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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	**Chapter 7**
TRICOLOR HOLDINGS, LLC, *ET AL.,*	**Case No. 25-33487 (MVL)**
Debtors.[1]	**(Jointly Administered)**

JOINT OBJECTION TO DANIEL CHU'S MOTION FOR ORDER AUTHORIZING THE USE OF THE PROCEEDS OF THE EXCESS DIRECTORS AND OFFICERS LIABILITY INSURANCE POLICY ISSUED BY OLD REPUBLIC INSURANCE COMPANY FOR ADVANCEMENT OF COVERED DEFENSE EXPENSES

By and through their undersigned counsel, Zhi "James" Li, Reed Crow, Mauricio Delgado, David Goodgame, Andy Mata, Jerry Kollar, Ameryn Seibold and Eduardo Perez (together, the "Objecting Insureds") hereby file this joint objection (the "Objection") to the *Motion for Order Authorizing the Use of Proceeds of the Excess Directors and Officers Liability Insurance Policy Issued by Old Republic Insurance Company for Advancement of Covered Defense Expenses* (the

[1] The Debtors in these Chapter 7 cases are as follows: Tricolor Holdings, LLC; TAG Intermediate Holding Company, LLC; Tricolor Auto Group, LLC; Tricolor Auto Acceptance, LLC; Tricolor Insurance Agency, LLC; Tricolor Home Loans LLC dba Tricolor Mortgage; Tricolor Real Estate Services, LLC; TAG California Holding Company, LLC; Flexi Compras Autos, LLC; TAG California Intermediate Holding Company, LLC; Tricolor California Auto Group, LLC; Tricolor California Auto Acceptance, LLC; Risk Analytics LLC; Tricolor Tax, LLC; Tricolor Financial, LLC; Tricolor Auto Receivables LLC; TAG Asset Funding, LLC; and Apoyo Financial, LLC (collectively, "Tricolor" or the "Debtors").

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"Motion") (ECF No. 1500) filed by Movant Daniel Chu ("Mr. Chu"). The Objecting Insureds respectfully state as follows:

PRELIMINARY STATEMENT

1. Mr. Chu seeks a Court order authorizing Old Republic Insurance Company ("Old Republic") to advance defense costs and other unspecified amounts to "various insureds" from the proceeds of the final $5,000,000 layer of the Debtors' D&O Policies in connection with claims and investigations relating to the fraud that led to Tricolor's bankruptcy. (Mot. ¶¶ 25-26.) Mr. Chu's Motion, to the extent it allows Mr. Chu unfettered access to those proceeds, should be denied, and his personal access to further insurance proceeds rejected, for multiple reasons, including because: (1) it would be inequitable to grant Mr. Chu, who has substantial personal assets to fund his own defense, unrestricted access to the last $5,000,000 of an insurance tower shared by the Debtors and the other former directors and officers who also need to draw upon it; (2) Mr. Chu has already consumed the substantial majority of the first two $5,000,000 layers, and allowing him to consume the final layer would leave the other former directors and officers with little or nothing for their own defense; and (3) the Objecting Insureds' alternative proposal—a structured order that equitably allocates the remaining funds among the other former directors and officers and the Trustee in recognition of the Estate's Side C coverage—would allow the Court to oversee a fair and equitable distribution of the remaining proceeds, consistent with binding Fifth Circuit precedent requiring Court oversight over the distribution of limited policy proceeds in such circumstances.

2. For nearly two decades, Mr. Chu ran Tricolor as its founder, CEO, and President, overseeing all lending, accounting, securitization, and financial reporting functions. The allegations of the U.S. Department of Justice ("DOJ") and U.S. Securities and Exchange Commission ("SEC") place him at the center of the fraud that caused Tricolor's demise and

hundreds of millions of dollars in losses. The alleged fraud involved misrepresenting the value of Tricolor's financial receivables through the creation of fictitious and duplicative customer loans and double-pledging collateral across various warehouse facilities to fraudulently obtain hundreds of millions of dollars in additional financing from its lenders.

3. Due to his alleged central role in Tricolor's demise and his employment of multiple firms for his defense, Mr. Chu's legal fees have driven the exhaustion of the first two layers of the D&O Policies. Despite this, a substantial share of his legal expenses remains ahead. Mr. Chu faces a criminal trial in the Southern District of New York currently set for January 25, 2027, has been charged with fraud by the SEC, faces a civil suit by the Trustee, and may soon face claims brought by Tricolor's lenders, investors, creditors, and other stakeholders. The final layer cannot satisfy his legal needs; at the current pace of consumption, he will exhaust it well before his criminal trial begins. Moreover, Mr. Chu's exhaustion of the policy proceeds likely will occur before other Insureds have incurred costs associated with their appearance as trial witnesses and interviews with the government.

4. The Objecting Insureds do not dispute Mr. Chu's general right to advancement under the D&O Policies. Rather, the Objecting Insureds object to granting Mr. Chu the same unfettered access to this final tranche that he used to exhaust the preceding two tranches of shared proceeds. The proceeds must be fairly allocated for the benefit of all Insureds, including the Objecting Insureds and the Debtors (excluding Mr. Chu, the "Other Insureds"). The Other Insureds—none of whom has personal resources comparable to Mr. Chu's—need Policy proceeds to cover legal expenses incurred in (i) responding to subpoenas and requests for information and testimony in connection with the DOJ's upcoming trial of Mr. Chu and the SEC's litigation against

Mr. Chu; (ii) future investigations by the DOJ or SEC; and (iii) anticipated civil claims for losses by lenders, investors, creditors, and other stakeholders.

5. This Court has already found that because "a Side C Claim against the Debtor provides the estate with a cognizable interest in the policy proceeds… the proceeds are property of the estate." (Feb. 4, 2026 Hr'g Tr., at 25:17-20 (ECF No. 751).) The Court expressly retained jurisdiction to adjust its procedures "to ensure the equitable allocation and preservation of the limited D&O proceeds." (*Id.*, at 32:19-21.) That moment has arrived. Two of the three layers are gone, and only $5,000,000 remains. The Objecting Insureds ask the Court to decline to lift the stay unconditionally and instead enter a structured order that (a) caps aggregate advancement of Defense Expenses and other Loss to the Other Insureds from the Old Republic layer at $4,000,000; (b) reserves $1,000,000 for the Trustee on account of the Estate's Side C coverage; and (c) preserves the existing advancement-request, reporting, and objection procedures as to the Trustee and the Other Insureds.

FACTUAL BACKGROUND

A. Tricolor's Collapse and Bankruptcy

6. Mr. Chu is the founder and former CEO and President of Tricolor, formerly a subprime auto-lender and used car dealer that specialized in providing affordable auto-loans to individuals with little-or-no credit history. Tricolor financed its business activities by collateralizing its auto-loans into securitized, asset-backed lending facilities sold to institutional lenders including Fifth Third Bank, JPMorgan, and Barclays, with the supporting revenue flowing from interest payments on the underlying customer loans. Mr. Chu exercised ultimate authority over Tricolor's business, including its lending platform, financing structure, accounting practices, and managerial operations.

7. In August 2025, JPMorgan became concerned about suspicious activity at Tricolor and hired FTI Consulting to analyze Tricolor's lending facilities. This analysis revealed Tricolor had misrepresented its financial receivables by creating hundreds of millions of dollars of duplicate or fabricated loans to defraud its lenders of additional funds. Shortly thereafter, Tricolor collapsed amid a wave of customer defaults.

8. On September 10, 2025, Tricolor filed for Chapter 7 bankruptcy protection, listing between $1 billion and $10 billion in assets and liabilities, and over 25,000 creditors.

B. Mr. Chu Has Substantial Assets to Cover His Defense Costs

9. As President and CEO of Tricolor, Mr. Chu received millions of dollars in compensation between his executive salary and performance-based bonuses. These funds supported a lavish lifestyle and the acquisition of multi-million dollar homes in Aspen, Dallas' Highland Park, Beverly Hills, and Miami.

10. As reflected in the *Trustee's Objection to Daniel Chu's Motion for Order Authorizing Use of Proceeds of Directors and Officers Liability Insurance Policies for Defense Expenses and Other Loss Amounts*, when the fraud began to unravel, Mr. Chu took immediate action to shield and monetize his assets, including by: (i) swapping a Beverly Hills property for cash; (ii) listing his Highland Park residence for nearly $11 million; (iii) consulting asset-protection counsel about transferring investments into a family limited partnership; (iv) exploring Florida homestead protections; and (v) unwinding a $25 million Aspen home purchase to recover additional funds. (ECF No. 521 ¶ 42.)

C. Government Investigation

11. Shortly after Tricolor's public collapse, the DOJ launched a criminal investigation into potential securities fraud and other felony offenses in connection therewith. Pursuant to that

investigation, the DOJ issued subpoenas to Tricolor, its outside accountant, and nearly a dozen other former officers and directors, including the Objecting Insureds.

