30. QE partner Patricia B. Tomasco also committed to "make reasonable efforts" to avoid duplication in the declaration Ms. Tomasco submitted in support of QE's Employment Application. *See* Dkt. No. 168 ¶ 20 (Tomasco Declaration) (specifically stating that "Quinn Emanuel agrees to make reasonable efforts to avoid duplication of services by any other professionals employed by

[3] The B&T Employment Application defines a "Conflict Matter" as "a matter in which a conflict of interest exists or is reasonably likely to exist between Rhodium Enterprises, on the one hand, and any of its direct or indirect equity holders, affiliates, subsidiaries, directors, officers, or other stakeholders, or any affiliate or other related party of the foregoing." Dkt. No. 184 at 4-5. The Mediation Order defines the "Allocation Conflict" as the "inherent Conflict Matter" of "how consideration is allocated, including in a restructuring or as part of a plan of reorganization, between different constituents who have asserted conflicting legal and equitable theories to support their claims and interests." Dkt. No. 966 ¶ 5.

the Debtors"). And the Agreed Mediation Order [Dkt. No. 966] (the "Mediation Order") – which QE, through Ms. Tomasco, signed – ordered that the Special Committee "will seek advice only from Barnes & Thornburg LLP" concerning the Allocation Conflict and any other Conflict Matter, and that neither the Special Committee nor B&T "shall take direction or advice from the Insiders, ***Quinn Emanuel*** or any other law firm that reports to the full board of the Debtors" concerning such matters. Dkt. No. 966 ¶ 6 (emphasis added).

11. Based on QE's own fee invoices, QE failed to adhere to these restrictions (notwithstanding the persistent pleas and directives from Rhodium stakeholders for QE and B&T to limit the fee spend in this case, which the Wind Down Debtor anticipates will be shown by the evidence presented at the contested hearing on this Objection). [redacted]

[4] QE claims that it has "produced all of its files to the Plan Administrator and the entire electronic file in QE's possession." However, it appears the Wind Down Debtor and QE have a disagreement regarding what constitutes the entire "file" for QE's representation of Rhodium. For example, to date, QE has not produced text messages sent and/or received by QE lawyers relating to the firm's representation of Rhodium. Moreover, B&T is still in the process of producing its entire file and, for the reasons outlined herein, the B&T file is relevant to the issues addressed in this Objection.

12. The Wind Down Debtor's review of QE's billing records has identified, to date, 803 time entries totaling $3,691,082.00 in which it appears QE may have billed the estates for work on Conflict Matters ***after*** entry of the Mediation Order alone,[5] and 272 entries totaling $1,250,779.50 in which it appears QE may have billed the estates for work duplicating services that B&T also billed. Accounting for currently flagged entries subject to both objections (which are counted only once), the currently identified entries total $4,087,206.00.

13. The Wind Down Debtor reserves the right to amend (up or down) the total disallowance sought at the final hearing on this Objection as the discovery process (including depositions to better understand the specific work performed for each entry as many entries are either vague or lumped with other tasks) is necessary to determine whether the currently flagged entries (and/or additional time entries) do in fact relate to (i) QE impermissibly billing for work on Conflict Matters, and/or (ii) QE billing for unnecessary duplication with B&T. The discovery process is also necessary to determine whether (i) there are objectionable entries in addition to those that have been flagged based on the information and materials currently in the Wind Down Debtor's possession; and/or (ii) additional grounds upon which disallowance may be appropriate. The Wind Down Debtor reserves all rights with respect to amendment and/or supplementation to seek disallowance in excess of the amounts set forth herein and/or assert any additional grounds for disallowance that are revealed through the discovery process.

14. In sum, discovery is necessary to establish the full scope of the entries subject to the objections set forth herein (and the grounds that support potential disallowance), and the Wind Down Debtor's investigation remains ongoing.

