

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

RAYMOND E. BUTLER, II,

Plaintiff,

V.

ELI JACKFINN EDDI a/k/a ELY EDDI,
et al.,

Defendants.

Case No. 1:25-cv-04443

Hon. April M. Perry

**MEMORANDUM SUPPORTING DEFENDANTS CHAIM RAJCHENBACH AND
MENACHEM SHABAT'S MOTION FOR SANCTIONS**

TABLE OF CONTENTS

INTRODUCTION.....	1
BACKGROUND	2
UPDATED PROCEDURAL HISTORY SECTION	5
LEGAL STANDARD.....	6
ARGUMENT.....	7
I. Plaintiff’s Emergency Motion was frivolous and in bad faith, warranting sanctions under Rule 11.....	7
A. Plaintiff’s request to reconsider the stay was frivolous and in bad faith.....	7
B. Plaintiff’s request to reconsider the protective order was frivolous and in bad faith.....	9
C. Plaintiff’s attempt to freeze trust assets and appoint a fiduciary was frivolous and in bad faith	10
D. The Emergency Motion as a whole had an improper purpose and was thus in bad faith	12
II. Plaintiff and his counsel have willfully abused the judicial process throughout this litigation, warranting sanctions under the Court’s inherent authority	12
III. Plaintiff’s counsel has conducted this litigation unreasonably and vexatiously, warranting sanctions under 28 U.S.C. § 1927	13
IV. The Court should impose sanctions under Rule 11, its inherent authority, and/or 28 U.S.C. § 1927.....	14
A. The Court should award monetary sanctions	14
B. In addition to monetary sanctions, the Court should enact a filing bar	15

TABLE OF AUTHORITIES

	Page(s)
Cases	
<i>Alexander v. United States</i> , 121 F.3d 312 (7th Cir. 1997).....	8, 9, 10
<i>Chambers v. NASCO, Inc.</i> , 501 U.S. 32 (1991).....	7
<i>Cuna Mut. Ins. Soc. v. Off. & Pro. Emps. Int’l Union, Loc. 39</i> , 443 F.3d 556 (7th Cir. 2006).....	10
<i>Eberhardt v. Vill. of Tinley Park</i> , No. 1:20-CV-1171, 2022 WL 22896754 (N.D. Ill. Aug. 18, 2022), <i>aff’d</i> , <i>Eberhardt</i> <i>v. Walsh</i> , 122 F.4th 681 (7th Cir. 2024)	12
<i>Eberhardt v. Walsh</i> , 122 F.4th 681 (7th Cir. 2024)	12
<i>Fries v. Helsper</i> , 146 F.3d 452 (7th Cir. 1998).....	13
<i>Fuery v. City of Chicago</i> , 900 F.3d 450 (7th Cir. 2018).....	7, 13
<i>Hinterberger v. City of Indianapolis</i> , 966 F.3d 523 (7th Cir. 2020).....	15
<i>Jean v. Dugan</i> , 29 F. Supp. 2d 939 (N.D. Ind. 1998)	16
<i>Jolly Grp., Ltd. v. Medline Indus., Inc.</i> , 435 F.3d 717 (7th Cir. 2006).....	14
<i>Mars Steel Corp. v. Cont’l Bank N.A.</i> , 880 F.2d 928 (7th Cir. 1989).....	7
<i>Royce v. Michael R. Needle P.C.</i> , 950 F.3d 939 (7th Cir. 2020).....	7
<i>Stanley Gudyka Sales Co. v. Lacy Forest Prods. Co.</i> , 686 F. Supp. 1301 (N.D. Ill. 1988)	12
<i>Tranzact Techs., Inc. v. 1Source Worldsite</i> , 406 F.3d 851 (7th Cir. 2005).....	7

<i>Tucker v. Williams</i> , 682 F.3d 654 (7th Cir. 2012).....	7
<i>Universitas Educ., LLC v. Nova Grp., Inc.</i> , No. 11-CV-1590-LTS, 2021 WL 4443962 (S.D.N.Y. Sept. 28, 2021).....	8, 9, 16
<i>Xped LLC v. Entities Listed on Exhibit 1</i> , 690 F. Supp. 3d 831 (N.D. Ill. 2023).....	9, 11, 15

Statutes

28 U.S.C. § 1927	1, 7, 14, 15
------------------------	--------------

Other Authorities

Fed. R. Civ. P. 11(b)	6
Fed. R. Civ. P. 11(c).....	1
Rule 11	6, 7, 15

Defendants Chaim Rajchenbach and Menachem Shabat (collectively, “Movants”) move this Court to impose sanctions against Plaintiff Raymond E. Butler II and his attorneys, Racine Miller and Katherine London, pursuant to Federal Rule of Civil Procedure 11(c), the Court’s inherent authority, and 28 U.S.C. § 1927. In support, Movants state as follows:¹

