UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA

In re: CROWN BOILER CO., LLC Debtor.	Case No. 26-20515 Chapter 11
ZOILA SAQUIMUX individually and as Special Administrator of the Estate of JAYRINNE SEQUEIDA, Deceased, VICTOR SEQUEIDA, and ZOILA SAQUIMUX, as mother and next friend of TIFFANY SEQUEIDA, a minor, Movant v. CROWN BOILER, CO., LLC, Respondent	Related to Docket No: 202 **Hearing Date: May 27, 2026** **Response Deadline: May 25, 2026**

DEBTOR'S OBJECTION TO MOTION FOR RELIEF FROM THE AUTOMATIC STAY (DOC. 202)

Crown Boiler Co., LLC (the "Debtor"), by and through its undersigned counsel, hereby files this Objection (the "Objection") to the Motion for Relief from the Automatic Stay (Doc. 202) (the "Motion") filed by Zoila Saquimux, individually and as Special Administrator of the Estate of Jayrinne Sequeida, Deceased, Victor Sequeida, and Zoila Saquimux, as mother and next friend of Tiffany Sequeida, a minor (collectively, the "Movants"), and in support states:

PRELIMINARY STATEMENT

1. The Movants seek relief from the automatic stay to proceed with a civil action pending in the Circuit Court of Cook County, Illinois (the "Civil Case"), against the Debtor,

asserting that their recovery is limited to the Debtor's liability insurance proceeds and will not prejudice the estate.

2. This assertion is fundamentally flawed. The proceeds of Debtor's insurance constitute property of the bankruptcy estate, integral to the Debtor's intended plan of reorganization, and necessary to fund a trust, which will pay all personal injury claims, some asbestos related and some non-asbestos related. Having a trust, with two sub-trusts needed to pay the asbestos and non-asbestos claims, will ensure the equitable resolution of all product liability and personal injury claims, including those to be discharged pursuant to 11 U.S.C. § 524(g).

3. Granting the Motion would dissipate a critical estate asset, prejudice all creditors, and undermine the reorganization process the automatic stay is designed to protect.

BACKGROUND

4. On February 25, 2026 (the "Petition Date"), the Debtor filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Western District of Pennsylvania. (Doc. 1).

5. Prior to the Petition Date, on September 18, 2025, the Movants filed a Complaint initiating the Civil Case, asserting claims for wrongful death and negligence against the Debtor and co-defendants.

6. The Movants seek relief from the automatic stay to "to liquidate their claims against the Debtor to establish the Debtor's liability as a predicate to potential recoveries from the available proceeds of its liability insurance policies," and assert that allowing them to do so will not prejudice the Debtor or the estate.

OBJECTION TO RELIEF FROM STAY

7. The Debtor's liability insurance policies and the proceeds thereof constitute property of the Debtor's bankruptcy estate within the meaning of 11 U.S.C. § 541(a). Where insurance proceeds may be used to satisfy claims against the debtor and thereby reduce claims against the estate, those proceeds constitute property of the estate. *See, e.g., Matter of Celotex Corp.*, 152 B.R. 667, 675 (Bankr. M.D. Fla. 1993) ("From extensive review of bankruptcy decisions concerning insurance policies and their proceeds, it appears conclusive that, Debtor's policies and proceeds, especially considering their intended use to fund the major class of Debtor's claimants, are property of the estate under §541 of the Bankruptcy Code"); *In re OGA Charters, L.L.C.*, 901 F.3d 599, 603 (5th Cir. 2018); *In re Allied Digital Techs., Corp.,* 306 B.R. 505 (Bankr. D. Del. 2004).

8. The Movants' contention that their pursuit of insurance proceeds does not prejudice the estate ignores this fundamental principle because insurance at issue is general liability coverage insuring Burnham Holdings, Inc. and all subsidiaries for non-asbestos claims. The Movants' claims are not the only similarly situated claims covered by the same insurance.

9. Here, the Debtor's liability insurance proceeds are a cornerstone of the Debtor's reorganization strategy. The Debtor is currently formulating a plan of reorganization under which insurance proceeds will serve as a primary source of funding to address and resolve product liability and personal injury claims, including claims such as those asserted by the Movants.

10. Allowing individual claimants to pursue piecemeal litigation against the Debtor's insurance coverage outside of the bankruptcy process would deplete limited insurance resources, destroy the Debtor's ability to treat all similarly situated claimants equitably, and undermine the fundamental purpose of Chapter 11 reorganization. Preserving the insurance proceeds for equitable distribution through the plan process is essential to a successful reorganization

11. The automatic stay serves to protect estate assets from dissipation through individual collection efforts. This is precisely the situation here: the Movants seek to jump ahead of other claimants and obtain priority access to a limited pool of insurance proceeds that must be preserved for the benefit of all creditors.

12. Among other potential plan terms, the Debtor intends to establish a trust which will pay all personal injury claims, some asbestos related and some non-asbestos related. Having a trust, with two sub-trusts needed to pay the asbestos and non-asbestos claims, will ensure the equitable resolution of all product liability and personal injury claims, including those to be discharged pursuant to 11 U.S.C. § 524(g).