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[5] To be clear, and for the avoidance of doubt, the Wind Down Debtor objects to and seeks disallowance of ***all*** fees QE billed for work on Conflict Matters (including any such fees billed prior to entry of the Mediation Order – if the Court determines the evidence submitted at the final hearing on this Objection supports such a finding).

15. For the reasons set forth herein (and the evidence and argument that will be presented at the final hearing on this Objection), the Wind Down Debtor requests that the Court sustain this Objection, disallow QE's Fees in an amount to be determined at the final hearing on this Objection, and order disgorgement to the extent any disallowed fees have already been paid.

PROCEDURAL HISTORY

16. On August 24 and 29, 2024, the Debtors filed their voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code. The bankruptcy cases were jointly administered by this Court.

17. On October 14, 2024, this Court entered its *Order Granting the Motion of the Debtors to Establish Procedures for Interim Compensation and Reimbursement of Expenses for Professionals* [Dkt. No. 264] (the "Compensation Procedures Order"). The Compensation Procedures Order establishes the procedures for Interim and Final Fee Applications (as those terms are utilized within the Compensation Procedures Order).

18. On September 22, 2024, the Debtors filed their *Application of Debtors for Authority to Retain and Employ Quinn Emanuel Urquhart & Sullivan, LLP as Attorneys Effective as of the Petition Date* [Dkt. No. 168] (the "QE Employment Application"), supported by the sworn declaration of Ms. Tomasco (the "Tomasco Declaration"). On October 14, 2024, this Court entered its Order granting the QE Employment Application [Dkt. No. 260] (the "QE Employment Order"). The QE Employment Order commands that QE "shall use its best efforts to avoid any duplication of services provided by any of the Debtors' other retained professionals in these Chapter 11 Cases." Dkt. No. 260 ¶ 5.

19. On September 23, 2024, the Debtors – through QE – filed the amended application to retain and employ B&T as counsel to the Special Committee [Dkt. No. 184] (the "B&T

Employment Application"). On October 15, 2024, this Court entered its *Order Authorizing the Retention and Employment of Barnes & Thornburg LLP as Special Counsel Effective as of the Petition Date* [Dkt. No. 266].

20. On April 21, 2025, this Court entered the Mediation Order [Dkt. No. 966]. QE – through Ms. Tomasco – signed the Mediation Order "AGREED AS TO FORM AND CONSENT." The Mediation Order's restrictions on QE's involvement in Conflict Matters are addressed in Section A below.

21. On February 27, 2026, QE filed its Final Fee Application, seeking final allowance of $14,456,320.27 in fees and expenses: $12,445,280.35 previously awarded on an interim basis under QE's first four interim fee applications, plus $2,011,039.92 sought for the final application period.

22. The deadline for the Wind Down Debtor to object or otherwise respond to the Final Fee Application, as extended by numerous stipulations between the Wind Down Debtor and QE [Dkt. Nos. 2354, 2414, 2448 in Case No. 24-90448 and Dkt. Nos. 14, 20, and 25 in Case No. 24-90454], is September 23, 2026. The Wind Down Debtor thus timely files this Objection.

APPLICABLE LEGAL STANDARD

23. Section 330(a)(1) of the Bankruptcy Code authorizes "reasonable compensation for actual, necessary services rendered" by estate professionals. 11 U.S.C. § 330(a)(1)(A). The Court may, on its own motion or on the motion of any party in interest, "award compensation that is less than the amount of compensation that is requested." 11 U.S.C. § 330(a)(2). Importantly, the fee applicant bears the burden of establishing its entitlement to the compensation it requests. *In re Evangeline Ref. Co.*, 890 F.2d 1312, 1326 (5th Cir. 1989).

