

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

In re:

LUCKY BUCKS, LLC, *et al.*

Debtors.¹

Chapter 11

Case No. 23-10758 (KBO)

STATUS UPDATE REGARDING DIVIDEND LITIGATION

LB NewHoldCo, LLC and its subsidiary, Lucky Bucks, LLC (together, “Reorganized Lucky Bucks”), submit this status update to inform the Court of certain anticipated developments in connection with the Chapter 11 Cases and respectfully state as follows.

1. On July 28, 2023, the Court entered its *Findings of Fact, Conclusions of Law, and Order Confirming the OpCo Debtors’ Joint Chapter 11 Plan and Approving the Disclosure Statement as it Relates Thereto for Case Nos. 23-10757 and 23-10758* [ECF No. 214] (the “Confirmation Order”) confirming the *First Amended Joint Chapter 11 Plan of Lucky Bucks, LLC and Lucky Bucks HoldCo, LLC*, dated as of July 22, 2023 [ECF No. 187] (the “OpCo Plan”).² On October 2, 2023, the OpCo Plan went effective, and a new management team took over Reorganized Lucky Bucks.³

¹ The Debtors in the chapter 11 cases (the “Chapter 11 Cases”), when filed, along with the last four digits of each Debtor’s federal identification number were: (i) Lucky Bucks, LLC (4376) (“Lucky Bucks” and its Chapter 11 Case, the “Lucky Bucks Chapter 11 Case”); (ii) Lucky Bucks HoldCo, LLC (0081) (such case, the “HoldCo Chapter 11 Case”); and (iii) Lucky Bucks Holdings LLC (3221) (“Holdings” and such case, the “Holdings Chapter 11 Case”). The Debtors’ primary mailing address was 5820 Live Oak Parkway, Suite 300, Norcross, Georgia 30093. Following the effective date of the OpCo Plan (as defined below), the Holdings Chapter 11 Case was converted to a chapter 7 liquidation (the “Holdings Chapter 7 Case”). Thereafter, on September 25, 2024, the HoldCo Chapter 11 Case was closed. Therefore, only the Lucky Bucks Chapter 11 Case remains pending.

² Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to such terms in the OpCo Plan.

³ See *Notice of Occurrence of Effective Date of the First Amended Joint Chapter 11 Plan of Lucky Bucks, LLC and Lucky Bucks HoldCo, LLC* [ECF No. 253].

2. Shortly after assuming their roles, members of the new management team became increasingly concerned by operational issues they were observing, particularly in light of the insufficient—and often inconsistent—explanations for declining revenue that had been provided by the Debtors’ prior management. Therefore, the new management team undertook a comprehensive investigation into the prepetition conduct of the Debtors’ former owners, managers, officers and employees, which investigation ultimately led to Reorganized Lucky Bucks filing an action in the Superior Court of Fulton County, Georgia (the “Georgia Court”), Case No. 24-CV-000131 (the “Georgia Action”),⁴ alleging certain claims and causes of action that had been preserved by the OpCo Plan.⁵

3. The primary purpose of the Georgia Action was to retrieve the COAM machines that were stolen through a fraudulent scheme allegedly orchestrated and implemented by, among others, Anil Damani (the founder of the Lucky Bucks enterprise) and Shafik Kassam (the Debtors’ former Chief Operating Officer, a former member of the Board of Managers of the Lucky Bucks enterprise and a close confidant of Mr. Damani), and to recover diverted location contracts, which were—and remain—Lucky Bucks’s most valuable assets. As discussed below, the Georgia Complaint also included one fraudulent transfer count, which sought to recover the portions of an improper shareholder distribution of approximately \$200 million in July 2021 (the “OpCo Dividend”) that were received by certain of the defendants otherwise named in the Georgia Action. Importantly, other significant recipients of the OpCo Dividend, including Trive Capital Management LLC and certain of its affiliates (together, “Trive”)—former owners and puppet

⁴ Complaint, *Arc Gaming and Technologies, LLC f/k/a Lucky Bucks, LLC v. Damani, et al.*, 24-CV-000131 (Sup. Ct. of Fulton Cty., GA, Jan. 2, 2024) (the “Georgia Complaint”).

