[redacted]

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

In re:	§	**Chapter 11**
	§	
INSPIRED HEALTHCARE CAPITAL HOLDINGS, LLC, *et al.*,	§	**Case No. 26-90004**
	§	
	§	**(Jointly Administered)**
Debtors	§	

INSPIRED HEALTHCARE CAPITAL, HOLDINGS, LLC, *et al.*,	§ §	
	§	
PLAINTIFFS,	§	
	§	
V.	§	**Adv. Proc. No. 26-09006**
	§	
AURORA SECURITIES, *et al.*,	§	
	§	
APPELLANTS.	§	

CERTAIN APPELLANTS' MOTION FOR LEAVE TO APPEAL
<u>PRELIMINARY INJUNCTION ORDER</u>
(Pertains to Docket No. 64)

TO THE HONORABLE UNITED STATES DISTRICT COURT JUDGE:

Defendants/Appellants [redacted]

[redacted] (collectively the "Appellants"), file this Motion for Leave to Appeal Interlocutory Preliminary Injunction Order (the "Motion") related to the Preliminary Injunction Order entered by this Court on July 24, 2026 (the "Order") [Adversary Docket No. 64].

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I. FACTUAL AND PROCEDURAL BACKGROUND

1. Appellants are individuals and entities that invested in securities (mostly shares in Delaware Statutory Trusts or "DSTs") issued by the Plaintiffs/Debtors Inspired Healthcare Capital Holdings, Inspired Healthcare Capital, LLC, and affiliated entities. (collectively "IHC," the "Plaintiffs," or the "Debtors"). Appellants suffered losses and filed FINRA arbitration actions against the broker-dealers and/or representatives who improperly sold the investments to them or advised them to purchase those investments. Other investors in the Debtors' securities did the same. IHC filed for bankruptcy on February 2, 2026 ("Petition Date").

2. The Debtors did not personally solicit Appellants or sell them any investments. Instead, the Debtors entered into an agreement with a managing broker-dealer, which then solicited and entered into contracts with other broker-dealers to sell IHC investments to retail investors. The managing broker-dealer and other broker-dealers and representatives, not the Debtors, are the actual respondents in Appellants' FINRA arbitrations.

3. Appellants' claims against the various broker-dealers are premised solely on the broker-dealers' conduct, not Plaintiffs' conduct. Appellants do not contend in the FINRA arbitrations that Plaintiffs issued the investments unlawfully. Instead, Appellants alleged that the broker-dealers and representatives: (1) did not conduct reasonable due diligence for the investments; (2) mispresented the investments' risks; and (3) made unsuitable investment recommendations to the Appellants, given their financial situations, needs, and risk tolerance.

4. Most of the Appellants initiated FINRA arbitrations against their broker-dealers before the Petition Date, while two Appellants initiated their arbitration claims in February and March 2026. One final arbitration hearing has not been scheduled yet. The other Appellants' final arbitration hearings were scheduled to begin in October 2026 and in January through March 2027.

5. On June 28, 2026, the Plaintiffs filed a complaint [Adversary Docket No. 1] initiating an Adversary Proceeding against Appellants and other investors in Plaintiffs' securities. That same day, Plaintiffs filed a Motion for Injunctive Relief ("Motion") seeking first to obtain a temporary restraining order for 14 days and then a preliminary injunction for the duration of the bankruptcy against Appellants and other IHC investors, enjoining them from pursuing legal claims against the non-debtor broker-dealers who sold the securities [Adversary Docket No. 3].

6. An emergency hearing on Plaintiffs' request for temporary injunction was held on June 30, 2026. At the hearing, the Bankruptcy Court granted a temporary 14-day stay of 109 FINRA arbitrations, including 11 FINRA arbitrations filed by Appellants. The Court also set a hearing for Plaintiffs' Motion for Preliminary Injunction for July 14, 2026.

7. Plaintiffs filed their Witness and Exhibit List on July 10, 2026 [Adversary Docket No. 42]. Then, after business hours on July 13, 2026, at approximately 5:15 p.m. CDT, Plaintiffs filed an Amended Witness and Exhibit list adding a new witness and eighteen (18) new exhibits [Adversary Docket No. 47]. The hearing on Plaintiffs' Motion was scheduled to begin at 9:30 a.m. the next day. Under the Bankruptcy Court's Complex Case Procedures, the Witness and Exhibit List was due at 12:00 P.M. on July 13, 2026. Finally, on July 14, 2026, at approximately 9:50 a.m. CDT, while the hearing was already underway, the Plaintiffs filed a Second Amended Witness and Exhibit list [Adversary Docket No. 49]. Appellants timely objected to Plaintiffs' tardy First Amended Witness and Exhibit List at 9:35 P.M. [Adversary Docket No. 48].

8. On July 14, 2026, the Court held an evidentiary hearing. The Plaintiffs called Benjamin Jones, IHC's Chief Restructuring Officer, to testify, and the objecting parties, including Appellants, called Kalju Nekvasil and Sam Edwards as witnesses in opposition. On July 24, 2026, the Bankruptcy Court entered an Order Granting Plaintiff-Debtors' Request for Preliminary Injunction ("Order") [Adversary Docket No. 64]. The Order enjoined Appellants and any other

IHC investors for 120 days until November 21, 2026, from pursuing claims against third-party broker-dealers who sold IHC securities. The Order binds all IHC investors regardless of whether they were named in the Adversary Proceeding, or even known, and protects broker-dealers regardless of whether they were named, or even known.

9. Appellants now seek leave to appeal this Order.

II. THE ORDER IS APPEALABLE UNDER THE FEDERAL ARBITRATION ACT, APPEALABLE AS AN INJUNCTION, AND APPEALABLE AS A FINAL ORDER

A. Appellants Can Appeal the Injunction of Their Arbitrations as a Matter of Right under 9 U.S.C. § 16(a)(2).

10. Appellants have moved for leave to appeal only in an abundance of caution, because they can appeal the injunction of their arbitrations as a matter of right in any event, pursuant to section 16 of the Federal Arbitration Act, 9 U.S.C. §§ 1-16 (the "FAA"). Section 16(a)(2) of the FAA provides that an appeal may be taken from "an interlocutory order granting, continuing, or modifying an injunction against an arbitration."