INTRODUCTION

Plaintiff and his counsel have serially abused the judicial process in this case. Plaintiff’s recent “Verified Ex Parte Emergency Motion to Vacate Stay, Vacate Protective Order, Freeze Trust Assets, and Appoint Neutral Fiduciary to Preserve Trust Res” (the “Emergency Motion” or “Motion”) is only the latest in a series of examples. The Emergency Motion seeks extraordinary relief—requesting reconsideration of this case’s stay for the fifth time and of the operative protective order for the third time, as well as a freeze of trusts and appointment of a “neutral fiduciary” for over 70 nursing facilities—with no basis in law or fact. Plaintiff’s Motion is the product of a litigation strategy whose absurdity has been outmatched only by its costliness. In this case, Plaintiff has harassed non-party witnesses, violated court orders on multiple occasions, and filed nonsensical motions at a frenetic pace. Indeed, in his reply in support of the Emergency Motion, Plaintiff accuses this Court and the Seventh Circuit of “spurious” rulings and “manifest errors,” doubles down on his disproven allegations, and spends most of his pages on baseless personal aspersions, including accusing counsel of being a “paragon of duplicity” engaged in a conspiracy and having a “kindergarten-level misunderstanding” of litigation. Evidently, Plaintiff and his counsel show no signs of stopping their misconduct anytime soon, necessitating sanctions.

¹ The only difference between this version of the memorandum and the one sent to Plaintiff’s counsel on August 22, 2025, is this footnote, the addition of the Section titled “Updated Procedural History Section” on pages 5-6 necessitating deletions to comply with page limit rules, and changing font to Garamond. Attached as Exhibit 3 is a true and correct copy of the August 22, 2025, letter and draft motion with exhibits.

BACKGROUND

The Movants incorporate by reference here the detailed Background set forth in their opposition to the Emergency Motion, including the definitions of the “Defendant Trusts,” the “Neufeld Trusts,” and the “Facilities.” (Dkt. 199 at 2–7.) The Movants add that Plaintiff’s two attorneys, Katherine London and Racine Miller, signed the Emergency Motion. (Dkt. 167 at 35.) Plaintiff verified his Motion under penalty of perjury. (*Id.*) The Movants further provide the following facts regarding the procedural history of the stay and protective order in this case:

Plaintiff filed a state case in January 2022 against two of the defendants in this case, Illana Eddi and Eli Eddi, seeking an accounting of the Jack Finn Irrevocable Trust and findings that Plaintiff is a beneficiary and did not release any claims to trust funds. (Dkt. 199-6.) While a motion for summary judgment was pending in the state case, Plaintiff filed this federal suit in August 2024 in the Western District of Michigan. (Dkt. 1.) The case was assigned to Judge Paul L. Maloney. Plaintiff’s initial complaint did not mention the Defendant Trusts or the Neufeld Trusts—only the Jack Finn Irrevocable Trust. (*See generally, id.*) Allegations regarding these trusts were added only after the Movants asked Judge Maloney to stay the federal case because it concerned the same trust—the Jack Finn Irrevocable Trust—as the earlier-filed state court case. (*See* Dkt. 37, Mot. to Stay filed Sept. 9, 2024; Dkt. 71, Am. Compl. filed Sept. 20, 2024.)

Judge Maloney granted the Movants’ motion to stay and ordered this federal case stayed pending the outcome of the state court case because both concern the same Jack Finn Irrevocable Trust. (Dkt. 79 at 1, 7.) Judge Maloney reasoned that “[i]f the Illinois court determines that Plaintiff is not a trust beneficiary or waived his rights to the trust at issue, his claims are likely to fail in this federal case,” and thus “Defendants’ collateral estoppel argument favors a stay.” (*Id.* at 7–8.)

On October 4, 2024, just nine days after Judge Maloney entered the stay, Plaintiff filed a motion seeking the Defendant Trusts’ bank records in violation of the court-ordered stay. (Dkt. 82 at

6.) He claimed to be a beneficiary of the Defendant Trusts and thus entitled to their records. (*Id.* at 3, 12.) Ms. Miller signed this first motion to lift the stay. (*Id.* at 16.) Plaintiff verified under penalty of perjury that the facts stated therein were true. (*Id.* at 16.) On October 7, 2024, Judge Maloney denied Plaintiff's motion, holding it "improper under the current stay." (Dkt. 84.) Judge Maloney ordered that Plaintiff could move to lift the stay **only** "upon the conclusion of Plaintiff's Illinois action." (*Id.*) In no uncertain terms, Judge Maloney's order stated: "[T]he next filing in this case should be a motion to lift the stay after Plaintiff's Illinois action ends." (*Id.*)

