

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF MARYLAND  
(Baltimore Division)**

In re:

Diamond Comic Distributors, Inc., et al.,

Debtors.<sup>1</sup>

Case No. 25-10308 (DER)

Chapter 7

(Jointly Administered)

**SUPPLEMENTAL MEMORANDUM ON TRUSTEE’S APPLICATION TO EMPLOY  
DREW M. DILLWORTH AND STEARNS, WEAVER, MILLER, WEISSLER,  
ALHADEFF & SITTERSON, P.A. AS BANKRUPTCY COUNSEL TO THE TRUSTEE**

Morgan W. Fisher, the Chapter 7 Trustee, in the above-captioned cases (the “Trustee”), files this supplemental memorandum at the instruction of the Court [Docket No. 1173] on the Trustee’s Application to Employ Drew M. Dillworth and Stearns, Weaver, Miller, Weissler, Alhadeff & Sitterson, P.A. as Bankruptcy Counsel to the Trustee [Docket No. 1145] (the “Application”), and states as follows:

**Preliminary Statement**

There are no undisclosed agreements with creditors for the compensation of the Trustee or any of his professionals.

**Background**

1. On December 19, 2025, the Court entered an Order [Docket No. 1089] approving a stipulation between JP Morgan Chase Bank, N.A., as DIP lender (the “DIP Lender”), and the chapter 11 Debtors-in-possession, which, among other things, (i) amended the DIP Credit Agreement for the eighth time, and (ii) converted these above captioned cases to ones under chapter 7 of the Bankruptcy Code “As Of The Conversion Date” (as that term is used in the caption

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<sup>1</sup> The Debtors in these chapter 7 cases along with the last four digits of the Debtors’ federal tax identification numbers are: Diamond Comic Distributors, Inc. (3450); Comic Holdings, Inc. (7457); Comic Exporters, Inc. (7458); and Diamond Select Toys & Collectibles, LLC (6585).

of the Order and as defined in paragraph 3 of the Order to mean “Effective at 11:59 p.m. on the fifth (5th) business day after the entry of this Order”).

2. Thereafter, on December 23, 2025, the Office of the United States Trustee appointed Mr. Fisher as the interim trustee “Effective on 11:59 p.m. Eastern Standard Time, on December 31, 2025.”

3. On January 5, 2026, the Trustee sought Court approval to employ Zvi Guttman as general counsel to the chapter 7 bankruptcy estates [Docket No. 1104], which was approved by the Court on January 26, 2026 [Docket No. 1125].

4. Given the complexity of these converted cases, Trustee, in his business judgment, decided to retain the services of a full-service firm and on February 5, 2026, the Trustee filed the Application seeking authority to employ Stearns, Weaver, Miller, Weissler, Alhadeff & Sitterson, P.A. (“Stearns Weaver”) as bankruptcy counsel.

5. On February 26, 2026, Goodman Games, LLC, a defendant in pending litigation brought by the estate as of the Conversion Date, objected to the Application [Docket No. 1172] and represented to the Court that the Trustee had an undisclosed agreement with one or more secured creditors for the payment of professional fees.

6. On February 27, 2026, the Court instructed the Trustee to file “a supplemental memorandum addressing the matter of undisclosed arrangements with creditors for the payment of the Trustees fees and expenses referred to in the Response filed by Goodman Games [Docket No. 1172].”

### **Supplemental Memorandum**

7. There are no (and were no) undisclosed arrangements with any creditors. This fact was made clear to counsel for Goodman Games prior to her filing of the Response. Attached as

Exhibit A is a copy of that colloquy. In no uncertain terms, proposed counsel for the Trustee stated that “The agreement to share recoveries was approved during the chapter 11 case...” and that no agreement or use of cash collateral was “needed for payment of professional fees of our firm.” Ex. A.

8. The agreement, as the Court is aware, is the “Shared DIP Collateral” in the Final DIP Order [Docket No. 163] approved by this Court a year earlier, while the case was pending in chapter 11; prior to the Trustee’s involvement.

9. That agreement between the chapter 11 debtors-in-possession and the DIP Lender granted the DIP Lender a first-priority, blanket lien on all assets of the Debtors, including all property of the estate and “expressly including... all ... Avoidance Actions, commercial tort claims, other estate causes of action ...” [Docket No. 163 at ¶ 13(b)]; *provided, however*, that the Lenders agreed to “share with the Debtors’ estates 50% of the net proceeds recovered from the Shared DIP Collateral until the DIP Obligations have been paid in full ...” *Id.* “Shared DIP Collateral” is, in turn, defined in the Final DIP Order as just “the Avoidance Actions and commercial tort claims,” *Id.* at ¶ 11(a), and not other estate causes of action.