> A bankruptcy court's refusal to stay an adversary proceeding pending arbitration, though inherently interlocutory in nature, is nevertheless appealable because of section 16 of the Federal Arbitration Act. Section 16, by providing that an appeal may be taken from an order "refusing a stay of any action under section 3," 9 U.S.C. § 16(a)(1)(A), promotes arbitration "'by permitting interlocutory appeals of orders favoring litigation over arbitration and precluding review of interlocutory orders that favor arbitration,'" McDermott Int'l, Inc. v. Underwriters at Lloyds Subscribing to Memorandum of Ins. No. 104207, 981 F.2d 744, 746–47 (5th Cir.1993) (quoting Forsythe Int'l, S.A. v. Gibbs Oil Co., 915 F.2d 1017, 1020 (5th Cir.1990)); see also American Cas. Co. of Reading, Pa. v. L–J Inc., 35 F.3d 133, 135 (4th Cir.1994) ("It matters not whether these orders [refusing arbitration] are final or interlocutory because orders that favor litigation over arbitration are 'immediately appealable, even if interlocutory in nature.'") (citation omitted). Accordingly, this Court has jurisdiction over INA's appeal.

Matter of Nat'l Gypsum Co., 118 F.3d 1056, 1061-1062 (5th Cir. 1997) (footnote omitted).

11. "[T]he district court erred in denying Kapitus leave to appeal. Section 16(a)(1)(B) of the Federal Arbitration Act gave Kapitus a right to interlocutory appeal of the bankruptcy court's

order denying its motion to compel arbitration." Harada Fam. Dental Care, PC v. Kapitus Servicing, Inc., 2026 WL 1429743, at *1 (9th Cir. May 21, 2026). "The Court finds no authority limiting the application of 9 U.S.C. § 16 to all federal courts except bankruptcy . . . . Federal district courts across the nation frequently hear appeals of bankruptcy court determinations regarding arbitration." Levine v. Sheehan, Tr. of Est. of Geostellar, Inc., 2023 WL 2530934, at *3 (N.D.W. Va. Mar. 15, 2023) (citing cases). Accordingtly, Appellants are entitled to appeal as a matter of right under section 16(a)(2) of the FAA

B. Leave to Appeal Should be Granted Under 28 U.S.C. § 1292(a)(1).

12. This Court should also grant leave to appeal as a matter of right or by analogy to 28 U.S.C. § 1292(a)(1), which allows appeals of orders granting injunctions. Many district courts have relied on § 1292(a)(1) to review injunctions rendered by bankruptcy courts, including at least one Texas district court. It does not make sense that all injunctions issued by district courts are automatically appealable to the courts of appeal, while injunctions issued by bankruptcy courts are not. The policy reasons for allowing appeals to circuit courts of injunctions apply equally to appeals to district courts. Similarly, it does not make sense that courts can look to § 1292(b) for guidance in allowing discretionary interlocutory appeals but not look to the adjoining provision in § 1292(a)(1) for guidance regarding appeals of injunctions.

13. "[W]e agree that the District Court, sitting as an appellate court, was authorized to hear the appeal from the Bankruptcy Court as an appealable injunctive order under 28 U.S.C. § 1292(a)." In re Pro. Ins. Mgmt., 285 F.3d 268, 282, n. 16 (3d Cir. 2002). "As a policy matter, the rulings of a non-Article III bankruptcy court should not be more insulated from appellate review than the rulings of an Article III district court. The wiser exercise of discretion is to apply § 1292(a)(1) by analogy and allow the appeal of the preliminary injunction. In re Reserve Prod., Inc., 190 B.R. 287, 290 (E.D. Tex. 1995). "[E]ven if the injunction does not constitute an

appealable final decision, the Court determines that it should hear the appeal pursuant to the discretion vested in the Court by Section 158(a)(3)." In re Roussos, 2016 WL 3545747, at *6 (C.D. Cal. June 27, 2016). "[D]istrict courts have also looked to § 1292(a) to determine whether a district court should hear an interlocutory appeal. Section 1292(a) provides for interlocutory appeals where a district court grants, continues, modifies, refuses or dissolves an injunction. Application of § 1292(a) by analogy to the bankruptcy context is appropriate . . . ." First Owners' Ass'n of Forty Six Hundred v. Gordon Props., LLC, 470 B.R. 364, 372 & nn.12, 14 (E.D. Va. 2012) (citing cases).

14. For several additional reasons, this Court has grounds in this case to exercise its discretion to hear this appeal. First, the Bankruptcy Court's decision was extreme. It enjoined over 100 arbitrations involving many elderly investors and precluded the filing of additional arbitrations. Many of these arbitrations were filed last year, well before the bankruptcy started, and were nearing a conclusion as early as October 2026. These arbitrations were filed against the investors' broker-dealers, who are not debtors in bankruptcy. The Supreme Court has repeatedly emphasized "the emphatic federal policy in favor of arbitral dispute resolution,". Mitsubishi Motors Corp. v. Soler Chrysler-Plymouth, Inc., 473 U.S. 614, 631 (1985). The Bankruptcy Court disregarded this emphatic policy when it enjoined dozens of non-debtor arbitrations that have at best only a tangential relationship to the bankruptcy.

15. Second, as explained in more detail below, the Bankruptcy Court made significant errors, including its violation of In re Gandy, 299 F.3d 489, 495 (5th Cir. 2002), which said that "it is generally accepted that a bankruptcy court has no discretion to refuse to compel the arbitration of matters not involving 'core' bankruptcy proceedings under 28 U.S.C. § 157(b) . . . ." The Appellants' arbitration claims against non-debtors are not core proceedings.

16. Third, the Bankruptcy Court made a broad finding of "irreparable harm" but did not find specific facts necessary to support it. Plaintiffs had not incurred any significant expenses,

expended significant staffing resources, or received any indemnification claims before the July 14, 2026, hearing, as a result of any FINRA arbitration. Indeed, the Court found that the Debtors had already made substantial progress toward reorganization. (Order Pg. 9). According to the evidence, it appears the Debtors will be successfully reorganized regardless of whether the injunction was issued or not issued. The injury, if any, is therefore at a minimum reparable, not irreparable.

17. While the Court said the Debtors had alleged they would be injured by diminution of the broker-dealers' insurance and increased risk of indemnity, the Appellants strongly contested those allegations. The Court tacitly agreed with the Appellants, because it made no findings on these allegations. (Order Pg. 12-13). The only finding that the Court actually made in support of "irreparable harm" was that monitoring the FINRA arbitrations might distract Plaintiffs' management in the future from their efforts to reorganize. (Order Pg. 13). That future "distraction" was both speculative and unquantified. When would this distraction start? How many staff hours would be expended? What was the burden of monitoring? The Order is silent.