Nevertheless, less than one month later, Plaintiff moved to lift the stay, and again requested the same exact non-party discovery. (Dkt. 85.) Plaintiff did not contend that the Illinois action had ended, but instead reasoned that reconsideration of the Court's October 7, 2024 ruling was appropriate because the state action was experiencing "delays." (*Id.* at 1.) Ms. Miller signed the motion. (*Id.* at 13.) Judge Maloney denied it, finding that Plaintiff was "ultimately responsible for this delay[,] as he initiated both actions." (Dkt. 87 at 3.)

On January 6, 2025, in light of appalling conduct by Plaintiff—including violent threats towards the Movants and a bank associated with them, CIBC Bank USA ("CIBC")—the Movants were forced to seek a protective order from the Court. (Dkt. 88; Dkt. 90.) Magistrate Judge Maarten Vermaat granted the protective order and prohibited Plaintiff from contacting, communicating with, or attempting to communicate with the Movants or *any witness* in the present case "*unless* that contact or communication is through his attorney, Racine Miller." (Dkt. 101 at 6.)

On February 7, 2025, Plaintiff yet **again** moved the Court to lift the stay despite the Illinois state action still proceeding. (Dkt. 96.) Plaintiff's second contrivance reasoned that a motion to lift the stay was appropriate because, in the state action, the defendants' motion for summary judgment was denied—and so, Plaintiff reasoned, "there [was] no longer a basis for the stay." (Dkt. 96 at 1; *see also* Dkt. 101 at 2.) Ms. Miller signed this second motion to lift the stay. (Dkt. 96 at 7.) Magistrate Judge

Vermaat quickly dispensed with Plaintiff's argument five days later, citing the fact that the very order denying the defendants' summary judgment order also *set a scheduling order and trial date*, leaving the case "clearly unresolved." (Dkt. 101 at 2–3.)

On February 12, 2025, Plaintiff filed an emergency motion to stay enforcement of Magistrate Judge Vermaat's order upholding the stay and entering the protective order, pending appeal to Judge Maloney. (Dkt. 102.) Ms. Miller signed this motion. (*Id.* at 10.) Judge Maloney denied Plaintiff's motion for failing to cite **any** authority in support of, in the Court's words, "the most important factor for th[e] court's consideration of [Plaintiff's] request": likelihood of success on the merits. (Dkt. 104 at 2.) The Court concluded that Plaintiff's "[f]ailure to brief this factor render[ed] Plaintiff's filing frivolous," and remarked on Plaintiff's "inflammatory investigation style." (*Id.* at 2.) On February 26, 2025, Plaintiff—evidently dissatisfied with the Court's ruling on his previous motion—then filed an "objection" to Magistrate Judge Vermaat's February 12, 2025 order, arguing that the order was unconstitutional. Plaintiff notably cited several of the same cases that he had previously relied upon in his prior unsuccessful efforts to lift the stay. (Dkt. 105 at 4; Dkt. 85 at 8–9.) Ms. Miller signed this third motion to lift the stay. (Dkt. 105 at 11.)

On March 27, 2025, Judge Maloney held a hearing regarding Plaintiff's "objection motion." (*See* Dkt. 106.) Plaintiff testified at this hearing. After the hearing, Judge Maloney again denied Plaintiff's effort to lift the stay, stating that the Court's "previous analysis regarding the stay still applies." (Dkt. 113 at 6.) Judge Maloney also upheld the protective order. (*Id.* at 7–8.) During the hearing, Plaintiff admitted to his threatening communications and accused Movants of using a strategy "meant to delay and deny and in this case depose"—echoing the words "deny, defend, depose" written on the bullets that killed UnitedHealthcare CEO Brian Thompson. (Dkt. 112 at 28:15–29:3, 43:19–46:24.) The court found that "Plaintiff's testimony cemented the reality that a protective order is not only appropriate, but necessary," (Dkt. 113 at 3), and that Plaintiff's "assertions that he was neither

threatening nor harassing are not credible.” (*Id.* at 8.)

On June 9, 2025, following transfer of this case to the Northern District of Illinois, this Court held a status conference and ordered, *inter alia*, that (1) the case remains stayed, and (2) the protective order remains in effect. (Dkt. 163.) During the status conference, the Court specifically addressed the question of default. The Court denied pending motions concerning default in light of the stay and instructed that the parties should not file any further motions regarding default but could renew motions if and when the stay is lifted. (Dkt. 164 at 15:4–14, 23:2–7.)