12. That investigation culminated in the December 15, 2025, indictment of Daniel Chu and David Goodgame. Sealed Indictment, *United States v. Daniel Chu, et al.*, No. 1:25-cr-00579-PKC (S.D.N.Y. Dec. 15, 2025). Mr. Goodgame pleaded guilty on June 24, 2026, but the case against Mr. Chu is set for trial on January 25, 2027.

13. The SEC also opened an investigation into the matter and filed a complaint against Mr. Chu, Jerome Kollar, and Ameryn Seibold on August 18, 2026. Complaint, *Securities and Exchange Commission v. Daniel Chu, et al.*, No. 26-cv-7041 (S.D.N.Y. Aug. 18, 2026). Messrs. Kollar and Seibold consented to the entry of judgment against themselves on August 28, 2026, but that case also continues as to Mr. Chu.

14. The Other Insureds, including the Objecting Insureds in this Objection, face continuing expenses relating to the DOJ's upcoming trial of Mr. Chu and the SEC's ongoing litigation against Mr. Chu.

D. Mr. Chu Consumed the Lion's Share of the Travelers and CNA Policies

15. At all relevant times, Tricolor maintained a $15 million D&O insurance tower comprised of: (i) a primary $5 million policy issued by Travelers Casualty & Surety Company of America[2] ("Travelers"); (ii) a $5 million excess policy issued by Continental Casualty Company ("CNA"); and (iii) a $5 million excess policy issued by Old Republic (collectively, the "D&O Policies"; individually, a "Policy").[3] As follow form policies, the CNA and Old Republic Policies

[2] In addition to the $5 million in primary coverage, the Travelers policy also provided for Supplemental Side A coverage of $1 million which has been paid out.

[3] The D&O Policies are attached as Exhibits B through D to *Daniel Chu's Motion for Order Authorizing Use of Proceeds of Directors and Officers Liability Insurance Policies for Defense Expenses and Other Loss Amounts* (ECF No. 469) (the "Original Motion"). (*See* ECF Nos. 469-2 ("Original Mot. Ex. B"), 469-3 ("Original Mot. Ex. C"), and 469-4 ("Original Mot. Ex. D").)

are governed by the provisions of the Travelers Policy, except where specifically disclaimed. (*See* Original Mot. ¶ 8; Original Mot. Ex. C at 7; Original Mot. Ex. D at 7.) The Old Republic Policy provides that Old Republic "shall provide the Insureds with insurance in accordance with the terms, conditions, warranties and exclusions set forth in the Primary Policy," that its "maximum aggregate liability for all Loss covered under this Policy shall be the aggregate Limit of Liability" of $5,000,000, and that "[d]efense costs paid by the Insurer shall reduce and may completely exhaust the Limit of Liability of the Policy." (Original Mot. Ex. D at 2, 5, 10.)

16. On February 21, 2026, the Court entered the *Order Granting in Part Motion to Modify the Automatic Stay to Allow for Advancement of Defense Costs from Proceeds of the Debtors' Directors and Officers Liability Insurance Policies* (ECF No. 899) (the "Travelers Policy Order"). The various "Insureds" then began operating under the Travelers Policy Order.

17. The Insureds first learned the pace of claims at the same time it learned that the Travelers' Policy was almost completely exhausted. Pursuant to the Travelers Policy Order, Travelers issued its first Monthly Advancement Report on April 13, 2026, which showed that the insureds collectively had requested reimbursement for more than $6 million (the policy limit), and that Travelers planned to pay approximately $5.5 million. Daniel Chu's lawyers collectively had submitted more than half of the money requested ($3.3 million) and Travelers had approved payment on those Chu requests of $2.96 million. In a May 21, 2026 letter accompanying the Second Monthly Advancement Report, Travelers provided notification that its limits would be exhausted before it paid in full the amounts it had preliminarily approved for March 2026 invoices. By a June 11, 2026, letter supplementing the Monthly Advancement Report, Travelers confirmed that it had initiated the final payments under the Travelers Policy, that those payments fully

exhausted the Travelers Policy, and that Travelers had no further obligations of any kind under the Travelers Policy, thereby triggering the CNA Policy layer.

18. On July 8, 2026, the Court entered the *Order Granting Daniel Chu's Agreed Motion for Order Authorizing the Use of Proceeds of the Excess Directors and Officers Liability Insurance Policy Issued by CNA for Covered Defense Expenses under the CNA Policy Limit* (ECF No. 1302) (the "CNA Policy Order") and the Insureds then began operating under its procedures. Like the Travelers Policy Order, the CNA Policy Order "pertain[s] strictly to the $5,000,000 policy limit of the CNA Policy" and expressly declined to modify the automatic stay as to the Old Republic Policy. Once again, contemporaneous with the Court approving access to an insurance layer, the layer was exhausted in overwhelmingly large part by Mr. Chu. Mr. Chu's three law firms initially requested an aggregate $6,060,426.11—exceeding the entire $5,000,000 CNA layer by more than a million dollars and representing nearly 70% of all funds requested across all Insureds. The September Monthly Advancement Report reflected additional Advancement Requests of $1,869,172.96 submitted on behalf of Mr. Chu. Thus, the $7,929,599.07 advancement requests submitted on behalf of Mr. Chu just through September would have consumed not only the entire CNA layer but also nearly three-fifths of the final Old Republic layer.

19. On October 30, 2026, CNA provided its notice of CNA exhaustion, confirming that it had initiated the final payments under the CNA Policy, that those payments fully exhausted the Policy, and that CNA had no further obligations of any kind under the Policy (the "Notice of CNA Policy Exhaustion"). A true and correct copy of the Notice of CNA Policy Exhaustion is attached hereto as **Exhibit B**. For Mr. Chu, CNA paid approximately $3.195 million of its layer to his lawyers as reflected in CNA's October 5, 2026 final Monthly Advancement Report and its appendices, true and correct copies of which are attached hereto as **Exhibits C and D**.

20. Mr. Chu has now filed his *Motion for Order Authorizing the Use of Proceeds of the Excess Directors and Officers Liability Insurance Policy Issued by Old Republic Insurance Company for Advancement of Covered Defense Expenses* (ECF No. 1500). He seeks the same unfettered access to the Old Republic Policy that allowed him to consume the prior layers.

21. The Objecting Insureds object to granting Mr. Chu unfettered access to the proceeds of the Old Republic Policy on the same basis as the Travelers and CNA layers. The invoices Mr. Chu submitted through September would consume the vast majority of the Old Republic Policy, and, at his current rate of consumption, the additional fees he incurred during September and October would likely exhaust this layer in the next month, long before his criminal trial. He would use it to fund his criminal and civil defense of the fraud that took place at Tricolor allegedly under his watch, all while the Other Insureds continue to incur covered expenses for which there would be no proceeds remaining on the Policies. There is no scenario in which all covered expenses can be paid.

22. Without effective controls, Mr. Chu would leave the Other Insureds without funds to cover the expenses they face responding to the subpoenas and information requests the DOJ and SEC have made to build their cases against Mr. Chu, to say nothing of later investigations and litigation.

OBJECTION

A. MR. CHU SHOULD NOT BE ALLOWED TO UNILATERALLY EXHAUST THE POLICY PROCEEDS.

23. Mr. Chu has requested approximately $10.7 million in Defense Expenses across the first two layers, all well before his criminal trial. Without contesting Mr. Chu's right to advancement and coverage, the Objecting Insureds object that granting him similarly unfettered access to the Old Republic Policy would exhaust the final layer in short order. Indeed, given the

rate at which he has incurred legal expenses throughout the year, he may well have incurred sufficient fees to exhaust the layer already. It would also risk a scramble on the part of all Insureds to secure proceeds for their own defense, further accelerating the depletion of the final layer. This scenario can and should be avoided. As the Fifth Circuit has recognized, "[w]hen there are multiple claimants to the policy proceeds, the court should be able to oversee the allocation of the proceeds among claimants," because "oversight by the court is necessary to assure an equitable distribution of the available assets." *In re OGA Charters, L.L.C.*, 901 F.3d 599, 604-05 (5th Cir. 2018) (quoting 3 *Collier on Bankruptcy* ¶ 362.03 (16th ed.)).

24. Absent such oversight, payment of defense expenses from a shared aggregate limit would proceed on a "first-come, first-served" basis, under which "the earliest-accrued and first-submitted could get the jump in the actual realization of the value of coverage, to the detriment of others that have accrued claims within the scope of the coverage." *In re Petters Co.*, 419 B.R. 369, 376 (Bankr. D. Minn. 2009). As the *Petters* court observed, that "prioritization of right exclusively by time of assertion" is "dissonant" with "the dictates of pro rata sharing and orderly administration that are embodied in the substantive law of bankruptcy." *Id.*; *see also Landry v. Exxon Pipeline Co.*, 260 B.R. 769, 795 (Bankr. M.D. La. 2001) (first-come, first-served recovery of insurance proceeds would result in inequitable distribution).