18. There is no support for the finding of "irreparable harm." There is no support that future "distraction," if any, of monitoring FINRA arbitration would materially affect the Debtors' reorganization. There must be substance to the adverse impact standard. Otherwise, any trifle would satisfy it. In the few cases where adverse impact has been found to be sufficient, the impact was drastic and uncontested, not minor and speculative. "We agree with the Navy that the Ninth Circuit's 'possibility' standard is too lenient. Our frequently reiterated standard requires plaintiffs seeking preliminary relief to demonstrate that irreparable injury is *likely* in the absence of an injunction." Winter v. Nat. Res. Def. Council, Inc., 555 U.S. 7, 22 (2008) (emphasis in original).

19. Fourth, to the extent that the Bankruptcy Court allows Appellants potentially years later to resume their arbitrations after a reorganization plan is adopted, the funds they are seeking may be gone. The evidence at the hearing showed that enjoining the Appellants from proceeding

with their arbitrations "will allow investors with non-IHC related claims against the same Non-Debtor Defendants . . . to exhaust all available insurance proceeds to the detriment of the IHC investors." (Order Pg. 15). The Court's injunction may have the perverse result of preventing ***all*** IHC investors from recovering funds from one or more of their broker-dealers' insurance policies.

20. Fifth, the Court asserted that the balancing of the equities favored the Debtors. Besides the minimal impact, if any, on the Debtors from monitoring the arbitrations, however, the only additional point cited by the Court on this issue was the Debtors' argument that a global resolution for all investors was better than allowing the Appellants to race to the courthouse. The Court only recited this argument and did not actually adopt it. (Order Pg. 14-15).

21. While equality of distributions from the Debtors' pot of assets is a worthy goal, that goal cannot be accomplished by taking assets belonging to one creditor and adding them to the bankruptcy pot to be given to other creditors, equally or not. The oft-cited "race to the courthouse" refers to claims against the Debtors, not claims against non-debtors. Section 105 of the Bankruptcy Code "does not permit bankruptcy courts to 'act as roving commission[s] to do equity.'" Matter of Highland Cap. Mgmt., L.P., 132 F.4th 353, 358 (5th Cir. 2025) (citation omitted). "[B]ankruptcy injunctions . . . may not be entered to protect non-debtors not legally entitled to release." Id.

22. The Appellants have claims against their broker-dealers for recommending that they invest in unsuitable investments without properly considering their personal investment needs, knowledge, goals, and financial situation. That claim belongs only to them and cannot legally be taken from them. "[T]he bankruptcy trustee . . . has no right to bring claims that belong solely to the estate's creditors." In re Seven Seas Petroleum, Inc., 522 F.3d 575, 584 (5th Cir. 2008).

> The bankruptcy court was also unmoved by the Trustee's argument that Pride and the estate would be competing for the same limited pool of funds. The bankruptcy court specifically found this situation insufficient justification to enjoin Pride's claims, even if temporarily. The bankruptcy court was not persuaded that such an

> injunction should issue in the absence of an extraordinary showing of damage to the estate. That showing was simply not present in this case.
>
> This Court agrees. Section 105(a) allows for an order, in this case a temporary injunction, if it is necessary or appropriate to carry out the provisions of Title 11. The Trustee's confessed purpose in enjoining Pride's claims is to clear the field of competition from any other claimants when pursuing FSW's claims against LaPorte so that the Trustee can obtain the entirety of the available insurance proceeds without interference from Pride. This way all of the creditors, including Pride, can share in the benefits of the Trustee's efforts. To be sure, equality of distribution among creditors is an important general policy of bankruptcy law, but Pride is not similarly-situated to the other creditors who do not possess a personal cause of action against LaPorte for direct injury. No principle of bankruptcy law suggests that Pride should be impoverished on its direct claims so that other creditors will be better off. The bankruptcy court did not err in declining to exercise its discretion to enjoin Pride's CPA Panel Complaint pursuant to § 105(a).

In re FoodServiceWarehouse.com, LLC, 601 B.R. 396, 411-12 (E.D. La. 2019) (citations omitted).

23. Although the Order currently lasts for 120 days, a temporary taking without compensation is still an improper taking. "'[T]emporary' takings which, as here, deny a landowner all use of his property, are not different in kind from permanent takings, for which the Constitution clearly requires compensation." First Eng. Evangelical Lutheran Church of Glendale v. Los Angeles Cnty. 482 U.S. 304, 318 (1987).

24. Sixth, the 120-day period in the Order is only nominal. When the reorganization plan is not ready in 120 days, the Debtors will ask for more time, which the Bankruptcy Court is likely to grant. Eventually, the reorganization plan will be in place, at which point the orders will likely be moot and/or unreviewable. "[A] reviewing court may decline to consider the merits of a confirmation order when there has been substantial consummation of the plan such that effective judicial relief is no longer available—even though there may still be a viable dispute between the parties on appeal." Matter of Manges, 29 F.3d 1034, 1039 (5th Cir. 1994). The ability to seek meaningful review now, which will likely not be available later, is another reason for this Court to hear this appeal now. Accordingly, this Court should exercise its discretion to consider this appeal.

C. The Order Should be Treated as Final.

25. The Order under review should also be treated as final and therefore appealable. "[T]his court's determination of whether an order is final (and therefore appealable) is more liberal in the bankruptcy context." In re Lentino, 1999 WL 77140, at *2 (5th Cir. Mar. 5, 1999). "'Virtually all decisions agree that the concept of finality applied to appeals in bankruptcy is broader and more flexible than the concept applied in ordinary civil litigation.'" Matter of Delta Produce, L.P., 845 F.3d 609, 617 (5th Cir. 2016) (citation omitted). "The ordinary understanding of 'final decision' is not attuned to the distinctive character of bankruptcy litigation. . . . It is . . . common for bankruptcy courts to resolve discrete controversies definitively while the umbrella bankruptcy case remains pending." Ritzen Grp., Inc. v. Jackson Masonry, LLC, 589 U.S. 35, 38 (2020).

26. Here, the Order lasts 120 days, but Debtors have otherwise received all possible relief on their Complaint. Unlike the typical case in which a preliminary injunction is followed by a final injunction, the Debtors cannot obtain a final injunction of Appellants' arbitrations.

