

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:

TM36, LLC, *et al.*,¹

Debtors.

Chapter 11

Case No. 26-90386 (ARP)

(Jointly Administered)

**DEBTORS' RESPONSE TO MOTION FOR RELIEF FROM AUTOMATIC STAY
FILED BY RECOVERY LOGISTICS FINANCE, LLC**

[Relates to Docket No. 383]

The above-captioned debtors and debtors in possession (collectively, the “Debtors”) file this response to Motion for Relief from Stay filed by Recovery Logistics Finance, LLC (“RLF”) (Doc. No. 383). The Debtors respectfully represent as follows:

PRELIMINARY STATEMENT

The Debtors have filed a motion to employ an auctioneer and to sell all of their equipment, machinery, vehicles, and other tangible property at auction. *See* Doc. No. 407 (the “Motion to Sell”). The Debtors spent significant time and resources recovering, securing, and insuring their equipment during these cases, as well as making adequate protection payments to the creditors with liens on the equipment and vehicles. Substantially all of the equipment is now under the Debtors’ control at a warehouse and neighboring yard in San Antonio. Rather than piecemeal stay relief and multiple auctions, the most efficient method of liquidating the Debtors’ tangible property is through a single auction which can take place before the end of the year. Accordingly, the Debtors request the Court deny the RLF Motion and grant the Motion to Sell.

¹ The Debtors in these chapter 11 cases, along with the last four digits of the Debtors’ federal tax identification number, are TM36, LLC (5051), StopLoss Specialists, LLC (3801), StopLoss, LLC (8840), StopLoss Response Services, LLC (3350), and StopLoss Logistics, LLC (3569). The Debtors’ service address is: 716 S. Frio Street, Suite 110, San Antonio, TX 78207.

BACKGROUND

1. On March 5, 2026 (the “Petition Date”), the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code (the “Chapter 11 Cases”).

2. On May 22, 2026, the Debtors filed a motion for turnover directed at Command 247, LLC, Scott Butaud and Lauren Noel (Doc. No. 238). After significant litigation over the motion, including a deposition of Scott Butaud, the Court entered an agreed turnover order on July 6, 2026 (Doc. No. 305).

3. On June 8, 2026, RLF filed a proof of claim asserting a claim in the total amount of \$11,109,145.03, and valuing the secured portion of its claim at \$2,000,000.00.

4. On July 23, 2026, the Debtors filed a motion for turnover directed at Jacob Nelson (Doc. No. 328). The Court entered an order granting this motion on August 5, 2026 (Doc. No. 342), which the Debtors had to domesticate in Louisiana in order to enforce.

5. On September 21, 2026, RLF filed its Motion for Relief from Stay (Doc. No. 383) (the “RLF Motion”). In addition to a lack of equity in the equipment, the RLF Motion alleges that stay relief should be granted because the collateral is not insured. This is factually incorrect as the Debtors maintain insurance applicable to the collateral via a Commercial Inland Marine policy, auto insurance, excess liability, and commercial general liability with Atlantic Specialty Insurance Company. These policies have been in place since April 10, 2026 and have a one-year term.

6. During the course of these Chapter 11 Cases, the Debtors have paid RLF adequate protection payments totaling \$935,930.00.

7. On October 2, 2026, the Debtors filed their Notice of Filing of List of Recovered Equipment (Doc. No. 390) (the “Notice”). As set forth in the Notice, the Debtors’ equipment and

vehicles are located at 716 S. Frio Street, San Antonio, Texas, and a neighboring yard located at 711 Guadalupe Street, San Antonio, Texas, with a few small exceptions.

8. In addition to RLF, the list of equipment filed with the Notice includes collateral for claims held by Bank of America, Ally Financial, Peac Solutions (Marlin Leasing), PNC Bank, Sumitomo, and Wells Fargo.

9. On October 9, 2026, the Debtors filed their Emergency Motion for Entry of an Order (I) Authorizing the Sale of the Debtors' Equipment by Private Sale and Public Auction Free and Clear of Liens, Claims, Interests and Encumbrances Under 11 U.S.C. § 363(f); (II) Authorizing the Employment of Plant & Machinery, LLC and PPL Group, LLC as Sale Agent; and (III) Granting Related Relief (Doc. No. 407) (the "Motion to Sell"). The Motion to Sell proposes to sell substantially all of the Debtors' tangible assets via a hybrid in-person and online auction which would take place before the end of 2026.