10. This, and only this, is the agreement for shared recoveries Mr. Dillworth was alluding to in his email and why he implored counsel for Goodman Games to “[r]e-read what I stated below with respect to our fees,” i.e., that no agreement or use of cash collateral was “needed for payment of professional fees of our firm.” Ex. A. Simply put, there was no undisclosed arrangement with creditors for the payment of the Trustees fees and expenses. If such an agreement had been reached with the DIP Lender (or any other party in interest) on that front, then it would have been brought to the Court for approval in compliance with the Bankruptcy Code and Bankruptcy Rules.

Dated: March 15, 2026.

Respectfully submitted,

/s/ Morgan Fisher

Morgan W. Fisher, Chapter 7 Trustee

Law Offices of Morgan Fisher, LLC

18 West Street

Annapolis, Maryland 21401

Telephone: (410) 626-6111

Email: awf@morganfisherlaw.com

*Chapter 7 Trustee*

## CERTIFICATE OF SERVICE

I hereby certify that on March 15, 2026, I reviewed the Court's CM/ECF system and it reports that an electronic copy of the forgoing Supplemental Memorandum will be served electronically by the Court's CM/ECF system on the following:

-Sam Alberts sam.alberts@dentons.com, docket.general.lit.wdc@dentons.com  
-Peter J Artese peter.artese@us.dlapiper.com  
-Jodie E. Bekman jbekman@gfrlaw.com, dferguson@gfrlaw.com  
-Jan Berlage JBerlage@GHSLLP.com, tcollins@ghsllp.com  
-Hugh M. (UST) Bernstein hugh.m.bernstein@usdoj.gov  
-Daniel Jack Blum jack.blum@polsinelli.com,  
lsuprum@polsinelli.com;delawaredocketing@polsinelli.com  
-Laura Skowronski Bouyea lsbouyea@venable.com, dmdierdorff@venable.com  
-Thomas K. Bredar thomas.bredar@wilmerhale.com,  
andrew.goldman@wilmerhale.com;benjamin.loveland@wilmerhale.com;yolande.thomps  
on@wilmerhale.com  
-Andrew Brown abrown@klestadt.com  
-Matthew G. Brushwood mbrushwood@barley.com, dkline@barley.com  
-Darek Bushnaq dsbushnaq@venable.com  
-Richard L. Costella rcostella@tydings.com,  
scalloway@tydings.com;MYoung@tydings.com;zjones@tydings.com;  
swilliams@tydings.com  
-Katherine Elizabeth Culbertson katherine.culbertson@troutman.com  
-David W.T. Daniels ddaniels@perkinscoie.com,  
docketnyc@perkinscoie.com;nvargas@perkinscoie.com;KMcClure@perkinscoie.com;rle  
ibowitz@perkinscoie.com  
-G. David Dean ddean@coleschotz.com, PRatkowiak@coleschotz.com  
-Mark L Desgrosseilliers desgross@chipmanbrown.com, fusco@chipmanbrown.com  
-Emily Devan edevan@milesstockbridge.com  
-Ellen E. Dew ellen.dew@us.dlapiper.com  
-Turner Falk turner.falk@saul.com,  
tnfalk@recap.email;Veronica.Marchiondo@saul.com  
-Justin Philip Fasano jfasano@mhlawyers.com,  
jfasano@ecf.courtdrive.com;tmackey@mhlawyers.com;mevans@mhlawyers.com;cmarti  
n@mhlawyers.com;Fasano.JustinR92003@notify.bestcase.com  
-Ashley N Fellona ashley.fellona@saul.com, janice.mast@saul.com  
-Gianfranco Finizio gfinizio@lowenstein.com  
-Adam Fletcher afletcher@bakerlaw.com  
-Chelsea R Frankel cfrankel@lowenstein.com  
-Jeremy S. Friedberg jeremy@friedberg.legal, ecf@friedberg.legal  
-Stephen B. Gerald sgerald@tydings.com  
-Christopher J. Giaimo christopher.giaimo@squirepb.com,  
christopher.giaimo@squirepb.com;christopher-j-giaimo-6409@ecf.pacerpro.com  
-Joshua Glikin JGlikin@shulmanrogers.com,  
abogert@shulmanrogers.com,tlewis@shulmanrogers.com

