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

In re: BITCOIN DEPOT INC., et al.,[1] Debtor.	Chapter 11 Case No. 26-90528 (CML) (Jointly Administered)

AMERICAN ALTERNATIVE INSURANCE CORPORATION'S
LIMITED OBJECTION AND RESERVATION OF RIGHTS
REGARDING THE SALE OF ASSETS
AND ENTRY OF ANY SALE ORDER

American Alternative Insurance Corporation ("AAIC"), by and through its undersigned counsel, hereby files this Limited Objection to and Reservation of Rights to *Order (A) Approving (I) Bidding Procedures, (II) Form and Manner of Notice of Sale, Auction, and Sale Hearing, and (III) Assumption and Assignment Procedures; (B) Scheduling Auction, Sale Hearing, and Related Deadlines; and (C) Granting Related Relief* [Dkt. No. 193] (the "Bidding Procedures Order"), which granted the Debtors' Bidding Procedures Motion[2] (Dkt. No. 98).

INTRODUCTION

1. As set forth below, AAIC extended surety credit to certain Debtors by executing certain surety bonds (the "Bonds").

[1] The debtors in these Chapter 11 Cases (the "Debtors") and the last four digits of their respective federal tax identification numbers (if applicable) may be obtained on the website of the Debtors' proposed claims and noticing agent at https://restructuring.ra.kroll.com/bitcoindepot. The location of the Debtors' corporate headquarters is: 8601 Dunwoody Place, Sandy Springs, Georgia 30350.

[2] Capitalized words not otherwise define herein shall have the meanings ascribed to them in the Bidding Procedures Motion.

2. Although AAIC does not oppose the sale of the Debtors' assets *per se*, it is concerned that the sale could result in the improper assignment and assumption of the Bonds and/or the substitution of the principal named in the Bonds (i.e., the Debtors).

3. AAIC therefore (a) objects to the sale to the extent that it may result in the assumption and assignment of the Bonds and/or the substitution of the principal(s) named in the Bonds, and requests that certain language be inserted into any Sale Order(s), and (b) reserves all rights, including the right to assert further objections in the event an attempt is made to assume and/or assign the Bonds.

4. The Bonds are non-assumable financial accommodations as set forth in, and construed under, 11 U.S.C. § 365(c)(2) and cannot be assumed or assigned without AAIC's express consent, which has not been given. Further, the assumption and assignment of the Bonds would improperly result in a substitution of the named bond principal (the Debtor) to any proposed buyer, on whose behalf AAIC has not agreed to extend surety credit, and thereby render the Bonds null and void.

BACKGROUND

5. On May 18, 2026 (the "Petition Date"), each of the Debtors filed a voluntary petition for relief under Chapter 11 of Title 11 of the United States Code in the United States Bankruptcy Court for the Southern District of Texas (the "Court").

6. The Surety extended pre-petition surety credit to the Debtors by executing Bonds on the Debtors' behalf, which Bonds remain in effect at this time.

7. The Bonds are, generally, license bonds executed in connection with the Debtors' bitcoin kiosk operations located throughout the United States.

8. The Bonds, subject to their terms and applicable law, guarantee compliance with applicable statutes and regulations to which the Debtors are subject as a part of the Debtors' operations.

9. The aggregate penal sum of the Bonds executed for the Debtors is $15,700,000.

10. Copies of the Bonds and/or proof of the Bonds' execution can be furnished upon request.

11. In connection with AAIC's execution of the Bonds, certain Debtors and non-debtors executed indemnity agreements (the "Indemnity Agreements") obligating them, among other things, to indemnify AAIC for losses, costs, and expenses that AAIC may sustain as a result of having executed the Bonds for the Debtors (and non-debtor affiliates) as well as in enforcing AAIC's rights under the Indemnity Agreements.

12. As set forth below, the Bonds are non-assumable financial accommodations. They cannot be assumed and assigned without AAIC's express consent. Doing so would violate applicable provisions of the Bankruptcy Code and governing non-bankruptcy law.

13. The Surety is concerned that the sale of the Debtors' assets may result in an attempt to assume and assign the Bonds as a part of a sales transaction.[3]

14. In light of these concerns and the June 29, 20206 objection deadline, and in an abundance of caution, AAIC files this limited objection and reservation of rights.

LIMITED OBJECTION

I. The Bonds are Non-Assumable Financial Accommodations as Set Forth in and Construed Under 11 U.S.C. § 365(c)(2)

[3] There is no mention of the treatment of surety bonds generally in the Bidding Procedures or in the Bidding Procedures Order. Accordingly, in order to avoid an unnecessary future dispute over this issue, AAIC seeks the insertion of the protective language discussed below into any proposed Sale Order.

15. The Bankruptcy Code prohibits the assumption or assignment of a contract if "such contract is a contract to make a loan, or extend other debt financing or financial accommodations, to or for the benefit of the debtor." 11 U.S.C. § 365(c)(2).

16. Surety bonds are credit enhancement instruments that strengthen the bond principal's creditworthiness. They provide a guarantee to the bond obligee that the bond principal will perform its obligations, thereby reducing the perceived risk associated with engaging the principal in projects or transactions.

17. By assuming responsibility for potential losses or damages caused by the principal's failure to perform the bonded obligation(s), surety bonds reassure creditors, counterparties, and governing entities of the principal's financial and operational reliability and its capability to meet commitments and legal obligations.