****UPDATED PROCEDURAL HISTORY SECTION****

At the August 27, 2025 hearing on the Emergency Motion, Plaintiff’s counsel could not answer basic questions about the factual or legal bases for the Emergency Motion. Plaintiff’s counsel could not identify how the exhibits to the Emergency Motion supported its central accusation that Movants “altered federal regulatory ownership filings” for over 70 skilled nursing facilities allegedly transferred. When the Court repeatedly asked counsel to identify the document showing that a Facility’s listed owner had changed, Ms. London conceded that she “did not provide that” document. (Dkt. 218, August 27, 2025 Hr’g Tr. 45:6–11.) The Court admonished that counsel’s being “not prepared to put on evidence goes to [their] ability to meet [their] burden on th[e] motion.” (*Id.* at 45:22–24.)

Plaintiff’s own testimony further illustrated the absence of any credible factual basis for his claims. Plaintiff testified that his asserted personal knowledge that he is a beneficiary of the trusts rests on his recollection of having witnessed the trust documents being signed when he was “six to seven years old.” (*Id.* at 62:11–13.) Plaintiff admitted, however, that he was never provided a copy of those documents, did not read them, and cannot produce the operative trust instruments that supposedly give rise to his claims. (*Id.* at 61:1–5, 63:21–25, 64:19–65:2.) The Court found Plaintiff’s account not credible. (*Id.* at 106:20–107:4.)

The Court denied the Emergency Motion at the end of the hearing (*Id.* at 98:16–119:4),

followed by a minute entry order. (Dkt. 208.) Plaintiff filed a notice of appeal that same day. (Dkt. 209.) On September 2, 2025, Racine Miller filed a motion to withdraw as Plaintiff's counsel. (Dkt. 216.) Plaintiff had terminated her. (Dkt. 264 at 1.) On September 10, 2025, Plaintiff filed a RICO action against Judge Alexakis and other judges who had denied motions filed by Plaintiff. (*Butler v. Alexakis, et al.*, Case No. 1:25-cv-10904 (N.D. Ill.).)

On September 11, 2025, the Court issued an order that it was divested of jurisdiction over the merits of this action while the appeal was pending, and stayed any motion practice, even over ancillary motions, until resolution of the appeal. (Dkt. 227.) Accordingly, Movants did not file this motion for sanctions on September 15, 2025 (after expiration of the safe harbor) as Movants had represented they would at the August 27 hearing on the Emergency Motion.

On May 21, 2026, the Court granted Ms. Miller's motion to withdraw, on the condition that she agreed to "respond to and accept the Court's jurisdiction involving conduct that preceded her withdrawal..." (Dkt. 265.) By Order dated May 27, 2026, the Seventh Circuit affirmed the Court's denial of the Emergency Motion. The next day, the Seventh Circuit issued a separate order sanctioning London for "fail[ure] to comply with judicial orders, ma[king] unfounded accusations against judges, and multipl[y]ing the litigation with both unwarranted proceedings and gratuitous filings." (*In the Matter of: Attorney Katherine A. London*, No. D-26-01, May 28, 2026 Order at 4.) The Seventh Circuit expressly ruled that its May 28 Order "does not prevent the defendants from seeking additional sanctions in the district court." (*Id.* at 5.)

LEGAL STANDARD

Rule 11 requires attorneys or unrepresented parties to certify that filings are not presented for any improper purpose, that the legal contentions asserted in the filing are not frivolous, and that factual contentions have or are likely to have evidentiary support. Fed. R. Civ. P. 11(b). The purpose of Rule 11 is to deter baseless filings and curb abuses. *Royce v. Michael R. Needle P.C.*, 950 F.3d 939, 957 (7th

Cir. 2020). It is the Court's duty to enforce Rule 11, and the court "shall" award sanctions if it finds a violation. *Mars Steel Corp. v. Cont'l Bank N.A.*, 880 F.2d 928, 935 (7th Cir. 1989).

Alternatively, "[a] district court may impose sanctions under its inherent authority 'where a party has willfully abused the judicial process or otherwise conducted litigation in bad faith.'" *Fuery v. City of Chicago*, 900 F.3d 450, 463 (7th Cir. 2018) (quoting *Tucker v. Williams*, 682 F.3d 654, 661–62 (7th Cir. 2012)). Sanctions are properly imposed (1) "to compel compliance with [a] court order," and (2) "to compensate the complainant for losses caused by contemptuous actions." *Tranzact Techs., Inc. v. 1Source Worldsite*, 406 F.3d 851, 855 (7th Cir. 2005). "[T]he inherent power of a court can be invoked even if procedural rules exist which sanction the same conduct." *Chambers v. NASCO, Inc.*, 501 U.S. 32, 49 (1991).