25. That is precisely what has happened at the first two layers. Under the CNA Policy Order, CNA announced that it would pay approved amounts "in the order of the earliest invoice date since the invoices submitted in July 2026 exceed Continental's policy limits." Ex. C, at 3. This strict chronological rule converts the order in which an Insured happened to begin incurring fees into a substantive priority and rewards the Insured whose counsel bills the earliest and the most aggressively.

26. The Court anticipated this moment. In its February 4, 2026 Bench Ruling, the Court recognized that the "odds are $15 million may not be enough for everybody, based upon what's just been incurred to date in the first two to three months," retained jurisdiction "to adjust these procedures as appropriate to ensure the equitable allocation and preservation of the limited D&O proceeds," and invited the parties, upon exhaustion of a layer, to file a new lift-stay motion and to request "any new or different . . . reporting requirements and bells and whistles." (Feb. 4, 2026 Hr'g Tr. (ECF No. 751) at 32:16-21, 40:3-4, 46:2-9.) With only one layer remaining, the equitable-allocation concerns that the Court reserved are no longer hypothetical.

B. THE COURT SHOULD ENTER A STRUCTURED ORDER GOVERNING THE OLD REPUBLIC LAYER.

27. The Court has already determined that the DOJ and SEC subpoenas served on the Debtors triggered direct Side C coverage, rendering the proceeds "subject to the Court's jurisdiction and oversight." *Id.* at 23:11-15, 25:17-20. Because the Old Republic Policy follows form to the Travelers Policy, the same Side C coverage—and the same estate interest—extends to the Old Republic layer. (Ex. D at 10 of 17). Mr. Chu therefore must establish "cause" under 11 U.S.C. § 362(d)(1) to modify the stay, and the Court may grant relief on such terms and conditions as are necessary to protect the Estate and the Other Insureds.

28. In deciding whether cause exists, courts "balance[] the harm to the debtor if the automatic stay is modified, with the harm to directors and officers if they are prevented from executing on their rights to defense costs." *SEC v. Narayan*, No. 3:16-CV-1417, 2017 WL 447205, at *6 (N.D. Tex. Feb. 2, 2017) (citing, *inter alia*, *In re Mila, Inc.*, 423 B.R. 537, 543 (B.A.P. 9th Cir. 2010)). That balance favored advancement in *Narayan* because the movants there were "[w]ithout money to fund a defense," and in *Mila* because the debtor's founder was "likely the only director or officer to receive payments," such that exhaustion of the policy was "remote."

Narayan, 2017 WL 447205, at *6; *Mila*, 423 B.R. at 543-44. As *Mila* explained, "exhausting policy limits is . . . a concern when multiple parties are trying to access the proceeds, not just one officer and one trustee." 423 B.R. at 543.

29. Those considerations cut the other way here. Mr. Chu is in no way without money to fund a defense; he has substantial personal assets derived from the very entity at issue in his alleged fraud and he has taken documented steps to protect them.[4] (*See supra* ¶¶ 9-10.) Nor is he the only Insured drawing on the tower: other Insureds and the Trustee have submitted Advancement Requests at every layer, and many of their "clear, immediate, and ongoing" expenses arise from responding to the very government investigations and prosecutions directed at Mr. Chu. *Id.* at 545. Exhaustion is not remote; it is certain. The harm to the Other Insureds and the Estate from unconditional relief—the loss of the last coverage available to them—is irreparable.

30. Even courts that have granted stay relief to permit advancement over objection have conditioned that relief on monitoring and caps where, as here, the available coverage is finite and contested. *See In re MF Global Holdings Ltd.*, 469 B.R. 177, 197 (Bankr. S.D.N.Y. 2012) (lifting stay but directing monitoring procedures and imposing "a 'soft cap' of $30 million for defense costs of the Individual Insureds . . . subject to further adjustment"); *Petters.*, 419 B.R. at 375 (allowing payment of claims but "impos[ing] a limit on the dollar-value that may be disbursed without another review by this Court"). The Court should do the same here.

C. THE COURT SHOULD IMPOSE ALLOCATION CAPS.

1. Precedent Confirms the Court's Power to Cap Access to Shared D&O Proceeds to Prevent Their Destruction

31. *In re Adelphia Communications Corp.*, 302 B.R. 439 (Bankr. S.D.N.Y. 2003), is closely analogous. There, the debtors' founder and members of his family—all civilly charged

[4] Indeed, he may also have access to other insurance policies unknown to the Objecting Insureds.

with fraud arising out of their management of the company, and three of whom faced ongoing criminal proceedings—sought access to a shared $50 million D&O tower comprised of a primary policy and two excess layers that, like the D&O Policies here, provided both individual and "entity coverage." *Id.* at 441, 443. Because the policies were "subject to an 'aggregate limit,' . . . each dollar paid out of the D&O Policies for attorneys' fees . . . on behalf of any insured person leaves one dollar less for other payments." *Id.* at 444.

32. To protect the debtors' interests in the policies, Judge Gerber permitted each insured to access $300,000 of policy proceeds. *Id.* at 443. The court found that "unrestricted access to policy proceeds will fully deplete their coverage, and effectively destroy the policies," and that the cap addressed the debtors' needs because "the aggregate proceeds that would thereby be depleted . . . would presumably not exceed $3 million of the total $50 million." *Id.* at 445. It further explained that, "[w]ithout [the cap], unlimited drains on policy proceeds would have the effect of destroying the policies themselves," and that if it "were ever to fear that the proceeds in their entirety were at risk of dissipation," it would "regard it as appropriate to stay anything that could lead to such an unfortunate result." *Id.* at 452-53.

33. The case for limitation here is even stronger than in *Adelphia*. There, the concern was that unrestricted access might eventually deplete a $50 million tower; here, two-thirds of a $15 million tower is already gone and the risk of "dissipation" of "the proceeds in their entirety" is not speculative but imminent given Mr. Chu's current claims and rate of consumption. *Id.*, at 453. And just as Judge Gerber recognized the debtors' interest in preserving entity coverage as a funding source, the Estate here holds a direct interest that will be extinguished if Mr. Chu is permitted to consume the final layer. *See id.* at 444 ("if the policy proceeds were to be depleted

before ACC could avail itself of that opportunity, its ability to utilize that funding source would be lost").

34. Other courts have likewise structured access to shared D&O proceeds through aggregate caps and reserves. In *Petters*, where the debtors' CEO was accused of perpetrating a massive fraud and faced an imminent criminal trial, the court allowed claims to be paid up to a cap of 25% of the aggregate coverage and held the remainder in reserve, reasoning that "to protect some recourse for the bankruptcy estates for the future emergence of their own covered losses, it was most appropriate to set up something in the nature of an allocated reserve out of the full coverage, which would continue to be protected by the automatic stay." 419 B.R. at 379-80. The court noted that "[t]he greatest potential call on the unexhausted coverage is obviously on the account of [the owner and controller], personally." *Id.* at 380. In *In re Boston Regional Medical Center, Inc.*, 285 B.R. 87 (Bankr. D. Mass. 2002), the court authorized only an interim payment of approximately $600,000 of a $20 million limit to fund expert expenses, explaining that "when claims for coverage are likely to exceed the policy limit, the payment of any claim in full effects a preference in favor of that claim," and that later payments to those who have already received coverage "can be manipulated to assure a pro rata distribution of the total proceeds among the various insureds." *Id.* at 97. And in *MF Global*, the court imposed a $30 million soft cap on individual defense costs "[i]n light of the total amount of insurance available." 469 B.R. at 197.

2. The Proposed Allocation of the Old Republic Layer

35. Guided by these authorities, the Objecting Insureds respectfully request that the Court modify the automatic stay as to the Old Republic Policy subject to the following allocation (the "Proposed Allocation"): (a) **$4,000,000** shall be available for advancement of covered Defense Expenses and other Loss to Other Insureds who submit Advancement Requests, to be paid pro rata as approved Advancement Requests are submitted up to $500,000 per Insured; (b) **$1,000,000** shall

be reserved for the Trustee on account of the Estate's Side C coverage; and (c) the advancement-request, redaction, reporting, and objection procedures of the Travelers Policy Order and CNA Policy Order shall otherwise apply to Old Republic. To be clear, the Objecting Insureds believe that the amounts already paid to Mr. Chu under the two prior Policies are a sufficient allocation to him, and he should not be allocated any amount under the Old Republic Policy.