> The Fifth Circuit recognized that any § 105 injunction against a non-debtor could not, consistent with the bankruptcy code, be permanent. See [Feld v. Zale Corp. (In re Zale Corp.), 62 F.3d 746, 759-761 (5th Cir. 1995)]. That holding has been the law in the Fifth Circuit for decades, despite only becoming recognized as correct by the Supreme Court two years ago. See Highland Cap. Mgmt. Fund Advisors, L.P. v. Highland Cap. Mgmt., L.P. (In re Highland Cap. Mgmt., L.P.), 132 F.4th 353, 358–59 (5th Cir. 2025) (other citations omitted) (citing Harrington v. Purdue Pharma L.P., 603 U.S. 204, 227 (2024)) (explaining that . . . Purdue Pharma was law as recognized by multiple previous Fifth Circuit decisions, including Zale).

In re Genesis Healthcare, Inc., 2026 WL 1194759, at *5 (N.D. Tex. May 1, 2026).

27. Rather than proceed to a final injunction in the adversary proceeding, the Debtors and the Bankruptcy Court will monitor the progress of a conceptually separate proceeding—the reorganization plan. As stated above, if the plan has not proceeded sufficiently, the Debtors will ask for and likely receive more time. When the plan has proceeded sufficiently, then the Order will likely become moot and/or unreviewable.

28. The Order is thus appealable as a final injunction of limited duration. "If issued under Section 105, the order would be appealable as a 'final injunction of limited duration.'" In re Lomas Fin. Corp., 932 F.2d 147, 151 (2d Cir. 1991) (citation omitted). "We . . . held [in Lomas] that if the contemplated proceedings concerned the reorganization and the injunction would be 'reexamined [only] in light of the prospects for reorganization,' then the order would be appealable" In re Pegasus Agency, Inc., 101 F.3d 882, 886 (2d Cir. 1996) (citation omitted).

> Where, however, a plaintiff seeks preliminary injunctive relief which maintains the status quo pending the outcome of proceedings in another forum, such injunctive relief is an appealable final order. In this case, we find that the bankruptcy court Order of December 6, 1995 is a final order. The Order enjoined the State action against Brennan until the examiner's report is filed. The Order represents a final injunction of limited duration and this Court has jurisdiction to hear the appeal.

Matter of Brennan, 198 B.R. 445, 448 (D.N.J. 1996).

29. The Order is similar to an order denying relief from the automatic stay. In In re Roman Cath. Church of Archdiocese of New Orleans, 2023 WL 4156829, at *3 (E.D. La. June 23, 2023), an order denying relief from the automatic stay without prejudice was nevertheless final.

> [A]lthough the bankruptcy court qualified its order as "without prejudice" as to allowing Appellants to renew their motion for relief from the automatic stay in the future – should conditions change – the record does not reflect how "further developments might change the stay calculus." . . . It is difficult to imagine how future conditions might change . . . . Therefore, notwithstanding the bankruptcy court's use of the phrase "without prejudice," the order at issue "definitively dispose[d]" of Appellants' request for relief from the automatic stay and, so, is immediately appealable. [S]ee also 1 Collier on Bankruptcy ¶ 5.09, at 5-62 ("If the court denies the motion without prejudice and does so while noting that the facts could change, then the order would not be law of the case if a new motion were filed, and the order should be immediately appealable because it resolves the issue finally based on the existing set of facts.").

Id. at *3 (footnote and citations omitted). See also Ritzen Grp., Inc. v. Jackson Masonry, LLC, 589 U.S. 35 (2020) (Denial of relief from automatic stay was final appealable order.). This Court should therefore accept review of the Order, because it should be treated as final.

III. THE ORDER IS APPEALABLE UNDER 28 U.S.C. §§ 158(A)(3) AND 1292(B)

A. Applicable Standards

30. A district court can also review interlocutory bankruptcy orders under 28 U.S.C. §§ 158(a)(3) and 1292(b), with leave of the court. "Section 158(a) authorizes a district court to grant leave to appeal an interlocutory order from a bankruptcy court but does not indicate the standard a district court should use in determining whether to grant leave to appeal." Matter of Ichinose, 946 F.2d 1169, 1177 (5th Cir. 1991) (internal citations omitted). Federal Rule of Bankruptcy Procedure 8004 provides that a motion for leave to appeal "must include . . . the reasons why leave to appeal should be granted." In determining whether to grant leave to appeal an interlocutory order, courts have applied standards under 28 U.S.C. § 1292(b) for appealing interlocutory orders of district courts to circuit courts and cite Ichinose, though the Fifth Circuit declined to adopt that standard. Id. at 1177 ("We have not previously considered whether it is proper for a district court to adopt the § 1292(b) standard for § 158(a) purposes, and we do not do so here."). See In re Archer, 2024 WL 4202367 (N.D. Tex. Sept. 16, 2024) (granting leave to appeal under §§ 158(a)(3) and 1292(b)).

31. The Appellants' request for leave to appeal satisfies Section 1292(b), which requires that "(1) a controlling issue of law must be involved; (2) the question must be one where there is substantial ground for difference of opinion; and (3) an immediate appeal must materially advance the ultimate termination of the litigation." "An issue of law is controlling when it has the potential to impact the course of the litigation." Dorsey v. Navient Sols., Inc., 2015 WL 6442572, at *2 (E.D. La. Oct. 23, 2015). This appeal involves the following controlling issues of law.

B. The Bankruptcy Court Lacked the Discretion to Enjoin the FINRA Arbitrations.

32. The Bankruptcy Court improperly enjoined the arbitration of non-core claims. FINRA Rule 12200 required Appellants' broker-dealers—as FINRA members—to arbitrate with

customers such as the Appellants. "FINRA Rule 12200 obligates FINRA members like Oppenheimer to submit any 'dispute under the [FINRA] Code' to arbitration when requested by 'customer[s].'" Oppenheimer & Co. Inc. v. Mitchell, 135 F.4th 837, 844 (9th Cir. 2025).

33. Under the Federal Arbitration Act, courts must enforce FINRA Rule 12200. Section 2 of the FAA "is a congressional declaration of a liberal federal policy favoring arbitration agreements, notwithstanding any state substantive or procedural policies to the contrary." Moses H. Cone Mem'l Hosp. v. Mercury Constr. Corp., 460 U.S. 1, 24 (1983) (footnote omitted).

34. Federal courts enforce arbitration obligations despite claims that a related court proceeding should be completed first. In Moses H. Cone Mem'l Hosp., the Court considered a party's objection to arbitration because the party wanted to file an indemnity claim against a third party not subject to the arbitration agreement. The Court rejected this objection, because the FAA requires the enforcement of arbitration agreements, even if the result is piecemeal litigation.