28 U.S.C. § 1927 provides that an attorney "who so multiplies the proceedings in any case unreasonably and vexatiously may be required by the court to satisfy personally the excess costs, expenses, and attorneys' fees reasonably incurred because of such conduct." 28 U.S.C. § 1927.

ARGUMENT

I. Plaintiff's Emergency Motion was frivolous and in bad faith, warranting sanctions under Rule 11.

A. Plaintiff's request to reconsider the stay was frivolous and in bad faith.

In seeking reconsideration of the stay for the fifth time in his Emergency Motion, Plaintiff relied on previously rejected legal arguments. This alone would suffice for a finding of frivolousness and an award of sanctions. Worse yet, Plaintiff's Emergency Motion also misrepresented facts to try to mislead the Court into believing the state court case's status had changed. Plaintiff's Emergency Motion was therefore both frivolous and made in bad faith.

Where a party's motion consists of arguments already considered and rejected by the court, that motion is objectively frivolous. *See Alexander v. United States*, 121 F.3d 312, 313–14 (7th Cir. 1997) (successive filings containing "nothing but efforts to ring changes on points [party] has advanced

before” warranted sanctions against party); *Universitas Educ., LLC v. Nova Grp., Inc.*, No. 11-CV-1590-LTS, 2021 WL 4443962, at *10–11 (S.D.N.Y. Sept. 28, 2021) (party sanctioned where party repeated arguments in successive motions for reconsideration). That is precisely what Plaintiff did here. Three judges, including this Court, have upheld the present stay, finding that resolution of the state court case would bear directly on Plaintiff’s claims in the present case and the alleged facts underlying those claims. *See supra* at 2–5. In his Emergency Motion, Plaintiff simply repeated arguments he had already made in prior motions to lift the stay, such as his argument that there are more defendants and claims in this case (Dkt. 167 at 27–28)—all of which Judge Maloney already rejected. (Dkt. 79 at 9.) Moreover, this Court upheld the stay based on analysis of the abstention factors under relevant Seventh Circuit case law, which Plaintiff neglected to address in his Emergency Motion. Instead, Plaintiff re-raised his argument that *Younger* abstention does not apply (Dkt. 167 at 14), even though the Court explained at the last hearing that it did not rely on that doctrine. (Dkt. 164 at 16:22–17:9.)

In addition to presenting no new law, Plaintiff’s Emergency Motion presented no new material facts. Plaintiff stated that the state court matter “again is being delayed” with “no true end in sight.” (Dkt. 167 at 14.) This is not true. Putting aside that Judge Maloney expressly rejected delay as a basis for overturning the stay in his November 14, 2024 order because Plaintiff filed both cases, the trial date in the state court case was, and still is, November 3, 2025—just as it was the last three times Plaintiff challenged the present stay. (*See* Ex. 1, August 13, 2025 Order.) Moreover, Plaintiff sidesteps the inconvenient truth that it has been **Plaintiff** seeking to delay resolution of the state court case, most recently in the form of a motion to continue the trial date—a motion the state court denied. *Id.* Plaintiff’s Motion also confusingly states that the state court case is “in the process again [of] being adjourned” (Dkt. 167 at 13), despite the state court issuing an order on August 13, 2025 to the contrary—an order setting new discovery dates, instructions for upcoming depositions, and a future status conference. (Ex. 1, August 13, 2025 Order.)

There is no reasonable justification for Plaintiff's misrepresentations in his Emergency Motion, save to delude this Court into believing that Plaintiff's case is the hopeless victim of justice delayed. A motion that misrepresents facts is not only frivolous but also in bad faith. *See, e.g., Xped LLC v. Entities Listed on Exhibit 1*, 690 F. Supp. 3d 831, 853–54 (N.D. Ill. 2023) (holding that party and its counsel exhibited bad faith where they made misrepresentations to the court to “obstruct the judicial process”).

B. Plaintiff's request to reconsider the protective order was frivolous and in bad faith.

Plaintiff's Emergency Motion also sought, for the third time, reconsideration of this case's operative protective order—a request that, at this point, can only evidence bad faith. By re-raising the protective order, Plaintiff has forced the Court to waste time confirming yet another ruling. *See Alexander v. United States*, 121 F.3d at 315; *Universitas Educ., LLC*, 2021 WL 4443962, at *11. Judge Maloney invested substantial judicial resources in evaluating the protective order, including holding an evidentiary hearing at which Plaintiff testified, before concluding that a protective order was “not only appropriate, but necessary.” (Dkt. 113 at 3; *see supra* at 3–4.) Plaintiff's Emergency Motion rebutted none of Judge Maloney's reasons for upholding the protective order and presented no new law or facts. Instead, the Motion focused on two phone calls at the exclusion of all the other communications to which he admitted. (Dkt. 167 at 15.) The Motion also repeated Plaintiff's argument that the protective order “restricts plaintiffs [sic] ability to investigate trust misconduct, communicate with state and federal whistleblowers, or compile factual support for the relief sought herein.” (*Id.* at 29.) Three courts have rejected this argument previously and held that the protective order properly allows Plaintiff, *through his counsel*, to conduct investigation.