36. Like the orders in *Adelphia* and *Petters*, the Objecting Insureds ask that the Proposed Allocation be made without prejudice and the Insureds should be permitted to seek reallocation of pooled proceeds and the allocation should be subject to reconsideration in the future, when—as the *Petters* court put it—"any future allocation of the balance of coverage" can be made with "better focus." *See Adelphia*, 302 B.R. at 443, 455; (Hr'g Tr. at 26:13-19).

3. The Proposed Allocation Does Not Rewrite the D&O Policies

37. The Objecting Insureds recognize that, at the Travelers layer, the Court declined to adopt the Trustee's proposed 10% per-insured cap, reasoning that a uniform percentage cap would effectively rewrite the policies, and observed that *Petters* "established that a cap could be implemented as to the total amount that claimants could access, rather than a cap on each individual insured's amount to proceeds." (ECF No. 571 at 27:13-28:2.) The Proposed Allocation follows that guidance. It does not impose an across-the-board percentage cap on every Insured; it allocates the aggregate remaining limit between two pools—the Other Insureds and the Estate—in the manner *Petters* approved, and leaves the insurer's coverage and reasonableness determinations untouched.[5]

[5] Nonetheless, to the extent the Court wishes to reconsider its comments regarding the Trustee's proposed 10% per-insured cap, we respectfully submit that, given the swift exhaustion of the first two layers of insurance primarily by Mr. Chu, a 10% per-insured cap encompassing Mr. Chu, the Other Insureds, and the Trustee would also be an equitable method of allocating the remaining funds.

38. Circumstances have also changed materially since the February 4 ruling. At that time, the full $15 million tower remained available, and the Court reasonably preferred to let the claims process "go ahead" at the first layer. Now, the first two layers have been exhausted, the majority of which were consumed by a single Insured – Mr. Chu. The concern the Court identified—that it would be "inequitable to those insureds who may have sufficiently greater Claims" to impose uniform caps—has inverted: absent allocation, it is the Other Insureds whose Claims will receive nothing at all.

39. Nothing in the D&O Policies entitles Mr. Chu to priority. The only priority provision, the Order of Payments clause, applies solely "[i]f Loss, other than Defense Expenses, from any Claim exceeds the remaining applicable limit of liability." Original Mot. Ex. B, at 55. It therefore confers no preference on the defense expenses Mr. Chu seeks, much less any preference for Chu's defense expenses. *See Narayan*, 2017 WL 447205, at *7 (order of payments provision "does not establish a priority of payments among equally situated individual insureds"). The Policies instead provide that the insurer's "maximum limit of liability for all Loss, including Defense Expenses, for all Claims" is capped "[r]egardless of the number of persons or entities who are Insureds," and that "[p]ayment of Defense Expenses will reduce and may exhaust all applicable limits of liability." Original Mot. Ex. B, at 19-20.

D. EQUITY SUPPORTS LIMITING MR. CHU'S ACCESS TO THE FINAL LAYER.

40. First, Mr. Chu has already received the lion's share of the tower. He received approximately $3.58 million of the $6 million Travelers layer (60%) and received approximately $3.2 million of the $5 million CNA layer (64%). It is not equitable for one Insured to absorb substantially the entire shared limit while co-insureds with well-documented requests and real, identified defense needs are left with nothing. The D&O Policies exist to protect all Insured Persons, and an allocation that leaves each layer exhausted by a single Insured defeats that purpose.

41. Second, Mr. Chu, unlike the Other Insureds, can fund his own defense. The Trustee's evidence shows that he amassed millions in compensation and multiple multi-million dollar residences, and that he took immediate steps to shield and monetize those assets once the fraud surfaced. (ECF No. 521, at ¶¶ 18, 42.) The Other Insureds have no comparable resources. The interests the D&O Policies were designed to protect—an Insured's ability to obtain and fund defense counsel—are thus most acutely at stake for the Other Insureds, not for Mr. Chu. As the Trustee previously observed, the cases Mr. Chu cites "are far more applicable to the other covered individuals here, who presumably do not have tens of millions of dollars in cash and other assets on hand to fund their defense." (*Id.* ¶ 45.)

42. Third, many of the Other Insureds' current covered expenses are a product of the government's cases against Mr. Chu. Contrary to Mr. Chu's assertions, the upcoming expenses of the Other Insureds are not speculative or remote. They are responding to subpoenas, interview requests, and information demands issued to build the DOJ's prosecution and the SEC's litigation against him. It would be perverse to allow Mr. Chu to consume the final layer to defend those very cases while the witnesses compelled to support them are left to pay their own way.

43. Fourth, the Court's equitable powers are at their apex in these circumstances. Where, as here, "a defunct business is under accusations of massive fraud, and the allocation of responsibility for the downfall . . . is contested among parties who are no longer associates and colleagues in a common enterprise," it is "more likely that there will be larger claims against the coverage, heightened competition among claimants, and quicker exhaustion of policy limits." *Petters*, 419 B.R. at 380 n.12. Section 105(a) authorizes the Court to issue any order "necessary or appropriate" to carry out the Bankruptcy Code, including to protect the Estate's interest in insurance policies from destruction. *See Adelphia*, 302 B.R. at 448-51. And the Fifth Circuit has

made clear that where competing claims exceed the available proceeds, "oversight by the court is necessary to assure an equitable distribution." *OGA Charters*, 901 F.3d at 604-05.

44. Finally, preserving a reserve for the Trustee serves all creditors. The Estate's Side C coverage is a funding source that "can minimize administrative expenses otherwise chargeable against estate assets, channel the satisfaction of some creditors' claims to an alternate source of recourse, and retain maximum value of estate assets for distribution to other creditors." *Petters*, 419 B.R. at 376. A $1,000,000 reserve protects that interest without impairing the Other Insureds' access to the balance of the layer.

RESERVATION OF RIGHTS

45. The Objecting Insureds reserve all rights under the D&O Policies, the Travelers Policy Order, the CNA Policy Order, and applicable law, including the right to object to the reasonableness, necessity, or documentation of any Advancement Request under the Old Republic Policy, and the right to supplement this Objection.

CONCLUSION

WHEREFORE, for the foregoing reasons, the Objecting Insureds respectfully request that the Court deny the Motion to the extent it seeks unconditional relief from the automatic stay as to the Old Republic Policy and enter an order modifying the automatic stay as to the Old Republic Policy subject to the Proposed Allocation, in the form or substantially in the form attached hereto as **Exhibit A**.

Dated: November 19, 2026

Respectfully submitted,

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Counsel to Ameryn Seibold

CERTIFICATE OF CONFERENCE

I certify that I have conferred with Trustee's counsel and with counsel for Reed Crow, Mauricio Delgado, Jerry Kollar, Andy Mata, Eduardo Perez, David Goodgame, Ameryn Seibold, and Daniel Chu via email, telephone, and videoconference regarding the relief sought in this Objection.

/s/ Katherine Addleman
Katherine Addleman

CERTIFICATE OF SERVICE

I hereby certify that on November 19, 2026, a true and correct copy of the foregoing document was served via CM/ECF for the United States Bankruptcy Court for the Northern District of Texas on all parties authorized to receive electronic notice in this case.

/s/ Katherine Addleman
Katherine Addleman

EXHIBIT A

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	Chapter 7
TRICOLOR HOLDINGS, LLC, *et al*.,	Case No. 25-33487 (MVL)
Debtors.[1]	(Jointly Administered)

[PROPOSED] ORDER GRANTING JOINT MOTION FOR ORDER AUTHORIZING THE USE OF PROCEEDS OF THE EXCESS DIRECTORS AND OFFICERS LIABILITY INSURANCE POLICY ISSUED BY OLD REPUBLIC INSURANCE COMPANY FOR COVERED DEFENSE EXPENSES

[1] The Debtors in these Chapter 7 cases are as follows: Tricolor Holdings, LLC, TAG Intermediate Holding Company, LLC, Tricolor Auto Group, LLC, Tricolor Auto Acceptance, LLC, Tricolor Insurance Agency, LLC, Tricolor Home Loans LLC dba Tricolor Mortgage, Tricolor Real Estate Services, LLC, TAG California Holding Company, LLC, Flexi Compras Autos, LLC, TAG California Intermediate Holding Company, LLC, Tricolor California Auto Group, LLC, Tricolor California Auto Acceptance, LLC, Risk Analytics LLC, Tricolor Tax, LLC, Tricolor Financial, LLC, Tricolor Auto Receivables LLC, TAG Asset Funding, LLC, and Apoyo Financial, LLC. (collectively, "Tricolor" or the "Debtors").