⁵ OpCo Plan, Articles IV.A.7, VIII.B.

masters of the Lucky Bucks enterprise and the recipients of more than half of the OpCo Dividend—Manu Sekhri and Seven Aces Holdings ULC, were not named as defendants in the Georgia Action.

4. Upon his appointment, the trustee (the “Holdings Trustee”) in the Holdings Chapter 7 Case also began an investigation into potential claims and causes of action related to the prepetition conduct of the Debtors’ former owners, managers, officers and employees. As discussed below, this investigation ultimately resulted in the Trustee commencing an action against such parties in September 2024 (the “Holdings Dividend Litigation”).⁶

5. Months before completing his investigation or filing the Holdings Dividend Litigation, on January 23, 2024, the Holdings Trustee commenced an adversary proceeding in this Court against Reorganized Lucky Bucks, Adv. Proc. No. 24-50009 (the “Revocation Adversary Proceeding”), seeking revocation of the Confirmation Order, primarily on the basis of certain allegations contained in the Georgia Complaint.

6. On August 16, 2024, Reorganized Lucky Bucks and the Holdings Trustee entered into a settlement agreement (the “Revocation Settlement Agreement”), settling the Revocation Adversary Proceeding in its entirety, and the Holdings Trustee filed the *Trustee’s Motion to Approve Settlement Agreement* [ECF No. 363, Adv. Pro. ECF No. 64] (the “Revocation Settlement Approval Motion”). As set forth in the Revocation Settlement Agreement, the parties agreed that Reorganized Lucky Bucks would pay the Holdings Trustee an initial payment of \$2.75 million and “forty percent (40%) of any net proceeds on account of money damages actually recovered **from the defendants in the Georgia Action**” in exchange for the dismissal, with prejudice, of the Revocation Adversary Proceeding.⁷ The Revocation Settlement Agreement also provided

⁶ See Complaint, *Abrams v. Trive Capital Management LLC*, et al., Adv. Pro. ECF No. 1 (Bankr. Del. Sept. 13, 2024) (as amended, the “Holdings Dividend Complaint”).

⁷ Revocation Settlement Agreement ¶¶ 3, 4 and 11 (emphasis added) (Exhibit A to Revocation Settlement Approval Motion). Pursuant to Revocation Settlement Agreement, net proceeds payable to the Holdings Trustee excludes “(a)

explicitly that “[f]or overlapping or related claims against third parties in any anticipated [litigation commenced by the Holdings Trustee or Reorganized Lucky Bucks in connection with the Holdings Dividends or the OpCo Dividend, respectively], the Parties to this Settlement Agreement reserve the right to address the sharing of money damages in such Dividend Litigation.”⁸ On September 4, 2024, the Court entered an order granting the Revocation Settlement Approval Motion.⁹

7. Thereafter, on October 8, 2024, Reorganized Lucky Bucks and the Holdings Trustee filed the *Joint Stipulation of Dismissal* [Adv. Pro. ECF No. 70] (the “Dismissal Stipulation”), which explained that “the parties have settled and resolved all issues in dispute in connection with the above-captioned proceeding. Accordingly, the parties further jointly stipulate the voluntary dismissal of the above-captioned case with prejudice.”¹⁰

8. Shortly after resolving the Revocation Adversary Proceeding, the Holdings Trustee filed the Holdings Dividend Complaint, alleging claims and causes of action against Trive, Mr. Damani, certain of the Debtors’ former officers and managers and other related parties for, among other things, intentional fraudulent transfers, improper dividends, common law fraud and violations of Georgia’s R.I.C.O. statute in connection with distributions made to Holdings’s shareholders in November 2021 and January 2022 (collectively, the “Holdings Dividends”) and related conduct. The Holdings Dividend Complaint also contained factual allegations related to Trive’s extensive involvement in the OpCo Dividend.¹¹

Arc Gaming’s documented professional fees and costs in the Georgia Lawsuit []; and (b) the next \$2.75 million of money damages actually recovered from the defendants in the Georgia Lawsuit after the Litigation Costs are paid, plus simple interest at the rate of 10% per annum[.]” Revocation Settlement Agreement ¶ 19(iv).

⁸ *Id.* ¶ 6.

⁹ *Order Granting Trustee’s Motion to Approve Settlement Agreement* [ECF No. 366, Adv. Pro. ECF No. 68].

¹⁰ Dismissal Stipulation at 1.