> The Hospital points out that it has two substantive disputes here -- one with Mercury, concerning Mercury's claim for delay and impact costs, and the other with the Architect, concerning the Hospital's claim for indemnity for any liability it may have to Mercury. The latter dispute cannot be sent to arbitration without the Architect's consent, since there is no arbitration agreement between the Hospital and the Architect. It is true, therefore, that if Mercury obtains an arbitration order for its dispute, the Hospital will be forced to resolve these related disputes in different forums. This misfortune . . . occurs because the relevant federal law requires piecemeal resolution when necessary to give effect to an arbitration agreement. Under the Arbitration Act, an arbitration agreement must be enforced notwithstanding the presence of other persons who are parties to the underlying dispute but not to the arbitration agreement.

Id. at 19-20 (footnote omitted). See also Dean Witter Reynolds, Inc. v. Byrd, 470 U.S. 213, 217 (1985) (requiring courts "to compel arbitration . . . even where the result would be the possibly inefficient maintenance of separate proceedings in different forums").

35. This requirement to enforce arbitration obligations applies to non-core disputes in bankruptcy proceedings.

> The FAA directs courts rigorously to enforce agreements to arbitrate . . . . A court must stay its proceedings if it is satisfied that an issue before it is arbitrable under the agreement. This statutory directive, however, may be overridden by a contrary congressional command. A party wishing to defeat application of the FAA bears the burden of demonstrating "that Congress intended to preclude a waiver of judicial remedies for the statutory rights at issue."
>
> **[I]t is generally accepted that a bankruptcy court has no discretion to refuse to compel the arbitration of matters not involving "core" bankruptcy proceedings under 28 U.S.C. § 157(b) . . . .**

In re Gandy, 299 F.3d 489, 494–495 (5th Cir. 2002) (citations omitted, emphasis added).

36. Many other circuits have found that bankruptcy courts cannot enjoin or refuse to require arbitration of non-core claims if a valid arbitration obligation exists. "If the proceeding is 'non-core,' 'bankruptcy courts generally must stay' the proceedings 'in favor of arbitration." In re Anderson, 884 F.3d 382, 387 (2d Cir. 2018). "In non-core proceedings, the bankruptcy court generally does not have discretion to deny enforcement of a valid prepetition arbitration agreement." In re Thorpe Insulation Co., 671 F.3d 1011, 1021 (9th Cir. 2012). "In general, bankruptcy courts do not have the discretion to decline to enforce an arbitration agreement relating to a non-core proceeding." In re Elec. Mach. Enters., Inc., 479 F.3d 791, 796 (11th Cir. 2007). "[T]he Bankruptcy Code, as amended, does not conflict with the Arbitration Act so as to permit a district court to deny enforcement of an arbitration clause in a non-core adversary proceeding brought by the trustee in a district court." Hays & Co. v. Merrill Lynch, Pierce, Fenner & Smith, Inc., 885 F.2d 1149, 1150 (3d Cir. 1989).

37. In the Fifth Circuit, a claim is core only if it invokes a substantive bankruptcy right or could arise only in a bankruptcy case.

> We hold, therefore, that a proceeding is core under section 157 if it invokes a substantive right provided by title 11 or if it is a proceeding that, by its nature, could arise only in the context of a bankruptcy case. The proceeding before us does not meet this test and, accordingly, is a non-core proceeding. The plaintiff's suit is not based on any right created by the federal bankruptcy law. It is based on state created

> rights. Moreover, this suit is not a proceeding that could arise only in the context of a bankruptcy. It is simply a state contract action that, had there been no bankruptcy, could have proceeded in state court.

Matter of Wood, 825 F.2d 90, 97 (5th Cir. 1987) (footnote omitted). "Generally, a core proceeding 'derives exclusively from the provisions of the Bankruptcy Code.'" In re Envision Healthcare Corp., 655 B.R. 701, 708 (Bankr. S.D. Tex. 2023) (citation omitted).

38. The Defendants' arbitration claims against their broker-dealers are not core proceedings. Their claims are not created by the Bankruptcy Code and could and did initially proceed without reference to any bankruptcy proceedings. None of the FINRA arbitrations invokes a substantive right provided by title 11. Instead, the FINRA arbitrations invoke rights bestowed upon the investing public by the Securities Act of 1933, the Securities Exchange Act of 1934, and common law. Similarly, these FINRA arbitration rights could and in fact did arise outside the context of a bankruptcy case. Appellants' rights against the non-debtor broker-dealer arise from improper securities transactions and have no relation to bankruptcy law.

39. Because the Defendants' arbitrations are not core proceedings, the Bankruptcy Court could not enjoin them. "[The Court cannot find that the claims alleged in the Petition are 'core' proceedings that 'arise only in the context of a bankruptcy case' . . . . Therefore, the Court will enforce the arbitration clause pursuant to . . . the FAA." In re Westbank Holdings, LLC, 658 B.R. 879, 887 (Bankr. E.D. La. 2024). "'[I]f the court determines that a proceeding does not derive exclusively from the Code, the court has no choice but to abstain and allow the parties to arbitrate the matter.'" In re Daisytek, Inc., 323 B.R. 180, 187 (N.D. Tex. 2005). "[T]he Court finds that the Adversary is a non-core proceeding, and the Court does not have discretion to refuse to compel arbitration." In re Griffin, 585 B.R. 794, 803 (Bankr. S.D. Miss. 2018). Accordingly, the Court erred by unlawfully enjoining the arbitration of non-core disputes.

C. The Bankruptcy Court Applied the Incorrect Legal Standard When Granting the Preliminary Injunction.

40. The Bankruptcy Court applied the wrong legal standard when granting the preliminary injunction. "When a bankruptcy court issues a temporary injunction under § 105(a) as part of a confirmed plan, the bankruptcy court must still consider the four-prong preliminary injunction test." Neutra, Ltd. v. Terry (in re Acis Capital Mgmt., L.P.), 604 B.R. 484, 528 (Bankr. N.D. Tex. 2019) ((1) substantial likelihood of success, (2) irreparable injury, (3) injury outweighs harm from the injunction, and (4) public interest).

41. However, this test is only one part of the equation. Before enjoining arbitrations between two non-debtors, the Bankruptcy Court first needed to determine whether it had the authority to grant it in the first place. It had to comply with the "unusual circumstances" test from Zale, which states that a bankruptcy court only has the authority to enjoin actions against non-debtors in two limited circumstances: "(1) when the nondebtor and the debtor enjoy such an identity of interests that the suit against the nondebtor is essentially a suit against the debtor, and 2) when the third-party action will have an adverse impact on the debtor's ability to accomplish reorganization." Feld v. Zale Corp. (In Re Zale Corp.), 62 F.3d 746, 761 (5th Cir. 1995). If this test is not satisfied, the "bankruptcy court may not enjoin the third-party action." Id.