Upon consideration of *Daniel Chu's Motion for Order Authorizing Use of Proceeds of Directors and Officers Liability Insurance Policies for Defense Expenses and Other Loss Amounts* (ECF No. 469) (the "Original Motion") filed by Daniel Chu ("Mr. Chu") and the *Trustee's Objection to Daniel Chu's Motion for Order Authorizing Use of Proceeds of Directors and Officers Liability Insurance Policies for Defense Expenses and Other Loss Amounts* (ECF No. 521) (the "Trustee's Objection"), filed by the duly appointed Chapter 7 Trustee (the "Trustee"), seeking entry of an order pursuant to Sections 105(a), 362, and 541 of the Bankruptcy Code, Bankruptcy Rule 4001(d), and Local Rule 4001-1 modifying the automatic stay to allow the Insurers to advance covered "Defense Expenses" (as defined in the Debtors' Director and Officer Liability Insurance Policies (the "D&O Policies" or the "Policies"))[2] to or on behalf of the "Insureds" in accordance with the terms and conditions of the Policies, subject to procedures and restrictions allowing for the fair and equitable allocation and distribution of the Policies' proceeds to all "Insureds" (as set forth in the proposed order attached to the Trustee's Objection at (ECF No. 521-1)); and the Court having reviewed and considered all other papers and pleadings related thereto—including joinders and/or supplemental joinders to the Original Motion filed by (1) Mauricio Delgado (ECF No. 517 and ECF No. 616); (2) Andy Mata (ECF No. 566); and (3) Reed Crow (ECF No. 613), as well as Mr. Chu's Reply to the Trustee's Objection (ECF No. 573), the Notices of Revised Proposed Orders submitted by the Trustee (ECF No. 555 and ECF No. 618), *Travelers' Objection to the Trustee's Alternative Proposal and Proposed Order*

[2] The Policies consist of (a) a $5 million primary policy issued by Travelers Casualty & Surety Company of America ("Travelers"), (b) a $5 million excess policy issued by Continental Casualty Company ("CNA"), and (c) a $5 million excess policy issued by Old Republic Insurance Company ("Old Republic") (collectively, with Travelers and CNA, the "Insurers"; each an "Insurer").

Authorizing the Use of Proceeds Of Directors and Officers Liability Insurance Policies (ECF No. 617), the Trustee's Sur-Reply in further support of the Trustee's Objection (ECF No. 620), *Daniel Chu's Motion for Order Authorizing the Use of Proceeds of the Excess Directors and Officers Liability Insurance Policy Issued by Old Republic for Covered Defense Expenses* (ECF No. 1500) (the "Chu's Old Republic Policy Motion"), and *Joint Objection to Daniel Chu's Motion for Order Authorizing the Use of Proceeds of the Excess Directors and Officers Liability Insurance Policy Issued by Old Republic for Covered Defense Expenses* filed by certain insured individuals (the "Objection") (ECF No. 1504); and this Court having jurisdiction to consider the Original Motion and the Old Republic Policy Motion and the relief requested therein pursuant to 28 U.S.C. § 1334, and this being a core proceeding under 28 U.S.C. § 157; and it appearing that venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Original Motion, Chu's Old Republic Policy Motion, and the Objection having been provided; and such notice having been adequate and appropriate under the circumstances; and after due deliberation, including following a hearing on the Original Motion held on January 12, 2026 (ECF No. 663), where counsel for the Trustee, Mr. Chu, Mr. Delgado, Mr. Mata, Mr. Crow, Jerome Kollar, David Goodgame, Old Republic, James Li, and Travelers appeared; and in accordance with the bench ruling the Court issued on the Original Motion on February 4, 2026 (ECF No. 751), and for the reasons stated therein;

Upon further consideration of Chu's Old Republic Policy Motion's representations regarding CNA's October 30, 2026 Notice of CNA Exhaustion to Counsel, confirming that the full limits of liability under the CNA Policy have been exhausted as of October 28, 2026, and that no further Monthly Advancement Reports will be provided by CNA;

And further, the Court having considered that any applicable retention has been satisfied;

IT IS HEREBY ORDERED THAT:

1. The Old Republic Policy Motion is **GRANTED**, as set forth herein.

2. The automatic stay imposed by 11 U.S.C. § 362 is **MODIFIED SOLELY** to permit any "Insured" under the Policies, other than Mr. Chu or the Trustee acting on behalf of the Debtors, to request advancement and payment of covered Defense Expenses under the Excess Directors and Officers Liability Insurance Policy issued by Old Republic (Policy No. ORPRO 13 103527) (the "Old Republic Policy"),[3] provided that $1,000,000 of the Old Republic Policy shall be set aside for the Truste, acting on behalf of the Debtors, and that the total amount of Defense Expenses advanced to any single Insured covered under Side A of the Policies shall be capped at $500,000, subject to the terms, conditions, and limitations of the Old Republic Policy and the procedures set forth in this Order, and for Old Republic to pay any such covered Defense Expenses up to the per-Insured limit that Old Republic determines in its reasonable discretion to be owed in accordance with the terms, conditions, and limitations of the Old Republic Policy and the procedures set forth in this Order.

3. Consistent with Old Republic's position as an excess insurer above the Directors and Officers Liability Insurance Policy issued by Travelers (Policy No. 106848518) (the "Travelers Policy") and Excess Liability Insurance Policy issued by CNA (Policy No. 794111969) (the "CNA Policy"), Old Republic's obligation to advance covered Defense Expenses under this

[3] Unless stated otherwise, capitalized terms set forth herein and defined in the D&O Policies shall have the same meaning as defined therein.

Order shall arise only after the full limits of liability under the CNA Policy have been exhausted (the "CNA Exhaustion"). CNA's letter to counsel dated October 30, 2026 confirmed the CNA Exhaustion and constitutes the "Notice of CNA Exhaustion" for purposes of this Order.

4. Each Insured, other than Mr. Chu, who has incurred Defense Expenses that were submitted to CNA but not paid (or not paid in full) by CNA due to exhaustion of the CNA Policy, or that were not submitted to CNA due to exhaustion of the CNA Policy, shall, within twenty-one (21) days after the later of (a) entry of this Order or (b) the end of the calendar month in which the Notice of CNA Exhaustion was received, or if such twenty-first (21st) day falls on a weekend, the next business day thereafter, submit to Old Republic a written request for advancement of such Defense Expenses (an "Advancement Request") as required by, and in accordance with, the Old Republic Policy, and as set forth below. Thereafter, for Defense Expenses incurred in subsequent calendar months, each "Insured" shall submit an Advancement Request to Old Republic within twenty-one (21) days after the end of each such calendar month, or if such twenty-first (21st) day falls on a weekend, the next business day thereafter.

A. Each Advancement Request must (i) clearly identify the Claim to which the Defense Expenses relate and must certify that the request is made pursuant to, and in conformity with, the D&O Policies; and (ii) include two sets of true and complete copies of all invoices and supporting documentation reflecting the Defense Expenses for which advancement is sought (one redacted set and one unredacted set). The redacted and unredacted sets of invoices shall be submitted to Old Republic by email to: (i) Old Republic's current claims professional handling this matter, and (ii) Old Republic's coverage counsel (Bailey Cavalieri, LLC). No Advancement Request shall be valid or payable unless accompanied by such invoices and supporting materials. Nothing in this Order shall require disclosure of information protected by the attorney-client privilege, work-product doctrine, or similar protections (including, specifically, information the disclosure of which could reasonably compromise an ongoing criminal or regulatory investigation or proceeding). Any redactions must be narrowly tailored to the circumstances of the representation and clearly labeled, and the "Insured" must retain unredacted copies. For invoices that were partially paid by CNA before the CNA Exhaustion, the

"Insured" shall specify the amounts paid by CNA for such invoices and specify the amounts remaining under such invoices for which they are requesting payment from Old Republic.

B. Each "Insured" shall fully comply with the cooperation obligations set forth in the D&O Policies, including providing information reasonably requested by Old Republic in connection with any Advancement Request.

5. In response to an Advancement Request following the Notice of CNA Exhaustion, Old Republic's counsel shall provide counsel for the Trustee and any other "Insureds" who have submitted Advancement Requests to Old Republic with a Monthly Advancement Report containing:

A. A list containing each Advancement Request received during the prior month, identifying the requesting "Insured" and the Claim to which the request relates;

B. The total amount of Defense Expenses requested for each such Advancement Request;

C. The total amount of Defense Expenses approved for payment by Old Republic for each Advancement Request, pending objection as provided in Paragraph 7 below, if any;

D. The total amount of Defense Expenses paid by Old Republic (i.e., amounts actually paid by Old Republic, but not including amounts under review, preliminarily approved but not yet disbursed or amounts to which any party has objected pursuant to Paragraph 7 below), if any, for each Advancement Request;

E. The total amount of Defense Expenses denied, if any, for each Advancement Request;

F. The total amount of Defense Expenses under appeal pursuant to the policies and procedures of Old Republic;

G. The remaining available limits under the Old Republic Policy after giving effect to all payments made during that month; and

H. Copies of the redacted invoices that were provided to Old Republic.

6. The initial Monthly Advancement Report and all subsequent Monthly Advancement Reports shall be provided by Old Republic's counsel no later than the twenty-first

(21st) day of the calendar month following the calendar month that any Advancement Request is submitted to Old Republic, or if such twenty-first (21st) day falls on a weekend, the next business day thereafter.