There is only one new material fact for the Court's consideration since it affirmed the protective order: that Plaintiff violated the protective order when he text messaged CIBC's general counsel on July 21, 2025. (Dkt. 179 PageID.399.) When CIBC notified Plaintiff's counsel of their

client's violation, Plaintiff's counsel made the frivolous argument that CIBC is not covered by the protective order. (*Id.* at 7–8.) The plain language of the protective order states that it applies to “any witness in the instant case.” (Dkt. 101 at 6.) Moreover, it was Plaintiff's threatening communications to CIBC employees that formed much of the evidentiary basis for the protective order in the first place. (Dkt. 179 at 10–11.)

Given that the protective order provides Plaintiff with adequate means to communicate with witnesses via his attorneys, there is no reasonable inference to be drawn from his repeated, and failed, attempts at having courts overturn prior rulings except to allow him to harass and intimidate. Accordingly, the request in Plaintiff's Emergency Motion to vacate the protective order had no proper purpose and was in bad faith. *See Alexander v. United States*, 121 F.3d at 315.

C. Plaintiff's attempt to freeze trust assets and appoint a fiduciary was frivolous and in bad faith.

When assessing whether factual assertions are frivolous, the Court must “undertake an objective inquiry into whether the party or his counsel should have known that his position is groundless.” *Cuna Mut. Ins. Soc. v. Off. & Pro. Emps. Int'l Union, Loc. 39*, 443 F.3d 556, 560 (7th Cir. 2006) (citations omitted). Plaintiff's attempt to freeze trust assets and appoint a fiduciary had no factual basis, as publicly available records and Plaintiff's own contradictory prior statements should have revealed prior to filing.

First, no rational person could review the exhibits Plaintiff submitted and conclude that any transfers had taken place. The face of the exhibits themselves show that the Defendant Trusts or affiliated entities have owned the operations of the Facilities at all relevant times. As the Movants explained in their opposition to the Emergency Motion, the last column in Exhibit 1 “ASSOCIATION DATE – OWNER” shows the date when the listed owner became the owner. Those dates show that entities associated with the Defendant Trusts and/or other affiliated entities have held ownership in the Facilities years before the supposed 2025 “asset transfers” alleged by

Plaintiff. (Dkt. 199 at 16–17.) Plaintiff even conceded as much, admitting in the Emergency Motion that “CMS ownership filings remained consistent through early 2025.” (Dkt. 167 at 12.) A cursory review of publicly available CMS records provides additional confirmation. (Dkt. 199 at 5.) Moreover, Plaintiff and his counsel are on notice that Plaintiff is not a beneficiary of the Defendant Trusts—as proven by (1) the declaration of the attorney that drafted the Defendant Trusts, (2) the declaration of the general counsel of Legacy Healthcare (Daniel Garden), (3) the declaration of counsel for trustees of the Defendant Trusts, and (4) the “no-records” responses from the Defendant Trusts’ banks when subpoenaed to provide records of any trusts in which Plaintiff is a beneficiary or otherwise has an interest. (Dkt. 199 at 4–6; Ex. 2, Moskowitz Decl.; Dkt. 179 at 5.) In the face of this evidence, however, Plaintiff accuses Mr. Garden of “Sit[ting] on a Throne of Lies” for a declaration that, Plaintiff argues, “verge[s] on perjury”—despite Plaintiff failing to produce a shred of evidence that he is a beneficiary of any of the trusts at issue or that the Neufeld Trusts ever existed. (Dkt. 203 at 6.)

Second, no rational person could verify Plaintiff’s contradictory allegations as true. At different times Plaintiff has asserted (i) he is a beneficiary of the Defendant Trusts and (ii) the Defendant Trusts supposedly siphoned assets from similarly named Neufeld Trusts. (*See supra* at 1–2; Dkt. 167 at 11–12.) He has also asserted the Neufeld Trusts were created in the 1990s but somehow engaged in transactions in the 1970s. (*Id.*) Offering such obviously unsupported facts in support of a motion is so egregious as to support a finding of not only frivolousness, but also bad faith. *Xped*, 690 F. Supp. 3d at 853–54 (sanctioning party and attorney for using patently false representations to support motion for *ex parte* TRO).