42. The Bankruptcy Court confused these two distinct questions. The Court held that Plaintiffs only had to comply with the "unusual circumstances test" ***or*** satisfy the traditional temporary injunction standard, not both. (Order Pg. 11). Specifically, the Court held that these two tests represented "separate forms of relief." Consequently, Plaintiffs did not have to establish unusual circumstances because Plaintiffs could establish that they were likely to obtain confirmation of a plan of reorganization or liquidation if a preliminary injunction were issued. (Order Pg. 11-12). Regrettably, the Court misread the applicable law.

43. The Bankruptcy Court relied on two cases and a treatise to reach this erroneous holding. The Court first cited Nuetra, Ltd. v. Terry (In re Acis Capital Mgmt., L.P.), 604 B.R. 484 (N.D. Tex. 2019), for the proposition that it only needed to consider the traditional temporary injunction standard, and the relevant "likelihood of success on the merits" was only whether the "Plaintiff-Debtors will likely obtain confirmation of a plan." (Order Pg. 12). However, this holding oversimplified and thus misconstrued Nuetra. Nuetra did state that "the first factor, when applied to a temporary plan injunction, turns on whether the reorganization plan is likely to succeed." Id. at 529. However, Nuetra then qualified and contextualized this holding. Nuetra did not state that likelihood of success on the merits was always tied to the feasibility of plan confirmation but instead said that the likelihood of success standard was relevant only "when applied to a temporary plan injunction." Id. The preliminary injunction here is not part of a plan of reorganization, unlike the Nuetra injunction, and Plaintiffs have not yet proposed any plan. The Court plucked Nuetra from its factual context and broadened its narrow holding without explanation or authority.

44. Moreover, Nuetra's analysis did not stop there. Nuetra also said that, "[t]o the extent that a temporary plan injunction restrains a third-party *lawsuit*, the bankruptcy court must have statutory 'related to' jurisdiction over that lawsuit." Id. at fn. 30. The Bankruptcy Court ignored this portion of Nuetra, and the Order makes no findings of fact or law that the Court had "related to" jurisdiction over the FINRA arbitrations between Appellants and the non-debtor, third-party broker-dealers. In theory, the Court could have found that an identity of interest existed between the broker-dealers and Plaintiffs, which it expressly declined to do. (Order Pg. 12). Consequently, the Order cites Nuetra outside of its factual context and without correctly applying its holding, which is that the Plaintiffs must still satisfy the Zale test before the Court may have authority to enjoin actions between non-debtors. Likelihood of success on the merits is not an alternative to satisfying the Zale test. Rather, the Zale test is the threshold.

45. Second, the Bankruptcy Court relied on In re Genesis Healthcare, Inc., 2026 WL 1194759 (N.D. Tex. May 1, 2026). Genesis discusses likelihood of success on the merits but does not state that this likelihood always equates to whether a debtor is likely to reorganize or that the debtor should be granted an injunction upon that showing. The original bankruptcy court opinion in Genesis held that the relevant merits question was "whether this court is authorized and likely to grant the requested relief." The District Court, however, said that analysis "conflates the first factor with the separate question of the bankruptcy court's authority." Id. at *8. The Bankruptcy Court's reasoning was circular. Consequently, the District Court held that "'success on the merits' – be it the successful sale of assets, confirming a plan, *or something else* – needs to be defined." Id. (emphasis added). Far from ruling that success on the merits always relates to the likelihood of confirming a plan, Genesis simply explained that the goal likely to be achieved must be defined. Genesis did not prescribe what that goal should be. However, the debtor's ability to reorganize does not by itself justify enjoining litigation between non-debtors not involving estate property.

46. Additionally, a full reading of Genesis shows that it supports Appellants' position. Genesis admonished the Bankruptcy Court that "[i]f, on remand, the Bankruptcy Court considers temporarily enjoining claims against non-debtors, it should hew to the law set forth in Zale." Id. at *9. In Zale, the Fifth Circuit held that, for a bankruptcy court to issue an injunction of litigation against non-debtors, an identity of interest or substantial interference with the bankruptcy estate must be shown, something Plaintiffs have not shown, and the Bankruptcy Court did not find.

47. Finally, the Bankruptcy Court cited Collier on Bankruptcy ("Collier") that "the first element is satisfied if 'a debtor seeking to stay an action against a non-debtor . . . show(s) a reasonable likelihood of a successful reorganization.'" (Order Pg. 11 (citing 2 Collier on Bankruptcy P. 105.03)). As an initial matter, Collier is merely a treatise without legal authority. Most substantively, the quote is not a Collier original but is lifted from Solidus Networks, Inc. v.

Excel Innovations, Inc. (In re Excel Innovations, Inc.), 502 F.3d 1086, 1095 (9th Cir. 2007). Like Collier, a Ninth Circuit case is not binding on this Court, but here, it should be persuasive, as the Solidus holding is similar to Fifth Circuit jurisprudence. The Ninth Circuit affirmed that the "unusual circumstances test" is a requirement that must be satisfied *in addition* to the traditional preliminary injunction test, and does not represent an alternative path to an injunction:

> The BAP treated the "unusual circumstances" doctrine and the usual preliminary injunction standard as separate and distinct bases for affirming the stay. ***That is error***, because the "unusual circumstances" doctrine ***does not negate*** the traditional preliminary injunction standard. . . . [S]tays under the doctrine, "although referred to as extensions of the automatic stay, were in fact injunctions issued by the bankruptcy court after hearing and the establishment of unusual need to take this action to protect the administration of the bankruptcy estate." Indeed, Piccinin itself applied the usual preliminary injunction standard in affirming the stay.

Id. at 1096 (emphasis added) (internal citations omitted).

