

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

In re:

AEROCISION PARENT, LLC, *et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No. 23-11032 (KBO)

(Jointly Administered)

**Re: Docket No. 254**

**RESERVATION OF RIGHTS TO OBJECT TO FINAL APPROVAL OF DISCLOSURE  
STATEMENT AND TO CONFIRMATION OF CHAPTER 11 PLAN OF LIQUIDATION**

Liberty Hall Capital Partners Fund I, L.P. (“**Liberty Hall**”), by and through its undersigned counsel, reserves its right to object to final approval of the disclosure statement filed by AeroCision Parent, LLC, AeroCision, LLC, and Numet Machining Techniques, LLC (collectively, the “**Debtors**”) and to confirmation of the Debtors’ *Combined Disclosure Statement and Joint Chapter 11 Plan of Liquidation of Aerocision Parent, LLC, And Its Affiliated Debtors and Debtors in Possession* [Docket No. 254] (the “**Plan**”). Liberty Hall is not at this time objecting to the *preliminary* approval of the disclosure statement, but is propounding discovery in connection with final approval and the confirmation process, given concerns it has with the proposed plan and the descriptions in the disclosure statement. Given the compressed timeline, Liberty Hall believes it is important to be transparent about its concerns at this time.

Liberty Hall has been the indirect majority equity owner of the Debtors since it acquired them in 2018. Liberty Hall is also a creditor. On May 17, 2023, Liberty Hall injected \$2.5 million in critical liquidity into the Debtors in reliance on the express promise of Citizens Bank, N.A. (“**Citizens**”), Ally Bank, Siemens Financial Services, Inc., Channel Funding, LLC, Monroe

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<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of their respective federal tax identification numbers, are: AeroCision Parent, LLC (8828); AeroCision, LLC (0509); and Numet Machining Techniques, LLC (3162). The Debtors’ service address is 12-A Inspiration Lane, Chester, CT 06412.

Capital MML CLO IX, Ltd., Monroe Capital MML CLO X, Ltd., and MRCC Senior Loan Fund I Financing SPV, LLC (collectively, the “**Lenders**”) that the Lenders would treat the \$2.5 million of bridge financing contributed by Liberty Hall as the equivalent of senior, post-petition debt financing that would be repaid before any of the Lenders’ pre-existing debt. Liberty Hall’s \$2.5 million in emergency bridge financing to the Debtors allowed the Debtors to avoid a freefall bankruptcy and liquidation in May of 2023, and provided time for the parties to continue their restructuring negotiations.<sup>2</sup>

At a high level, the Plan proposes to waive the right to seek to equitably subordinate the Lenders’ claims. This remedy would benefit all unsecured creditors. The information in the disclosure statement, however, contains no explanation of the analysis and decision not to seek to equitably subordinate the Lenders’ claims, despite their exercise of actual control of the Debtors for their sole benefit.

Liberty Hall believes that the discovery that it has propounded will support objections to the adequacy of the disclosure of potential claims against the Lenders as well as objections to confirmation of the Plan on multiple grounds, including, without limitation, the following: (a) the Lenders micromanaged the Debtors’ chapter 11 cases and forced the Debtors to run an abbreviated sale process, while dictating which creditors would be paid and which would not, through threats to terminate the debtor in possession financing if the Debtors did not follow the Lenders’ instructions; (b) the Lenders’ actions in exercising actual dominion and control over the Debtors for their sole benefit must be fully investigated and may justify equitable subordination of the

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<sup>2</sup> Liberty Hall has independent direct claims against the Lenders, which are set forth in greater detail in the Complaint that Liberty Hall filed on December 21, 2023. *See Liberty Hall Capital Partners Fund I, L.P. v. Citizens Bank, N.A. et al.*, No. 23-11032 (KBO) (Bankr. D. Del. Dec. 21, 2023) (Dkt. No. 1). These claims are not, however, mutually exclusive of Liberty Hall’s rights as an unsecured creditor or the estates’ rights against the Lenders, including without limitation the right to seek to equitably subordinate the Lenders’ claims, which will be forfeited if the Plan is confirmed without alteration.

Lenders' claims, which would preclude confirmation of the Plan, given that it does not subordinate their claims and releases Lenders without any investigation; and (c) the Plan provides for distribution to the Lenders on account of their allegedly secured claim on assets that were not part of their collateral.

In addition, the Plan purports to provide that all unsecured creditors who are classified in the same class with Liberty Hall's \$2.5 million rescue loan are entitled to a general release of all claims against them, but Liberty Hall cannot opt into the release. As a result, Liberty Hall is receiving different, less favorable, treatment from all other members of the unsecured creditor class. Liberty Hall also reserves the right to object to this disparate treatment of members of the same class.

Dated: December 28, 2023  
Wilmington, Delaware

Respectfully submitted,

**COLE SHOTZ P.C.**

By: /s/ G. David Dean

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