24. Section 330(a)(4)(A) is mandatory: the Court "shall not allow compensation for—(i) unnecessary duplication of services; or (ii) services that were not – (I) reasonably likely to benefit the debtor's estate; or (II) necessary to the administration of the case." 11 U.S.C. § 330(a)(4)(A). Whether services were compensable is measured prospectively – whether they were "objectively reasonable at the time they were made." *Barron & Newburger, P.C. v. Tex. Skyline, Ltd. (In re Woerner)*, 783 F.3d 266, 274 (5th Cir. 2015) (en banc). This Court also retains jurisdiction to enforce its own orders. *See, e.g.*, Dkt. No. 260 ¶ 13; Dkt. No. 966 ¶ 18. Obviously, compensation is not "reasonable" – nor are the underlying services "necessary" – where the services violated those orders.

OBJECTIONS

A. QE's invoices indicate that QE impermissibly billed the estates for work on Conflict Matters.

25. The foundation of this Objection is simple: Conflict Matters belonged exclusively to the Special Committee and its independent counsel, B&T. QE was prohibited from directing or advising the Special Committee or B&T on Conflict Matters – and, necessarily, from billing the estates for doing so. QE did both.

26. The restrictions began with the retention applications/orders. The B&T Employment Application, which QE filed, establishes that Conflict Matters were within the Special Committee's exclusive purview and that B&T (not QE) was retained to advise the Special Committee on them. *See* Dkt. No. 184 ¶¶ 7-14. That application assured this Court and Rhodium's stakeholders that there would be zero duplication between the two firms:

> *The services rendered and functions performed by B&T on behalf of the Special Committee are* ***not duplicative of work performed by Quinn Emanuel or any other law firm retained by any of the Debtors****. B&T will coordinate its work with Quinn Emanuel and the Debtors' other professionals retained by the Debtors as appropriate to* ***ensure no duplicative services are performed****.*
>
> Dkt. No. 184 ¶ 30 (emphasis added).

27. QE also committed to avoid duplication, through Ms. Tomasco's declaration, stating that QE "agrees to make reasonable efforts to avoid duplication of services by any other professionals employed by the Debtors." Dkt. No. 168, Ex. B ¶ 20. This Court's QE Employment Order elevated that commitment to a court-ordered obligation. Dkt. No. 260 ¶ 5.

28. The Mediation Order then drew the line in unmistakable terms. As the bankruptcy case progressed, Rhodium's stakeholders grew increasingly concerned that (notwithstanding the guardrails established in the retention applications and orders) (i) insiders – and the professionals who reported to them – would influence matters on which their interests and those of the estates diverged; and (ii) the fee burn from QE and B&T was out of control and unnecessarily depleting the recovery for Rhodium's actual stakeholders. The resulting guardrails were reaffirmed and embodied in paragraph 6 of the Mediation Order, which QE signed:

> *The Special Committee retained, and the estates have paid for, independent counsel (Barnes & Thornburg LLP) for the Special Committee to advise it in connection with Conflict Matters. . . . Accordingly, concerning the Allocation Conflict and any other Conflict Matter,* ***the Special Committee will seek advice only from Barnes & Thornburg LLP****, and will ensure the complete participation in deliberations or consultations from Barnes & Thornburg LLP. Furthermore,* ***neither the Special Committee nor Barnes & Thornburg LLP shall take direction or advice from the Insiders, Quinn Emanuel or any other law firm that reports to the full board of the Debtors*** *concerning the Allocation Conflict or any other Conflict Matter.*
>
> Dkt. No. 966 ¶ 6 (emphasis added).

29. Paragraph 6 permitted QE to continue "acting in its capacity as general counsel to the Debtors" – but only "subject to the limitations provided in the preceding sentences of . . . paragraph 6 and paragraph 5," *i.e.*, the express prohibition on QE giving direction or advice concerning the Allocation Conflict or any other Conflict Matter. Dkt. No. 966 ¶ 6. The carve-out preserved QE's ordinary role as general bankruptcy counsel; it did not license QE to do the very thing this Court's orders prohibit (*i.e.*, working on, and billing for, Conflict Matters within the exclusive purview of the Special Committee and B&T).