Moreover, Plaintiff’s delay in bringing the Emergency Motion further shows bad faith. *See Stanley Gudyka Sales Co. v. Lacy Forest Prods. Co.*, 686 F. Supp. 1301, 1308 (N.D. Ill. 1988) (belated amended complaint filed after final pretrial order was sufficient basis for sanctioning attorney where amended complaint contained frivolous legal arguments and late-stage filing was “inherently

disruptive to both court and litigants”). Plaintiff previously raised the issue of possible transfers back in March 2025 but waited until July 2025 to file the Emergency Motion, after his motion for reconsideration of the order quashing discovery into the Defendant Trusts in the state case was denied. (Dkt. 199 at 12.) The Emergency Motion therefore appears to have been retaliation for the Defendant Trusts rightfully resisting improper discovery in the state case.

D. The Emergency Motion as a whole had an improper purpose and was thus in bad faith.

The Emergency Motion as a whole is part of a broader pattern of serial harassment of the Defendant Trusts through Plaintiff’s threatening “fact gathering” and motions that have no evidentiary basis. “Past practice” of a party and his counsel may inform the court that a motion was “designed to harass.” *Eberhardt v. Walsh*, 122 F.4th 681, 686 (7th Cir. 2024). In *Eberhardt*, for example, sanctions were upheld where plaintiff’s “hyperactive motions practice,” *id.* at 685—consisting of sixteen motions, several of which were made on an emergency basis, and all but two of which were denied by the district court—“scream[ed] bad faith,” *Eberhardt v. Vill. of Tinley Park*, No. 1:20-CV-1171, 2022 WL 22896754, at *5 (N.D. Ill. Aug. 18, 2022), *aff’d*, *Eberhardt v. Walsh*, 122 F.4th 681 (7th Cir. 2024).

II. Plaintiff and his counsel have willfully abused the judicial process throughout this litigation, warranting sanctions under the Court’s inherent authority.

Sanctions are appropriate under a court’s inherent authority where a party acted in “bad faith, [in a way that was] designed to obstruct the judicial process, or [in] a violation of a court order.” *Fuery*, 900 F.3d at 463 (citations omitted) (internal quotations omitted). Plaintiff has done all three.

In addition to the bad faith conduct described above, Plaintiff has attacked the integrity of this Court, asserting that it engaged in “lawfare,” “government weaponization,” and “[j]udicial activism” when it denied his request for *ex parte* relief. (Dkt. 199-1 at 6.) In his recent reply in support of his Emergency Motion, Plaintiff described the Seventh Circuit as having dismissed his appeal on

“spurious” jurisdictional grounds. (Dkt. 203 at 2.) On their own, such baseless accusations about the integrity of our courts have been recognized by the Seventh Circuit as a sufficient basis for imposing sanctions. *See Fries v. Helsper*, 146 F.3d 452, 458–59 (7th Cir. 1998) (sanctions on party and his lawyer appropriate where their filings “impugned the integrity . . . of a federal district court judge with total disregard for the truth”).

Plaintiff has also tried to obstruct the judicial process and prevent Movants from being heard on the Emergency Motion. Plaintiff’s Emergency Motion sought immediate relief *ex parte* despite requesting extraordinary measures, including freezing the assets of entire family trusts, a company that manages over 70 nursing homes, and philanthropy foundations, none of which have been served in this case. (Dkt. 199 at 18.) He then appealed to the Seventh Circuit and requested a ruling by the end of the day (Dkt. 199-9), which the Seventh Circuit rightfully denied.

Finally, Plaintiff and his counsel have repeatedly defied court orders. They have requested discovery in this case despite the stay and have also cited this case to justify discovery in the state case regarding the Defendant Trusts, a ploy to end-run around the stay and in direct defiance of state court orders also denying this discovery. (Dkt. 179, PageID.443; Dkt. 199 at 6.) They have tried to lift the stay five times despite explicitly being told not to do so until the state case **ends**. *See supra* at 2–5. They have filed three motions for default despite the stay and in direct defiance of the Court’s instruction. (Dkts. 189, 193–94.) And Plaintiff violated the protective order on July 21 by texting CIBC’s general counsel. (Dkt. 179, PageID.399.)

The foregoing pattern of conduct is not mere clumsy lawyering. It demonstrates a willful disrespect for this Court, its procedures, and its orders—and it must be stopped.

III. Plaintiff’s counsel has conducted this litigation unreasonably and vexatiously, warranting sanctions under 28 U.S.C. § 1927.