7. The Trustee and any other "Insured" shall have seven (7) calendar days after receipt of any Monthly Advancement Report to object in writing to any Advancement Request reported therein by submitting such objection in writing via email to the Old Republic claims professional assigned to this matter and Old Republic's coverage counsel (Bailey Cavalieri, LLC).[4] If no objection is timely submitted, the approved amounts may be paid, subject to Old Republic's approval. Old Republic shall be entitled to resolve any dispute under the terms of the Old Republic Policy in its discretion in the first instance. Should a material dispute exist, after a good faith attempt at resolution by the objector(s), the affected "Insureds," Old Republic, and the objector(s) may request Court intervention by filing a request on the Court's docket and providing prompt written notice via email to Old Republic's claims professional assigned to this matter and Old Republic's coverage counsel, as well as to all other "Insureds" who have submitted Advancement Requests to Old Republic. Old Republic will use its best efforts to not pay any disputed amounts for which Court intervention has been requested (and written notice of such intervention has been provided to Old Republic as required above) until receiving direction from the Court. Any failure by the Trustee or any "Insured" to timely object to an Advancement Request (or any portion thereof) under this Order shall constitute a waiver of any right to object to such Advancement Request under this Order. Similarly, any failure by the Trustee or any "Insured" to timely object

[4] Old Republic shall provide notice to the "Insureds" of any change in personnel as to the Old Republic claims professional assigned to this matter.

to an Advancement Request (or any portion thereof) under Paragraph 7 of the Court's July 8, 2026 Order (ECF No. 1302) shall constitute a waiver of any right to object to the same Advancement Request (or portion thereof) under this Order.

8. Following the CNA Exhaustion, the Trustee and any other "Insured," other than Mr. Chu shall submit Advancement Requests to Old Republic pursuant to the procedures set forth in this Order rather than to CNA under the Court's July 8, 2026 Order (ECF No. 1302).

9. The Trustee, any individual "Insured," and/or Old Republic may request additional reporting, modification of these procedures, or further relief at any time.

10. The Court retains jurisdiction to adjust these procedures as appropriate to ensure the equitable allocation and preservation of the limited proceeds of the D&O Policies.

11. Except as set forth herein, nothing in this Order shall alter, amend, or modify the terms, conditions, exclusions, limitations, retentions, or rights under the D&O Policies, all of which are expressly preserved.

12. All rights of the Insurers, the Trustee, and all "Insureds" under the D&O Policies—including, without limitation, coverage defenses, allocation rights, advancement conditions, repayment obligations, and subrogation rights—are fully preserved. Moreover, for the sake of clarity, the ability of any "Insureds" to request advancements under the Old Republic Policy does not establish that any such "Insured" is in fact covered under the Old Republic Policy. The authority and discretion to determine coverage remains exclusively with Old Republic absent further Order of the Court, except as it pertains to the dispute procedure outlined above.

13. This Order and the requirements established herein pertain strictly to the $5,000,000 policy limit of the Old Republic Policy and the proceeds and coverage thereunder.

 # # # END OF ORDER # # #

AGREED TO FORM AND SUBSTANCE:

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October 30, 2026

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RE: Insured: Tricolor Holdings, LLC
Excess Policy No.: 794111969
Claim No.: SMA05938

Dear Counsel:

Continental Casualty Company ("CNA") writes to follow up on its October 5, 2026 letter providing the updated and final Monthly Advancement Reports concerning Tricolor Holdings, LLC under Excess Policy No. 794111969 (the "CNA Policy"). CNA confirms that, as of October 28, 2026, all checks for the amounts on Exhibit A to the October 5 letter that CNA identified as those it intended to pay have been processed and mailed.

Those payments total $5,000,000 and fully exhaust the CNA Policy's limit of liability. Accordingly, no remaining limits are available under the CNA Policy for further advancement or payment.

As explained in CNA's October 5 letter, invoices for which payment was not available because of exhaustion of the CNA Policy's limit should be submitted to Old Republic for review under its policy. CNA did not conduct a reasonableness and necessity review of the invoices identified in Exhibits B and C. CNA expresses no position regarding coverage under, or the administration of, Old Republic's policy, and nothing in this letter or CNA's October 5 letter constitutes a suggestion or a determination that Old Republic is obligated to pay any particular invoice or any specific amount(s).

CNA continues to reserve all of its rights, remedies, and defenses under the implicated CNA excess policy in this matter, any other policy(ies) this matter may implicate, and the applicable law. Nothing stated herein or in any prior correspondence, and no action taken or to be taken by CNA, constitutes or should be construed as a waiver or relinquishment of any of CNA's rights, remedies, and defenses under any implicated policies, the applicable law, or otherwise.

Going forward, to the extent you have any additional questions or communications with respect to the now-exhausted CNA Policy, please direct such communications to CNA's outside counsel, Sean P. Mahoney or Michael E. DiFebbo of Kennedys CMK LLP rather than to me. They are copied hereto and included on the email transmitting this letter.

Kind regards,



Jill Lynch

Cc: Sean Mahoney (*sean.mahoney@kennedyslaw.com*)
Michael DiFebbo (*Michael.DiFebbo@kennedyslaw.com*)

EXHIBIT C



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October 5, 2026

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RE: Insured: Tricolor Holdings, LLC
Excess Policy No.: 794111969
Claim No.: SMA05938

Dear Counsel:

Continental Casualty Company ("CNA") has completed its review of the objections and responses submitted following CNA's August 21, 2026 Monthly Advancement Report ("*August 21 Report*") and September 21, 2026 Monthly Advancement Report ("*September 21 Report*"). Specifically, CNA has considered: (i) the August 28, 2026 objection submitted on behalf of Reed Crow, Andy Mata, David Goodgame, Zhi "James" Li, and Eduardo Perez (the "*Objecting Insureds*"); (ii) the September 28, 2026 supplemental objection submitted on behalf of the Objecting Insureds; (iii) the September 4, 2026 response submitted on behalf of Daniel Chu; and (iv) the September 4, 2026 correspondence submitted on behalf of the Chapter 7 Trustee. CNA also has considered

Judge Larson's February 20, 2026 Order entered in *In re: Tricolor Holdings, LLC,* Case 25-33487 in the U.S. Bankruptcy Court, N.D. Texas, Dallas Division relating to the Travelers policy ("***Travelers Order***") and the July 8, 2026 Order entered in the same matter as to CNA ("***July 8 Order***").

CNA has carefully reviewed all positions presented and has considered the submissions in conjunction with the invoice information and supporting materials provided and the procedures and obligations established by the Travelers Order and July 8 Order, including the obligations placed on the insureds submitting advancement requests under the policies.

Exhibit A to this letter is an update to CNA's August 21 Report that includes the final allowed amounts for each invoice included in that reporting period, the dates of submission for each invoice, and the time of submission for invoices that exceed CNA's limit. Exhibit B to this letter updates the September 21 Report, including by providing the invoice dates for each invoice included in that reporting period and the dates and times of submission to CNA. Exhibit C to this letter is the Final Advancement Report, which reports all invoices submitted to CNA in September 2026, including the invoice number, invoice date, invoice amount, and the date and time each invoice was submitted to CNA. Given the exhaustion of CNA's limit in connection with the initial round of advancement requests due by July 29, 2026 under the July 8 Order and invoices received in connection with CNA's August 21 Report, CNA has not conducted a reasonableness and necessity review of the invoices included on the September 21 Report (and the update thereto at Exhibit B) or the invoices included in the Final Advancement Report at Exhibit C, and those invoices should be submitted to Old Republic for review and payment.

The updated August 21 Report at Exhibit A reflects CNA's final determinations with respect to all invoices submitted to CNA by the July 29 deadline under the July 8 Order that implicate the CNA policy. As you will see from the determinations in Exhibit A, the approved payment amounts exhaust the $5 million limit of the CNA policy. In reaching those determinations, CNA reviewed the invoices and supporting documentation and information from Travelers and the various insureds and considered issues relating to reasonableness, necessity, and duplication. CNA also has carefully considered the objections and responses submitted by the interested parties. To the extent any objection seeks to revisit invoices or advancement requests that were previously submitted under the Travelers advancement process, CNA has considered the provisions and procedures regarding submissions, objections, and waiver under the Travelers Order and the July 8 Order and has taken those provisions and procedures into account in reaching its determinations.