48. Far from supporting the Order, a close examination of Collier and Solidus contradicts the legal reasoning for the Order. Furthermore, the Court's refusal to apply the "unusual circumstances" test in addition to the traditional temporary injunction standards contradicts In re Couture Hotel Corp., 536 B.R. 712 (Bankr. N.D. Tex. 2015). Couture stated unequivocally that, ***"[i]f the* Zale *factors are met***, the Court must also consider the traditional factors governing the issuance of temporary injunctions." Id. at 750 (emphasis added). In Couture, the debtor sought a temporary injunction against creditor collection efforts against non-debtor third parties for the duration of the plan. Id. at 749. The debtor argued that it needed the injunction for the same ostensible reasons as the Plaintiffs, *i.e.*, that the "temporary injunction is both appropriate and necessary to ensure the orderly administration of the Debtor's estate and to prevent disruption to the Debtor's reorganization efforts." Id. at 750. Couture held that, to issue this injunction, both the Zale factors and the traditional injunction factors must be satisfied. Id. Since the Zale test had not first been satisfied, the court refused to address the traditional temporary injunction standard.

"[B]ecause the Debtor has failed to satisfy the Zale factors, this Court need not address the additional factors considered by courts when granting a third-party plan injunction." Id. at 753. Here, the Order cannot be reconciled with Couture.

49. Finally, the Bankruptcy Court's ruling will inevitably lead to absurd results. The Appellants again direct this Court to Solidus, cited by Collier, on which the Bankruptcy Court relied in issuing the Order. Solidus explained the dangers of the Bankruptcy Court's logic.

> A preliminary injunction is not proper simply whenever an action in another forum could conceivably have any effect on the administration of the bankruptcy estate. That is actually the standard for determining whether the bankruptcy court has *subject matter jurisdiction* over a motion for a preliminary injunction. Whether the bankruptcy court has subject matter jurisdiction is a distinct question from whether an injunction should issue. The two inquiries cannot be identical; otherwise a bankruptcy court would be required to grant every preliminary injunction motion over which it has jurisdiction.

50. To avoid such absurd results, the "unusual circumstances" test must be considered *in addition to* the traditional preliminary injunction factors, not as an alternative to them. If the only relevant element to the first factor is whether a debtor is likely to confirm a plan of reorganization, then injunctions will be available in numerous instances where a bankruptcy court clearly would not have that authority. For example, a bankrupt trucking company would be entitled to enjoin gas stations from raising the price of diesel fuel simply because the lower prices would make a successful reorganization more likely. A hospital in bankruptcy would be entitled to enjoin malpractice victims from suing their negligent doctors merely because: (1) the lawsuits might distract the hospital administrators from jobs managing the hospital; or (2) the hospital and the doctors might also have claims against each other. The analogy to this matter is precise. The Bankruptcy Court lacked authority to enjoin non-debtors from pursuing legal claims against other non-debtors merely because the debtor is likely to reorganize and the action the debtor seeks to

enjoin might be inconvenient for the debtor. Something more is required and is provided by the Zale unusual circumstances test. The Court misapplied the relevant standard and erred in doing so.

D. The Bankruptcy Court Lacked Authority Pursuant to Federal Rule of Procedure 4 to Bind Improperly Served Parties by the Order.

51. The Bankruptcy Court lacked jurisdiction to enjoin the Appellants because Plaintiffs never served Appellants (or anyone else) with a summons pursuant to Federal Rule of Civil Procedure 4, applicable to this proceeding under Bankruptcy Rule of Procedure 7004. Rule 4 sets the procedure by which the Court could have obtained personal jurisdiction over the Appellants. Rule 4(b) states that, after filing a complaint, a plaintiff may request the clerk to issue a summons for each defendant to be served. Rule 4(c) further states that a copy of the summons "must be served with a copy of the complaint." The failure to comply with Rule 4 is a basic and fatal violation of due process. "The issuance of a summons signed by the Clerk, with the seal of the Court, and the time designated within which defendant is required to appear and attend, are essential elements of the court's personal jurisdiction over the defendant." Ayres v. Jacobs & Crumplar, P.A., 99 F.3d 565, 568 (3rd Cir. 1996). "Actual notice of insufficient service alone is insufficient to satisfy Rule 4." 8fig, Inc. v. Stepup Funny, L.L.C., 135 F.4th 285, 291 (5th Cir. 2025).

52. The result of Plaintiffs' failure to obtain and serve summonses is that the Bankruptcy Court lacked authority to enter the Order against Appellants.

> A district court must not only have subject matter jurisdiction over the litigation before it, but also personal jurisdiction over the defendants. A court may not go through the sterile exercise of acting in a vacuum to adjudicate a legal dispute. It must have parties as well as an actual controversy. In order to impose personal liability upon a defendant or obligate him or her in favor of a plaintiff, a court must be vested with jurisdiction over the parties as well as subject matter jurisdiction. *Notice of a claim is not sufficient.*

Ayres, 99 F.3d at 569 (emphasis added).

53. Here, Plaintiffs have never even requested that summonses be issued, let alone served them. Consequently, due to the failure of process, the Bankruptcy Court lacked personal jurisdiction over Appellants and as a result lacked the authority necessary to enter the Order.

54. Appellants did not waive service of process by participating in the hearing on the Motion. Pursuant to Rule 12(h), an objection to lack of personal jurisdiction is only waived if a party omits the defense from a motion to join or omits it in a responsive pleading. At this time, no such motion or responsive pleading has been filed, and Appellants are not obligated to file any responsive pleading until they have been properly served. Moreover, the Plaintiffs' failure to comply with basic service requirements was objected to at the July 24 hearing, but the Bankruptcy Court erroneously overruled the objection. Plaintiffs' failure to serve summonses on Appellants or anyone else is a fundamental jurisdictional defect and fatal to the Order.

E. The Court Improperly Allowed Untimely Disclosed Exhibits into the Record.

55. The Bankruptcy Court admitted evidence into the record that was not timely disclosed and exchanged. As noted above, the Plaintiffs filed an Amended Witness and Exhibit list on July 13, 2026, only 18 hours before the hearing and more than five (5) hours late.

56. Plaintiffs, in their original timely Witness and Exhibit List, listed one witness and 187 exhibits. On July 13, 2026, at 5:15 P.M., the Plaintiffs filed an Amended Witness and Exhibit List [Adversary Docket No. 47], naming a new witness, and listing only 4 exhibits in total. At 5:30 p.m. that same day, the Plaintiffs then emailed a different version of the Amended Witness and Exhibit List that again added the new witness and then listed 205 exhibits. No explanation was given why the Amended Witness and Exhibit List was filed late in violation of the Complex Case Procedures for the Northern District of Texas. Both the e-filed and emailed versions of the Amended Witness and Exhibit List were untimely.