18. Here, for example, the Bonds, subject their terms and applicable law, guarantee the Debtor's compliance with applicable statutes, regulations, and permit conditions, enabling the Debtors to obtain governmental permits, approvals, licenses, etc. necessary for its operations.

19. Courts have consistently held that surety bonds are non-assumable financial accommodations that cannot be assumed without the consent of the surety. See, e.g., In re Thomas B. Hamilton Co., Inc., 969 F.2d 1013, 1019-20 (11th Cir. 1992) ("courts have held that loan commitments, guaranty and surety contracts, and other contracts the [principal] purpose of which is to extend financing to or guarantee the financial obligations of the debtor are contracts to extend financial accommodations within the meaning of § 365(c)(2)."); In re Falcon V, L.L.C., 620 B.R. 256, 266 (Bankr. M.D. La. 2020) ("[E]ven if the surety bond program were an executory contract, it is a financial accommodation that cannot be assumed . . . ."); Matter of Edwards Mobile Home Sales, Inc., 119 B.R. 857, 859 (Bankr. M.D. Fla. 1990) ("an obligation to pay the debts of another

is a 'financial accommodation' and as such is encompassed by Section 365(c)(2). Accordingly, the Court finds the . . . surety bond to be a financial accommodation which cannot be assumed pursuant to Section 365(c)(2)."); In re Wegner Farms Co., 49 B.R. 440, 444 (Bankr. N.D. Iowa 1985) (same).

20. Further, the assignment and assumption of a Bond without AAIC's consent would improperly allow for a substitution of the Bond principal (here, the buyer in place of the Debtor) and discharge AAIC's obligations thereunder. See 74 AM. JUR. 2D SURETYSHIP § 66 ("The rule that any material change in the obligation not assented to by the surety will discharge the surety from liability is applicable where there has been a release of a principal or a change of principals. In other words, a surety will not be liable for the default of a new principal to whose substitution it has not consented."); Trs. of Carpenters & Millwrights Health Benefit Tr. Fund v. Kipco Co., 567 F.2d 951, 954 (10th Cir. 1977) ("generally, a surety will not be liable for the default of a new principal to whose substitution it has not consented.").

21. Therefore, AAIC objects to the Sale of the Debtors' Assets and to the entry of any Sale Order, to the extent that any such sale (and any accompanying Sale Order) might wrongfully involve the assumption and assignment of Bonds and/or the Indemnity Agreements without AAIC's consent.

22. Consequently, the following clarifying language[4] should be included in any order approving any sale of the Debtors' assets, to clarify that the Bonds shall not be assumed and assigned:

[4] AAIC's counsel proposed this language to Debtor's counsel in an email sent on June 5, 2026, which was followed up with a phone call with Debtors' counsel on June 11, 2026. Having not received a response from the Debtor, and in light of the June 29 objection deadline, the Surety is filing this limited objection in an abundance of caution. AAIC will withdraw its limited objection upon receipt of confirmation from the Debtor that the proposed language (or a mutually agreeable alternative) will be inserted into any order approving any sale of the Debtor's assets.

Draft insert for Sale Order(s):

- [For purposes of this paragraph, the term "Surety" shall mean AAIC]. The Surety has executed certain surety bonds (collectively, the "Existing Surety Bonds" and each individually, an "Existing Surety Bond") on behalf of certain Debtors. The Debtors have entered into, or are potentially otherwise liable under, certain indemnification agreements, amendments thereto, riders, and/or related agreements with the Surety (collectively, the "Existing Indemnity Agreements" and each, an "Existing Indemnity Agreement").

- Nothing in [any] Sale Order, any Asset Purchase Agreement or Purchase and Sale Agreement, or any document related to any of the foregoing, including, without limitation, any transition services agreement or similar agreement, shall be: (a) construed to authorize or permit a Debtor's sale, transfer, and/or assumption and/or assignment of any Existing Surety Bond or any Existing Indemnity Agreement or to obligate the Surety to replace any Existing Surety Bond in connection with any Sale, (b) deemed to (i) provide or constitute the Surety's consent to the substitution of any bond principal under any Existing Surety Bond or Existing Indemnity Agreement, and no Buyer or Purchaser shall be deemed a substitute principal under any Existing Surety Bond or an indemnitor under any Existing Indemnity Agreement, or (ii) alter, limit, expand, modify, release, waive or prejudice any rights, remedies and/or defenses of the Surety or the Debtors or Wind-Down Debtors under any Existing Surety Bond or Existing Indemnity Agreement.

- All rights, claims and defenses of the Surety with respect to the release of any intercompany claim are expressly preserved, and in no circumstance shall the Surety be deemed to have consented or waived any rights, claims or defenses with respect to any actions taken or not taken in accordance with any asset purchase agreement, related documents, or this Order, all of which are expressly preserved.

RESERVATION OF RIGHTS

23. The Surety reserves all rights, including the right to interpose such further and other objections as may be appropriate.

Dated: June 29, 2026

s/ Jonathan Bondy, Esq.

Jonathan Bondy, Esq. (admitted *pro hac vice*)
Terri Jane Freedman (admitted *pro hac vice*)
CHIESA SHAHINIAN & GIANTOMASI PC
105 Eisenhower Parkway
Roseland, New Jersey 07068
Telephone: (973) 325-1500
Emails: jbondy@csglaw.com
tfreedman@csglaw.com

Counsel to American Alternative Insurance Corporation