-Jonathan A. Grasso jgrasso@yvslaw.com,  
pgomez@yvslaw.com;r39990@notify.bestcase.com

-Zvi Guttman zvi@zviguttman.com,  
zviguttman@gmail.com,zviguttman@outlook.com,MD55@ecfcbis.com

-Jeffrey C. Hampton jeffrey.hampton@saul.com

-Jason F Hoffman jhoffman@bakerlaw.com

-Catherine Keller Hopkin chopkin@yvslaw.com,  
pgomez@yvslaw.com;kreese@yvslaw.com;vmichaelides@yvslaw.com;yvslawcmecf@g  
mail.com;hopkinr39990@notify.bestcase.com

-James R. Irving james.irving@dentons.com

-Adam H Isenberg adam.isenberg@saul.com

-Harry Conrad Jones HJones@coleschotz.com,  
bankruptcy@coleschotz.com;pratkowiak@coleschotz.com

-Lawrence A. Katz lkatz@hirschlerlaw.com,  
chall@hirschlerlaw.com;aklena@hirschlerlaw.com

-Toyja E. Kelley Toyja.Kelley@troutman.com

-C. Kevin Kobbe kevin.kobbe@us.dlapiper.com, docketing-baltimore-  
0421@ecf.pacerpro.com

-Eric George Korphage korphagee@whiteandwilliams.com

-Jung Yong Lee jlee@milesstockbridge.com, mhickman@tydings.com

-Gary H. Leibowitz gleibowitz@coleschotz.com,  
pratkowiak@coleschotz.com;bankruptcy@coleschotz.com;lmorton@coleschotz.com

-Thomas J. McKee mckeet@gtlaw.com, Karrie.Barbaro@gtlaw.com,thomas--mckee-  
0902@ecf.pacerpro.com

-Mark Minuti mark.minuti@saul.com, robyn.warren@saul.com

-Randy Moonan rmoonan@sillscummis.com

-William Fuller Moss william.moss@friedberg.legal

-Bruce S. Nathan bnathan@lowenstein.com

-Janet M. Nesse jnesse@mhlawyers.com,  
jfasano@mhlawyers.com;cpalik@mhlawyers.com;jnesse@ecf.inforuptcy.com;tmackey@  
mhlawyers.com;cmartin@mhlawyers.com;kfeig@mhlawyers.com

-Craig Palik cpalik@mhlawyers.com,  
cpalik@ecf.inforuptcy.com;Palik.CraigR92003@notify.bestcase.com;mevans@mhlawyer  
s.com;cmartin@mhlawyers.com

-Michael Papandrea mpapandrea@lowenstein.com

-Steven Gregory Polard steven.polard@ropers.com,  
loriann.zullo@ropers.com;calendar-LAO@ropers.com

-Scott Prince sprince@bakerlaw.com

-Jonathan Gary Rose jonathan.rose@us.dlapiper.com

-Jordan Rosenfeld jordan.rosenfeld@saul.com

-Nikolaus F. Schandlbauer nick.schandlbauer@arlaw.com, lianna.sarasola@arlaw.com

-Dennis J. Shaffer dshaffer@tydings.com,  
scalloway@tydings.com;MYoung@tydings.com

-Indira Kavita Sharma indira.sharma@troutman.com,  
katherine.culbertson@troutman.com;jonathan.young@troutman.com;david.ruediger@tro  
utman.com;errol.chapman@troutman.com;toyja.kelley@troutman.com

-Nicholas Smargiassi nicholas.smargiassi@saul.com  
-David Sommer dsommer@gallagherllp.com,  
ceyler@gejlaw.com;gomara@gejlaw.com;csalce@gejlaw.com;mkobylski@gejlaw.com  
-Brent C. Strickland bstrickland@whitefordlaw.com,  
mbaum@whitefordlaw.com;brent-strickland-3227@ecf.pacerpro.com  
-Matthew G. Summers summersm@ballardspahr.com,  
branchd@ballardspahr.com;heilmanl@ballardspahr.com;ambroses@ballardspahr.com;zar  
nighiann@ballardspahr.com;carolod@ballardspahr.com;cromartie@ballardspahr.com;sta  
mmerk@ballardspahr.com;brannickn@ballardspahr.com  
-S. Jason Teele steele@sillscummis.com  
-Paige Noelle Topper paige.topper@saul.com  
-US Trustee - Baltimore USTPRegion04.BA.ECF@USDOJ.GOV

/s/ Morgan W. Fisher  
Morgan W. Fisher