57. The Bankruptcy Court's Complex Case Procedures state the following:

> For hearings on Emergency Motions . . . Counsel must (i) exchange exhibits, exhibit and witness lists, and (ii) file the exhibit and witness lists with the Clerk of the Court by 12:00 p.m. (noon) prevailing Central time and each party that has filed a response shall exchange exhibits by ***12:00 p.m. (noon) prevailing Central Time*** on the Day of Exchange in accordance with Table 2 below. Id. *Procedures for Complex Cases in the Northern District of Texas*, at pg. 19 ¶ 38.

The table referenced by ¶ 38 is copied in full below:

(i) Table 2. Day of Exchange for Emergency Hearings:

Scheduled Day for Emergency Hearings/Trials or Short Notice	Day of Exchange
Monday	Previous Friday
Tuesday	Previous Monday
Wednesday	Previous Tuesday
Thursday	Previous Wednesday
Friday	Previous Thursday

Id. at pg. 20.

58. For the Tuesday hearing at issue, the deadline for designating witnesses and exhibits was Monday July 13, 2026, at 12:00 P.M. CDT (noon). Plaintiffs' Amended Witness and Exhibit List was untimely. Appellants timely objected [Docket No. 48] and objected on the record when the untimely exhibits were offered as evidence. The Amended Witness and Exhibit List should have been stricken and Exhibits 188 through 205 excluded. Instead, the Court allowed exhibits not disclosed on the initial lists to be admitted as evidence and extensively used by Plaintiffs at the hearing to Appellants' great prejudice. As the Court itself acknowledged on the record, even under the most generous reading of the rules, the Amended Witness and Exhibit List was untimely.

59. Appellate courts "'review a district court's evidentiary rulings for abuse of discretion,' subject to harmless-error analysis." United States v. Girod, 646 F.3d 304, 318 (5th Cir. 2011) (citation omitted). To determine whether a trial court properly handled untimely disclosed witnesses or exhibits, the Fifth Circuit applies a four-factor test: (1) the importance of the evidence;

(2) any prejudice to the opposing party that would result if the evidence were admitted; (3) the availability of a continuance to cure such prejudice; and (4) the party's explanation for its failure to timely disclose the evidence. King v. King, 117 F.4th 301, 306-07 (5th Cir. 2024).

60. For the first factor, the importance of excluded evidence "cannot singularly override the enforcement of local rules and scheduling orders." Barrett v. A. Richfield Co., 95 F.3d 375, 381 (5th Cir. 1996). Here, the Bankruptcy Court allowed the Plaintiffs to ambush Appellants with undisclosed exhibits that were undoubtedly important to the outcome of the hearing. Both Plaintiffs and their supporters, particularly the Unsecured Creditors Committee, used the untimely exhibits extensively in cross-examining Appellants' and the other objecting parties' witnesses. The untimely exhibits supplied the only documentary evidence that Plaintiffs had incurred any costs related to the FINRA arbitrations. Plaintiffs' argument hinged on their claim that their reorganization would suffer from allegedly heavy financial and administrative burden that the FINRA arbitrations would impose if allowed to proceed. Plaintiffs' argument would have lacked any documentary support without the previously undisclosed exhibits.

61. Second, Appellants were prejudiced by the admission of these exhibits. Prior to the untimely disclosure of these exhibits, Appellants had no prior knowledge of all but one of them.[1] With prior knowledge, Appellants could have prepared a more specific cross-examination of Plaintiffs' witness and prepared their own witness for cross-examination.

62. Third, a continuance was not practically feasible, because the 14-day restraining order was expiring the day of the hearing. It was not feasible to continue the hearing as the restraining order would have expired with no ruling on the preliminary injunction. This factor weighs slightly in favor of their admittance but does not excuse Plaintiffs' failure.

[1] One of the exhibits was a blog post on the website of Appellants' counsel in the FINRA arbitrations.

63. Fourth, Plaintiffs offered no explanation for the failure to timely disclose the exhibits, most of which came from Plaintiffs' own business records or were available on the internet. The fact that the late-filed exhibits were important underscores why they should have timely been disclosed. The Complex Case Procedures specifically contemplate the disclosure of witnesses and exhibits for emergency hearings. The Bankruptcy Court lacked discretion to disregard those Procedures merely because the hearing was conducted on an emergency basis, and the untimely exhibits were important to Plaintiffs. That is why the Procedures exist. The Court committed significant error in allowing the untimely disclosed exhibits into the evidentiary record.

F. Appellants Have Satisfied the Standards for Review Under 28 U.S.C. §§ 158(a)(3) and 1292(b).

64. Regarding each of the questions presented above, all three (3) elements for review under 28 U.S.C. §§ 158(a)(3) and 1292(b) are satisfied. The questions presented involve controlling questions of law as each question will impact whether the Appellants are able to proceed with the FINRA arbitrations. The controlling questions of law here are: (1) whether the Bankruptcy Court possessed statutory authority to enjoin federal arbitrations in "non-core" proceedings, (2) whether the Court applied an incorrect legal standard by considering only the traditional temporary injunction standard and ignoring the Zale "unusual circumstances" test; (3) whether the Court lacked personal jurisdiction over Appellants due to Plaintiffs' failure to serve summonses; and (4) whether the Court improperly admitted evidence in violations of the Court's Complex Case Procedures. Plaintiffs' attempt to prevent the FINRA arbitrations from proceeding is the entire purpose of the underlying litigation.

65. There is substantial ground for difference of opinion on the issues presented as a variety of factors are applied to determine whether the Plaintiffs should be entitled to a preliminary injunction as to litigation between two non-debtors, there is a dispute as to what exact legal standard

should apply when a court considers a temporary injunction, and there is a variety of factors used in determining the improper admission of evidence.

66. Finally, resolution of these issues will advance the ultimate termination of the Adversary Proceeding, as the purpose of the Adversary Proceeding is to determine whether the FINRA arbitrations should be enjoined. Currently, the Order prevents Appellants, who are non-debtors, from prosecuting their FINRA arbitration claim against non-debtors who contractually agreed to those FINRA arbitrations. That is prejudice *per se*, and the harms increase every day.

IV. <u>CONCLUSION</u>

67. The District Court should grant the Appellants leave to appeal the Order. The Appellants welcome the District Court's swift adjudication of the issues set forth herein.

August 5, 2026

Respectfully submitted,

[redacted]

[redacted]

COUNSEL FOR CERTAIN APPELLANTS

<u>CERTIFICATE OF SERVICE</u>

I hereby certify, on this 5th day of August 2026, that I served a true and correct copy of the foregoing Response upon all parties registered to receive service via this Court's ECF notification system.

[redacted]