¹¹ *See id.*

9. Contemporaneously with the commencement of the Holdings Dividend Litigation, Reorganized Lucky Bucks sought discovery materials, pursuant to Federal Rule of Bankruptcy Procedure 2004 (“Rule 2004”), that had been produced to the Holdings Trustee by multiple parties—including Trive—in order to continue its own investigation into the prepetition conduct of the OpCo Debtors’ former owners, managers, officers and employees, including in connection with the OpCo Dividend. Although most parties consented to the production of the requested information, certain former officers and employees, none of whom was named as a defendant in the Georgia Action, refused. This refusal necessitated the filing of a formal Rule 2004 motion on September 27, 2024,¹² which was granted by the Court on October 23, 2024.¹³ As a result of these discovery efforts, Reorganized Lucky Bucks received and reviewed over 550,000 pages of material from numerous parties.

10. Based in substantial part on information obtained through this process, Reorganized Lucky Bucks will be commencing in the very near term an action before this Court in respect of the OpCo Dividend and related claims that were preserved by the OpCo Plan (the “OpCo Dividend Litigation”).¹⁴ Specifically, the forthcoming complaint (the “OpCo Dividend Complaint”) will allege certain claims and causes of action, including intentional fraudulent transfer, against Trive, Seven Aces, Messrs. Damani, Kassam and Sekhri and certain of the Debtors’ other former managers and officers, among other parties who authorized and/or received a portion of the OpCo Dividend. Contemporaneously with the filing of the OpCo Dividend Complaint, Reorganized

¹² *Motion for Order Directing the Examination of Manu Sekhri, James Boyden, Ryan Bouskill, Stephanie Lippa and Hassan Ijaz Pursuant to Bankruptcy Rule 2004* [ECF No. 373].

¹³ *Order Directing the Examination of Manu Sekhri, James Boyden, Ryan Bouskill, Stephanie Lippa and Hassan Ijaz* [ECF No. 392].

¹⁴ The Holdings Dividend Litigation and the OpCo Dividend Litigation are referred to collectively as the “Dividend Litigation.”

Lucky Bucks will be seeking authority from the Georgia Court to amend the Georgia Complaint for the narrow purpose of excising two counts—namely the single fraudulent transfer count and a breach of fiduciary duty count (solely as it pertains to Mr. Kassam) (such claims, “Transferred Claims”), to ensure that these claims, which will also be included in the forthcoming OpCo Dividend Complaint, are pending only in one jurisdiction.¹⁵

11. As contemplated by the Revocation Settlement Agreement, Reorganized Lucky Bucks and the Holdings Trustee have engaged in extensive discussions over the past several months in an effort to reach agreement regarding the sharing of any proceeds from the Dividend Litigation. Unfortunately, and notwithstanding the parties’ efforts, no such agreement has been reached at this time.

12. In connection with these discussions, Reorganized Lucky Bucks informed the Holdings Trustee of its intentions in respect of the forthcoming OpCo Dividend Litigation and the Transferred Claims and has been consistent in its commitment to uphold the terms of the Revocation Settlement Agreement. Specifically, Reorganized Lucky Bucks has made clear, including through formal written communications, that the Holdings Trustee will continue to be entitled to 40% of any net proceeds recovered on account of the Transferred Claims, notwithstanding the removal of such claims from the Georgia Complaint and the pursuit of the Transferred Claims as part of the forthcoming OpCo Dividend Litigation in this Court, regardless of whether any such recovery is achieved by way of settlement or litigation in this Court or another court of competent jurisdiction.

¹⁵ Following the filing of the Georgia Complaint, Reorganized Lucky Bucks became aware that notwithstanding his extensive involvement in the prepetition scheme, Mr. Kassam did not—in fact—receive any portion of the OpCo Dividend. Therefore, notwithstanding his initial inclusion in the fraudulent transfer count in the Georgia Complaint, Mr. Kassam will not be included as a beneficiary of the OpCo Dividend in the forthcoming OpCo Dividend Complaint.

13. Litigation counsel for Reorganized Lucky Bucks and counsel for the Holdings Trustee have been in touch and will continue to coordinate following the filing of the OpCo Dividend Complaint to ensure the efficient prosecution and/or settlement of the Dividend Litigation for the benefit of all parties and in the interest of judicial economy.

Dated: May 30, 2025

Respectfully Submitted,

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