We note that several insureds objected to CNA's proposed methodology of processing approved invoices and making payments on a first-in, first-out basis by invoice date. CNA has carefully considered those objections. CNA notes that, on September 1, 2026, I requested that the interested parties confer and provide CNA with a proposed allocation methodology that might command consensus among all interested parties. Despite that request, CNA has not received any proposal upon which all interested parties agree. Several insureds have advocated generally for alternative allocation mechanisms, including pro rata distributions, reserves, holdbacks, and per-insured caps. However, CNA has not received any specific allocation methodology that provides a workable framework for distributing the limited proceeds of the CNA Policy, nor has CNA received any allocation proposal that has been accepted by all interested parties.

The September 28, 2026 submission largely reasserts the objections previously raised on August 28, 2026 and extends those objections to additional invoices reflected on the September 21 Report. CNA has considered those objections and responses as well in reaching its determinations. Moreover, as noted above, because the amounts approved with respect to earlier invoices exhausts the limit of the CNA policy, CNA has not undertaken a detailed review of or approved for payment any of the invoices listed on Exhibit C.

Be advised that, with respect to those invoices shown on Exhibit A as approved for payment, in the absence of agreement among all of the insureds, CNA must administer its policy obligations in a consistent, objective, and non-discretionary manner. CNA is not a court and is not in a position to make subjective determinations regarding what any party contends would constitute an equitable allocation of insufficient policy proceeds among competing insureds. That is a function for the Bankruptcy Court, and the July 8 Order expressly preserves the Bankruptcy Court's authority to modify the procedures governing advancement requests to ensure the equitable allocation and preservation of policy proceeds.

Accordingly, absent an agreed allocation proposal or contrary direction from the Court, CNA has determined that the only objectively reasonable methodology presently available is to process approved invoices on a first-submitted, first-paid basis. CNA therefore will process approved invoices in the order in which they were first and timely submitted to either Travelers or CNA consistent with the terms of the Travelers Order and July 8 Order. For any invoice submitted to both insurers, CNA will use the earliest submission date in determining payment priority.

In response to the concern raised regarding duplication between the Travelers and CNA layers, CNA has confirmed that none of the amounts approved in Exhibit A include

amounts previously paid by Travelers. CNA has reviewed information regarding invoices that were submitted to Travelers to ensure that only unpaid amounts are reflected in the CNA payment calculations.

CNA believes that this methodology is fair, objective, administrable, and consistent with the advancement procedures established by the Bankruptcy Court. While CNA recognizes that certain parties advocate pro rata distributions, holdbacks, reserves, per-insured caps, or other allocation mechanisms, CNA does not believe it is appropriate for the insurer unilaterally to impose any such regime in the absence of either unanimous agreement among interested parties or direction from the Bankruptcy Court.

CNA also notes the Objecting Insureds' assertion that determinations reflected in Exhibit A should have no binding effect with respect to any future advancement requests made under the Old Republic policy. CNA expresses no position regarding the administration of any other insurer's policy. The determinations reflected in the attached reporting are CNA's determinations solely with respect to requests for advancement under the CNA policy and are made for purposes of administering that policy.

Pursuant to Paragraph 7 of the Court's July 8 Order, any insured or other party in interest that continues to disagree with CNA's determinations or with the methodology CNA will employ in processing approved amounts should seek appropriate relief from the Bankruptcy Court.

Consistent with Paragraph 7 of the July 8 Order, CNA will allow a period of seven (7) days from the date of this letter for any party to file an appropriate motion seeking Court review of CNA's determinations or payment methodology. If CNA is not advised within that seven-day period that such a motion has been filed, CNA intends to process payments in accordance with the updated August 21 Report at Exhibit A and the methodology described above.

Conversely, if CNA receives notice within seven days that a motion has been filed seeking Court intervention regarding these issues, CNA will refrain from processing payments pending further direction from the Court.

Finally, CNA notes that the approved amounts reflected in the updated August 21 Report at Exhibit A are sufficient to exhaust the $5,000,000 limit of liability available under the CNA policy. Given the competing positions advanced by the various insureds and the prospect of further proceedings concerning allocation issues, in the event any insured seeks judicial intervention regarding allocation issues, CNA is willing to deposit the $5,000,000 policy limit, which has been allocated through the determinations reflected in

Exhibit A but has not yet been disbursed, into the registry of the Bankruptcy Court for distribution as the Court may determine to be appropriate.

CNA continues to reserve all of its rights, remedies, and defenses under the implicated CNA excess policy in this matter, any other policy(ies) this matter may implicate, and the applicable law. Nothing stated herein or in any prior correspondence, and no action taken or to be taken by CNA, constitutes or should be construed as a waiver or relinquishment of any of CNA's rights, remedies, and defenses under any implicated policies, the applicable law, or otherwise.

Going forward, please direct all questions and communications regarding this matter to CNA's outside counsel, Sean Mahoney or Michael DiFebbo of Kennedys CMK LLP, rather than to me. They are copied on this letter below and included on the email transmitting this letter.

Kind regards,



Jill Lynch

Attachments (via email)

Cc: Sean Mahoney (*sean.mahoney@kennedyslaw.com*)
Michael DiFebbo (*Michael.DiFebbo@kennedyslaw.com*)

EXHIBIT D

EXHIBIT A - UPDATED AUGUST 21 REPORT

Firm/ Vendor	Insured	Invoice #	Invoice Date	Invoice Amount	Final Approved Amount	Date Submitted	Amounts CNA Intends to Pay
Haynes & Boone, LLP	Li	21757600	4/9/2026	$31,534.80	$28,490.95	4/15/2026	$28,490.95
McDermott Will & Schulte	Trustee	4134046	4/16/2026	$160,688.65	$156,681.45	4/17/2026	$156,681.45
Veracity Forensics LLC	Trustee	2059	3/31/2026	$170,828.88	$170,828.88	4/17/2026	$170,828.88
Weddle Law PLLC	Delgado	1151	4/20/2026	$37,778.42	$36,566.42	4/20/2026	$36,566.42
Spencer & Associates	Goodgame	CNA001	4/20/2026	$207,809.87	$207,759.88	4/20/2026	$207,759.88
Boies Schiller Flexner, LLP	Chu	192776	3/31/2026	$937,439.98 (Travelers partially paid $508,266.26; $429,173.42 was unpaid)	$421,802.91	4/21/2026	$421,802.91
Sheppard Mullin Richter & Hampton LLP	Crow	430025943	5/8/2026	$3,338.90	$3,338.90	5/8/2026	$3,338.90
Haynes & Boone, LLP	Li	21763560	5/13/2026	$8,574.66	$8,513.41	5/13/2026	$8,513.41
Okin Adams Bartlett Curry LLP	Chu	8847	5/18/2026	$14,992.23	$7,655.70	5/18/2026	$7,655.70
Okin Adams Bartlett Curry LLP	Chu	8848	5/18/2024	$27,544.08	$27,541.68	5/18/2026	$27,541.68
McDermott Will & Schulte	Trustee	4663569	5/21/2026	$96,154.00	$93,060.00	5/27/2026	$93,060.00
Veracity Forensics LLC	Trustee	2191	4/30/2026	$163,794.76	$163,794.76	5/27/2026	$163,794.76
McKool Smith, P.C.	Chu	12642 124921R 125214	9/30/2025 10/31/2025 11/30/2025	$557,253.79 (appeal of Travelers' adjustments)	$409,457.00	5/28/2026	$409,457.00
McKool Smith, P.C.	Chu	125480	12/31/2025	$790,133.51	$614,980.51	5/28/2026	$614,980.51
McKool Smith, P.C.	Chu	125540	1/14/2026	$16,473.43	$16,473.43	5/28/2026	$16,473.43
McDermott Will & Schulte	Trustee	4676818	6/17/2026	$152,058.48	$138,868.48	6/18/2026 (3:30 p.m.)	$138,868.48
Veracity Forensics LLC	Trustee	2246	5/31/2026	$147,504.40	$147,504.40	6/18/2026	$147,504.40
Spencer & Associates	Goodgame	CNA002	5/21/2026	$175,794.04	$170,789.04	7/7/2026	$170,789.04

