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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re: : Chapter 11
: :
Chemtura Corporation, *et al.* : Case No. 09-11233 (REG)
: :
Debtors. : (Jointly Administered)
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**JOINDER OF THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS OF
CHEMTURA CORPORATION, ET AL., TO THE DEBTORS' OBJECTION TO
MOTION FOR AN ORDER GRANTING RELIEF FROM THE AUTOMATIC STAY
AND CROSS MOTION FOR ENFORCEMENT OF THE AUTOMATIC STAY**

TO THE HONORABLE ROBERT E. GERBER
UNITED STATES BANKRUPTCY JUDGE

The Official Committee of Unsecured Creditors (the "Creditors' Committee") of Chemtura Corporation, *et al.* (collectively, the "Debtors"), by and through its undersigned counsel, hereby joins (the "Joinder") in the Debtors' Objection (the "Objection") to Motion for an Order Granting Relief from the Automatic Stay (the "Lift Stay Motion") and Cross Motion for Enforcement of the Automatic Stay. In support of this Joinder, the Creditors' Committee respectfully submits as follows:¹

¹ Each capitalized term used, but not defined, herein shall bear the meaning ascribed to such term in the Objection.

THE CREDITORS' COMMITTEE'S JOINDER²

1. By the Lift Stay Motion, certain umbrella and excess insurance carriers (collectively, "AIG") request relief from the automatic stay to serve a summons and amended complaint naming Chemtura as a defendant in the State Court Action. As summarized in the Objection, AIG initiated the State Court Action to obtain a determination as to whether and to what extent AIG is obligated under insurance policies issued between 1996 and 2007 (the "Insurance Policies") as they relate to pending diacetyl products liability litigation.

2. The Lift Stay Motion should be denied for the following reasons: (i) commencement of the State Court Action violated the automatic stay because the State Court Action implicates a key asset of the Debtors' estates; (ii) AIG has failed to demonstrate that cause exists to lift the automatic stay to permit the State Court Action to proceed; and (iii) the Bankruptcy Court is the proper forum for the determination of the insurance dispute.

3. The Creditors' Committee agrees with the Debtors that the commencement of the State Court Action constitutes a violation of the automatic stay, notwithstanding the fact that Chemtura has not yet been added as a defendant. The Insurance Policies at issue in the State Court Action are both assets of the Debtors' estates and integral to the Debtors' restructuring efforts. *See In re 610 W. 142 Owners Corp.*, 219 B.R. 363 (S.D.N.Y. 1998) (internal citations omitted) (holding that "a chapter 11 debtor's rights under its insurance policies are property of the estate under § 541(a) of the Code"); *In re Johns-Manville Corp.*, 837 F.2d 89, 91-94 (2d Cir. 1988) (same). Because both Chemtura and Chemtura Canada share the coverage provided under the Insurance Policies, any action against Chemtura Canada's insurance is an action against

² All facts and background information relevant to this Joinder have been set forth by the Debtors in the Objection.

property of the Debtors' estates, which is strictly prohibited by the protections of the automatic stay. Indeed, in *In re Adelpia Commc 'ns. Corp.*, this Court held that creditors such as AIG cannot strip debtors of the protections provided by the automatic stay by seeking relief against the debtor through a non-debtor entity. *In re Adelpia Commc 'ns. Corp.*, 345 B.R. 69 (S.D.N.Y. 2006) (holding that automatic stay provisions of the Bankruptcy Code prohibit creditors from interfering with the disposition of assets that are under the court's control regardless of whether the debtor is named as a defendant as part of the effort and without distinction as to the form the interference takes).

4. In addition, the Creditors' Committee believes that AIG has failed to meet its burden under Bankruptcy Code section 362(d)(1) to show that cause exists to lift the automatic stay. As set forth more fully in the Objection, the Second Circuit has adopted twelve factors that should be weighed in deciding whether to lift the automatic stay. *In re Sonnax Indus., Inc.*, 907 F.2d 1280 (2d Cir. 1990). While the Creditors' Committee believes that all of the relevant *Sonnax* factors weigh against lifting the automatic stay in this instance, the following factors are particularly persuasive: (i) the Bankruptcy Court has jurisdiction to resolve the insurance dispute presented in the State Court Action because the Insurance Policies at issue are property of the estate; (ii) the State Court Action primarily involves Chemtura and AIG, not third parties; and (iii) resolving the insurance dispute in the Bankruptcy Court would promote judicial economy because (a) the Bankruptcy Court is already familiar with the facts of the Debtors' cases, the Insurance Policies, and the Diacetyl Claims, and (b) the availability of insurance coverage is an issue of critical importance to the Debtors' restructuring efforts.