13. The Debtor's liability insurance proceeds will be a critical component of the funding mechanism for such a trust.

14. The purpose of a Section 524(g) trust is to ensure the fair, equitable, and efficient resolution of all current and future claims arising from the Debtor's products. Permitting individual claimants to bypass this process and proceed directly against the Debtor's insurance would frustrate the very purpose of Section 524(g) by reducing the assets available to fund the trust and thereby prejudicing the rights of other current and future claimants.

15. The Debtor’s insurance proceeds must be preserved in their entirety so that they may be channeled into a trust for the benefit of all holders of allowed personal injury claims.

16. Thus, contrary to the Movants’ assertion, granting the Motion would cause substantial prejudice to the Debtor, the estate, and other similarly situated creditors. The Movants’ claims are not the only product liability claims facing the Debtor.

17. The Debtor faces multiple claims arising from the manufacture and distribution of boiler products, and its liability insurance policies represent a finite pool of assets that must be allocated among all claimants through the reorganization process.

18. If the Movants are permitted to proceed with the Civil Case and obtain a judgment enforceable against the Debtor's insurance, the following harms will result: (a) the limited insurance proceeds available to fund a plan of reorganization and a tort claims trust, at least for the non-asbestos claims, will be diminished or exhausted; (b) other similarly situated claimants will be prejudiced by the Movants' preferential access to estate assets; (c) the Debtor's ability to confirm a plan that treats all claims equitably will be severely compromised; and (d) the orderly administration of this Chapter 11 case will be disrupted by parallel litigation in another forum.

19. For these reasons, the Movants have not established "cause" for relief from the automatic stay under 11 U.S.C. § 362(d)(1). In evaluating whether cause exists, courts in this Circuit consider the totality of the circumstances in a particular case. *See In re Scalera*, 521 B.R. 513, 516 (Bankr. W.D. Pa. 2014).

> A court may consider the policies reflected in the bankruptcy code, and the interests of the debtor, other creditors and any other interested parties. Unsecured creditors are generally entitled to relief from an automatic stay only in extraordinary circumstances.

Id.

20. Here, the totality of the circumstances weigh against granting stay relief. The potential prejudice to the estate is enormous—the Debtor risks losing a primary funding source for its reorganization. Any hardship to the Movants, by contrast, is minimal; their claims will be addressed through the plan process and the Section 524(g) trust, which is specifically designed to resolve claims of this nature in an orderly and equitable manner.

21. The Movants rely on *In re Glunk*, 342 B.R. 717 (Bankr. E.D. Pa. 2006), and *Fleck v. KDI Sylvan Pools, Inc.*, 981 F.2d 107 (3d Cir. 1992), for the proposition that stay relief is warranted where it creates "no great prejudice" to the estate. However, those cases are inapposite here.

22. The *Fleck* case does not involve an evaluation of whether there is cause to grant relief from stay at all—it is an appeal from a district court trial following a bankruptcy court granting relief from stay involving issues of judicial estoppel.

23. And *Glunk* is a Chapter 7 case involving the pursuit of a medical malpractice claim. Evaluating whether "the hardship to the plaintiff caused by the continuance of the stay outweighs the hardship to the debtor caused by stay modification," the Court found it appropriate to grant relief from stay.

24. Here, unlike in *Glunk,* the Debtor's insurance proceeds are not surplus to the estate's needs; rather, they are the primary mechanism by which the Debtor intends to reorganize and satisfy creditor claims. The facts of this case demonstrate that granting stay relief would cause great prejudice to the estate and all of its creditors.

25. Indeed, this Chapter 11 case is designed to address all product liability and personal injury claims—both known and unknown, present and future—in a single, comprehensive case. The automatic stay is essential to maintaining this consolidated process.

26. If the Court grants stay relief to the Movants, it will invite similar motions from other claimants, fragmenting the claims resolution process and making a global resolution through a plan and Section 524(g) trust impracticable.

27. The channeling injunction contemplated by Section 524(g) is premised on the availability of sufficient trust assets; any diminution of the insurance proceeds through individual litigation threatens the viability of that mechanism.

CONCLUSION

28. For the foregoing reasons, the Debtor respectfully requests that this Court deny the Motion in its entirety. The Debtor's liability insurance proceeds are property of the estate that must be preserved to fund the Debtor's plan of reorganization and a Section 524(g) trust for the equitable resolution of all product liability claims.

29. Granting the Motion would dissipate a critical estate asset, prejudice the Debtor's creditors, and undermine the reorganization process. The Movants' claims will be addressed through the plan process and the trust mechanism, which will provide for a fair and orderly resolution of their claims alongside those of all other similarly situated claimants.

WHEREFORE, Crown Boiler Co., LLC respectfully requests that this Court enter an order (i) denying the Motion; (ii) directing that the automatic stay of 11 U.S.C. § 362(a) remain in full force and effect with respect to the Movants and the Civil Case; and (iii) granting such other and further relief as this Court deems just and proper.

Respectfully submitted,

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Respectfully submitted,

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