Firm/ Vendor	Insured	Invoice #	Invoice Date	Invoice Amount	Final Approved Amount	Date Submitted	Amounts CNA Intends to Pay
Haynes & Boone, LLP	Li	21773985	7/14/2026	$59,430.15	$59,430.15	7/14/2026	$59,430.15
Weddle Law PLLC	Delgado	1112001 (appeal of Travelers deduction)	3/6/2026	$1,240.00 (appealed amount only)	$1,240.00	7/15/2026	$1,240.00
Weddle Law PLLC	Delgado	1171	5/11/2026	$57,520.17	$54,726.17	7/15/2026	$54,726.17
Weddle Law PLLC	Delgado	1195	6/15/2026	$30,204.67	$27,649.67	7/15/2026	$27,649.67
Weddle Law PLLC	Delgado	1230	7/11/2026	$139,313.85	$133,976.85	7/15/2026	$133,976.85
Spencer & Associates	Goodgame	CNA003	7/7/2026	$200,715.66	$193,300.00	7/15/2026	$193,300.00
Boies Schiller Flexner, LLP	Chu	193513	4/30/2026	$925,923.26	$886,617.32	7/16/2026	$886,617.32
Gray Reed	Kollars	843308	6/2/2026	$447.50	$447.50	7/16/2026	$447.50
Gray Reed	Kollars	845252	7/15/2026	$8,086.50	$8,086.50	7/16/2026	$8,086.50
Boies Schiller Flexner, LLP	Chu	194094	5/31/2026	$1,217,199.01	$1,200,687.15	7/17/2026	$810,418.04 (partial payment of the $1,200,687.15)
Okin Adams Bartless Curry LLP	Chu	8811	4/12/2026	$11,792.64	$8,873.00	7/20/2026 (1:18 p.m.)	$0.00
Okin Adams Bartlett Curry LLP	Chu	8813	4/12/2026	$31,885.20	$30,939.10	7/20/2026 (1:18 p.m.)	$0.00
Okin Adams Bartlett Curry LLP	Chu	8858	6/25/2026	$6,086.72	$4,720.00	7/20/2026 (2:44 p.m.)	$0.00
Okin Adams Bartlett Curry LLP	Chu	8859	6/25/2026	$1,547.73	$925.00	7/20/2026 (2:44 p.m.)	$0.00
Okin Adams Bartlett Curry LLP	Chu	8879	7/20/2026	$18,845.79	$18,736.50	7/20/2026 (4:40 p.m.)	$0.00
Okin Adams Bartless Curry LLP	Chu	8880	7/20/2026	$6.30	$6.30	7/20/2026 (4:40 p.m.)	$0.00
GreenClark PLLC	Perez	250	7/21/2026	$22,008.00	$16,260.00	7/21/2026 (3:46 p.m.)	$0.00
Law Office of Kate Rumsey	Crow	1	7/22/2026	$24,832.50	$22,852.50	7/22/2026 (11:25 p.m.)	$0.00
Sheppard Mullin Richter & Hampton LLP	Crow	43026144	5/26/2026	$66.00	$66.00	7/28/2026 (9:48 a.m.)	$0.00
McDermott Will & Schulte	Trustee	4689103	7/21/2026	$176,844.88	$173,452.18	7/29/26 (8:58 a.m.)	$0.00

Firm/ Vendor	Insured	Invoice #	Invoice Date	Invoice Amount	Final Approved Amount	Date Submitted	Amounts CNA Intends to Pay
Veracity Forensics	Trustee	2314	6/30/2026	$138,696.19	$138,696.19	7/29/26 (8:58 a.m.)	$0.00
Law Offices of Richard J. Corbi PLLC	Delgado	409	5/19/2026	$600.00	$600.00	7/29/2026 (3:12 p.m.)	$0.00
Law Offices of Richard J. Corbi PLLC	Delgado	423	6/1/2026	$1,800.00	$1,800.00	7/29/2026 (3:12 p.m.) .	$0.00
Law Offices of Richard J. Corbi PLLC	Delgado	437	7/20/2026	$1,080.00	$1,080.00	7/29/2026 (3:12 p.m.)	$0.00
Haynes & Boone, LLP	Li	21768365	6/10/2026	$3,147.50	$3,016.35	7/29/2026 (3:45 p.m.)	$0.00
Spencer & Associates	Goodgame	CNA004	7/21/2026	$201,882.82	$178,830.82	7/29/2026 (3:51 p.m.)	$0.00
Clark Smith Villazor LLP	Kollars	4127	6/11/2026	$370.00	$0	7/29/2026 (4:20 p.m.)	$0.00
Clark Smith Villazor LLP	Kollars	4213	7/15/2026	$12,760.00	$11,880.00	7/29/2026 (4:20 p.m.)	$0.00
Pryor & Hill	Seibold	Inv 0006 (identified as Inv #105 in T360)	7/2/2026	$642.50	$588.00	7/29/2026 (5:10 p.m.)	$0.00
Pryor & Hill	Seibold	Inv 0005 (identified as Inv#106 in T360)	6/1/2026	$3,561.50	$1,035.50	7/29/2026 (5:10 p.m.)	$0.00
Pryor & Hill	Seibold	Inv 0004 (identified as Inv. #107 in T360)	5/5/2026	$3,474.40	$3,191.40	7/29/2026 (5:10 p.m.)	$0.00
Pryor & Hill	Seibold	Inv 102 (identified as Inv #108 in T360)	4/2/2026	$1,557.50	$1,230.50	7/29/2026 (5:10 p.m.)	$0.00
Mike Uhl	Seibold	681	7/7/2026	$700.00	$700.00	7/29/2026 (5:30 p.m.)	$0.00
Weddle Law PLLC	Delgado	1078 (appeal of Travelers deduction)	2/5/2026	$527.00	$527.00	7/29/2026 (6:15 p.m.)	$0.00
Boies Schiller Flexner, LLP	Chu	194407	6/30/2026	$1,984,252.94	$1,967,462.84	7/29/2026 (11:25 p.m.)	$0.00
Total				**$8,480,479.50**	**$7,977,738.29**		**$5,000,000.00**

EXHIBIT B - UPDATED SEPTEMBER 21 REPORT

Firm / Vendor	Insured	Invoice #	Invoice Date	Invoice Amount	Date Submitted	Time Submitted
Haynes and Boone LLP	Li	21778228	8/10/2026	$53,834.85	8/10/2026	10:30 p.m.
Gray Reed	Kollars	847522	8/17/2026	$17,679.68	8/17/2026	4:15 p.m.
Pryor & Hill	Seibold	0007 (109)	8/4/2026	$218.00	8/17/2026	5:25 p.m.
Weddle Law PLLC	Delgado	1245	8/7/2026	$132,985.48	8/17/2026	9:21 p.m.
Okin Adams	Chu	8907	8/18/2026	$10,068.66	8/18/2026	11:40 a.m.
Law Office of Kate Rumsey	Crow	6	8/20/2026	$2,475.00	8/20/2026	1:57 p.m.
McDermott Will & Schulte	Trustee	4700329	8/14/2026	$117,660.70	8/21/2026	11:16 a.m.
Veracity Forensics, LLC	Trustee	2467	7/31/2026	$135,392.23	8/21/2026	11:16 a.m.
Boies Schiller Flexner	Chu	194667	7/31/2026	$1,859,104.30	8/21/2026	9:23 p.m.
Barnes & Thornburg LLP	Mata	3626649	8/24/2026	$3,720.00	8/24/2026	9:34 a.m.
TOTAL				**$2,333,138.90**		

EXHIBIT C - FINAL ADVANCEMENT REPORT
(REPORTING ADVANCEMENT REQUESTS SUBMITTED TO CNA IN SEPTEMBER 2026)

Firm / Vendor	Insured	Invoice #	Invoice Date	Invoice Amount	Date Submitted	Time Submitted
Haynes and Boone, LLP	Li	21782734	9/4/2026	$94,479.49	9/4/2026	12:00 p.m.
Okin Adams Bartlett Curry	Chu	8932	9/14/2026	$8,894.40	9/14/2026	12:15 p.m.
Gray Reed	Kollars	849769	9/2/2026	$4,875.00	9/15/2026	1:19 p.m.
Weddle Law Firm	Delgado	1292	9/13/2026	$26,476.75	9/16/2026	11:42 a.m.
Clark Smith Villazor	Kollars	4364	9/11/2026	$6,455.00	9/17/2026	1:59 p.m.
Law Offices of Kate Rumsey	Crow	8	9/21/2026	$11,220.00	9/21/2026	1:15 pm
Harbor (E-Discovery)	Crow	2608040	8/31/2026	$2,971.90	9/21/2026	1:15 pm
McDermott Will & Schulte	Trustee	4711636	9/15/2026	$207,809.84	9/21/2026	1:33 p.m.
Veracity Forensics	Trustee	2544	8/31/2026	$104,530.35	9/21/2026	1:33 p.m.
Pryor & Hill	Seibold	008 (Inv #110 in T360)	9/2/2026	$163.50	9/21/2026	2:55 p.m.
Park Hartman LLC	Crow	2	9/21/2026	$10,370.00	9/21/2026	5:36 p.m.
Boies Schiller Flexner LLP	Chu	195249	8/31/2026	$1,257,648.60	9/21/2026	10:03 p.m.
Barnes & Thornburg	Mata	3642520	9/24/2026	$17,190.00	9/24/2026	6:08 p.m.
TOTAL				**$1,753,084.83**		

A zip file containing redacted copies of the invoices submitted to CNA in September 2026 are being emailed with this letter. CNA has received no advancement requests or invoices in October 2026.