ARGUMENT

10. The Debtors faced significant headwinds during their efforts to recover their assets from various locations in Texas and Louisiana. The process was delayed and complicated by the need to prosecute two motions for turnover. As a result, the process took longer than originally anticipated and was not completed until September 2026. At this point in time, all equipment that the Debtors were able to locate is accounted for in the Notice filed with the Court on October 2, 2026.

11. The Debtors do not dispute that there is no equity in the equipment or that they are preparing to file a plan of liquidation. However, the Debtors have an interest in ensuring that their assets are liquidated through a value maximization process in order to minimize the unsecured deficiency claims that will be held by the secured creditors. The Debtors continue to believe that

their litigation claims will result in all unsecured claims being paid in full through a plan of liquidation which means the size of the deficiency claims is important.

12. In the Motion to Sell, the Debtors have sought authority to retain an auctioneer to run an auction for substantially all of their tangible assets. The auctioneer has developed a marketing strategy that includes a specific focus on the restoration industry which should bring in targeted, strategic buyers and increase the ultimate sales price. The auctioneer has also retained a consultant with expertise in the restoration industry who will assist in the marketing and sales effort. The auction will take place within 60 days of entry of an order approving the sale.

13. This proposed orderly auction process is more likely to generate higher sales prices than piecemeal stay relief and multiple different sales processes run by different creditors. The synergies achieved by auctioning all of the equipment together, in one location, will be lost if stay relief is granted and the process will take longer if multiple creditors are required to pick up their equipment.

WHEREFORE, for the foregoing reasons, the Debtors respectfully request that the Court (i) deny the RLF Motion, (ii) grant the Debtors' Motion to Sell, and (iii) grant the Debtors such other and further relief as the Court deems just and proper.

Dated: October 9, 2026

By: /s/ Aaron J. Power

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Certificate of Service

I certify that on October 9, 2026, I caused a copy of the foregoing document to be served by the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas.

/s/ Aaron J. Power

Aaron J. Power

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

In re:

TM36, LLC, *et al.*,¹

Debtors.

Chapter 11

Case No. 26-90386 (ARP)

(Jointly Administered)

**ORDER DENYING MOTION FOR RELIEF FROM
AUTOMATIC STAY FILED BY RECOVERY LOGISTICS FINANCE, LLC**

[Relates to Docket No. 383]

Upon consideration of the *Motion for Relief from Stay* [Docket No. 383] (the “RLF Motion”) filed by Recovery Logistics Finance, LLC (“RLF”) and the *Debtors’ Response to Motion for Relief from Stay filed by Recovery Logistics Finance, LLC* (the “Response”)² filed by the above-captioned debtors and debtors in possession (the “Debtors”), and this Court having jurisdiction over this matter pursuant to 28 U.S.C. § 1334; and this Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157; and this Court having found that it may enter a final order consistent with Article III of the United States Constitution; and this Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. § 1408; and this Court having found that the relief requested in the Response is in the best interests of the Debtors’ estates, their creditors, and other parties in interest; and this Court having reviewed the Motion, the Response, and having heard the statements in support of the relief requested in the Response

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² Capitalized terms not otherwise defined herein carry the meanings ascribed to them in the Motion.

at a hearing before this Court, if any (the “Hearing”); and this Court having determined that the legal and factual bases set forth in the Response establish just cause for the relief granted herein; and upon all of the proceedings had before this Court; and after due deliberation and sufficient cause appearing therefor, it is HEREBY ORDERED THAT:

1. The *Motion for Relief from Stay filed by Recovery Logistics Finance, LLC* is denied without prejudice.

2. Nothing in this Order constitutes a determination of the validity, priority, extent, or amount of RLF’s liens or claims, or a waiver of any party’s rights with respect to the Motion to Sell or the distribution of any sale proceeds.

3. The terms and conditions of this Order shall be effective and enforceable immediately upon its entry.

4. The Debtors are authorized to take all actions necessary or appropriate to effectuate the relief granted in this Order.

5. This Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, or enforcement of this Order.

Dated: _____, 2026

HONORABLE ALFREDO R. PEREZ
UNITED STATES BANKRUPTCY JUDGE