30. The invoices and productions received to date indicate that QE failed to adhere to these restrictions. [redacted]

31. [redacted]



32. [redacted]

33. By way of another example of QE's inappropriate involvement in Conflict Matters, QE's fee invoices indicate that QE billed approximately $800,000 in connection with the failed Omnibus SAFE Claim Objection, which was premised on QE's "contingent equity" theory.[6] [redacted]

34. In sum, QE's invoices and the productions made by QE and B&T to date indicate that QE impermissibly billed substantial amounts for work on Conflict Matters (*i.e.*, matters for

[6] The billing records show unnecessary duplication between QE and B&T in connection with the SAFE AHG objection. By way of one example only, a July 1, 2025, entry billing 8.4 hours ($16,338.00) for a "SAFE moot with T. Schmeltz (B&T)" – a Conflict Matter, worked jointly with the Special Committee's counsel, more than two months after entry of the Mediation Order.

which QE's involvement was prohibited). QE should not be compensated for any work that was exclusively within the mandate of the Special Committee and B&T. This Objection should be sustained and the amount of the reduction and/or disgorgement in connection with this Objection should be determined by the Court following the presentation of evidence and argument at the final hearing on this Objection.

B. The Wind Down Debtor further objects to any QE Fees for services that unnecessarily duplicated work B&T also billed to the estates.

35. Section 330(a)(4)(A)(i) commands that the Court "shall not allow compensation for -- (i) unnecessary duplication of services." The prohibition here was not merely statutory. QE assured this Court and Rhodium's stakeholders that duplication would be avoided – in the B&T Employment Application QE filed [Dkt. No. 184 ¶ 30], in Ms. Tomasco's sworn declaration [Dkt. No. 168 ¶ 20], and under the express command of the QE Employment Order [Dkt. No. 260 ¶ 5].

36. The billing records show otherwise. The Wind Down Debtor's review has identified, to date, 272 QE time entries – totaling $1,250,779.50 – for potentially billing the estates for tasks on the same or similar efforts B&T also billed. As stated previously herein, the Wind Down Debtor reserves the right to amend and/or supplement this Objection following the completion of the discovery process, because discovery (including depositions to, among other things, flesh out vague and/or lumped time entries) is needed to confirm whether the currently flagged entries constitute impermissible duplication and/or whether other entries (in addition to the currently flagged entries) are objectionable on the basis of impermissible and unnecessary duplication.

37. Of the identified entries, 153 (totaling $854,655.50) are subject to both this objection and the Conflict Matter objection in Section A; those entries are counted only once. Together, the currently flagged entries for the objections set forth in Sections A and B support

potential disallowance of up to $4,087,206.00.

CONCLUSION

For these reasons, the Wind Down Debtor requests that the Court sustain this Objection; disallow QE's Fees in an amount to be determined by the Court following the presentation of evidence and argument at the final hearing on this Objection; order QE to disgorge any disallowed amounts already paid, whether under prior interim awards or otherwise; and grant the Wind Down Debtor such other and further relief to which it has shown itself to be entitled. The Wind Down Debtor reserves all rights. Specifically, and without limitation, the Wind Down Debtor reserves the right to amend and/or supplement this Objection to include additional grounds and/or additional challenged time entries supporting disallowance.

Respectfully submitted,

/s/ Chase J. Potter

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that, on September 23, 2026, a true and correct copy of this document was electronically served via the Court's CM/ECF system on all parties entitled to such notice.

/s/ Chase J. Potter
CHASE J. POTTER

From: Razmig Izakelian <razmigizakelian@quinnemanuel.com>
To: Ben Roth <benroth@quinnemanuel.com>
Subject: [redacted]
Date: Thu, 6 Mar 2025 18:34:50 +0000
Importance: Normal

[redacted]

From: Ben Roth <benroth@quinnemanuel.com>
Sent: Thursday, March 6, 2025 10:26 AM
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From: Ben Roth <benroth@quinnemanuel.com>
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[redacted]

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From: Razmig Izakelian <razmigizakelian@quinnemanuel.com>

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