A court “has discretion to impose § 1927 sanctions when an attorney has acted in an objectively unreasonable manner by engaging in serious and studied disregard for the orderly process

of justice, pursued a claim that is without a plausible legal or factual basis and lacking in justification, or pursued a path that a reasonably careful attorney would have known, after appropriate inquiry, to be unsound.” *Jolly Grp., Ltd. v. Medline Indus., Inc.*, 435 F.3d 717, 720 (7th Cir. 2006) (cleaned up). At every opportunity, Plaintiff’s counsel has unnecessarily multiplied these proceedings with careless disregard for the courts’ limited resources and the orderly process of justice, submitting hastily prepared briefs containing false and contradictory facts.

In particular, Plaintiff’s counsel has done the following:

- Sought eight times to overturn orders that have been upheld by multiple judges. *See supra* at 2–5.
- Frivolously requested three times to proceed on an emergency basis—(i) an emergency motion to stay, pending appeal to Judge Maloney, Magistrate Judge Vermaat’s order upholding the stay and entering the protective order, even though Judge Maloney had entered the stay in the first place, and the case was stayed meaning no urgent prejudice could arise due to the protective order; (ii) the Emergency Motion based on information Plaintiff had been aware of for months; and (iii) an emergency petition to the Seventh Circuit seeking review of the Court’s denial of *ex parte* relief. *See supra* at 1–4, 12.

IV. The Court should impose sanctions under Rule 11, its inherent authority, and/or 28 U.S.C. § 1927.

A. The Court should award monetary sanctions.

The Court should impose monetary sanctions, in an amount including the Movants’ attorneys’ fees and costs prosecuting this action, on both Plaintiff and his counsel. Monetary sanctions against both a party and his counsel are appropriate where the party made material misrepresentations of fact in its filings, and his lawyers advanced frivolous legal arguments to prosecute his case. *See, e.g., Xped*, 690 F. Supp. 3d at 860–61; *see also id.* at 854 (“[Plaintiff] also bears responsibility for its counsel’s misconduct. ‘[I]t is well established that attorneys’ actions are imputed to their clients, even when those actions cause substantial harm. A litigant bears the risk of errors made by his chosen agent.’” (quoting *Hinterberger v. City of Indianapolis*, 966 F.3d 523, 529 (7th Cir. 2020))). Monetary sanctions against both Plaintiff and his counsel are needed here. Plaintiff continues to submit to this Court, in

filings made under oath, outlandish stories and certifiably false representations; his attorneys, signing off on these filings, continue to peddle frivolous legal arguments already considered and rejected by the Court. Plaintiff and his counsel show no signs of mending their ways, as their latest inflammatory reply brief indicates. (*See* Dkt. 203.) This circus must stop.

B. In addition to monetary sanctions, the Court should enact a filing bar.

This Court is authorized to impose non-monetary sanctions as well, and, to effect Rule 11's purpose of "detering baseless filings," this Court should. Specifically, this Court should impose a filing bar on Plaintiff, effective immediately. The Court has made it abundantly clear to Plaintiff that the stay and the protective order are to remain in place. Plaintiff has not gotten the point. Plaintiff continues to burden the docket with baseless filings, at substantial cost to both Movants and this Court. A filing bar, as described below, will serve to cabin Plaintiff's inappropriate conduct in a manner both reasonable and necessary to preserve judicial economy.

This filing bar should have two parts. First, the Court should prohibit Plaintiff and his counsel from any further filings until monetary sanctions are paid. This is an appropriate sanction for a party and counsel that engage in harassing litigation tactics and refuse to comply with court orders. *See Jean v. Dugan*, 29 F. Supp. 2d 939, 940, 942 (N.D. Ind. 1998) (imposing such sanction where party engaged in lengthy history of "delay, distraction, personal attacks, obfuscation, and obstinance," leading court to conclude that primary objective was to "harass their opponents"). Second, even after the monetary sanction is paid, and after the stay in the present case is lifted, the Court should require Plaintiff and his attorneys to seek leave of court before filing any further papers in this case. Such a sanction is justified where a party appears to have the motive "to cause unnecessary expense on [opposing parties] and an undue burden on the Court." *Universitas Educ., LLC*, 2021 WL 4443962, at *11 (imposing filing bar).

Dated: July 17, 2026

Respectfully submitted,

/s/ Nicholas H. Callahan

Nicholas H. Callahan (ARDC #6299231)

Samantha T. Zuba (ARDC #6340480)

BARACK FERRAZZANO KIRSCHBAUM

& NAGELBERG LLP

200 W. Madison Street, Suite 3900

Chicago, IL 60606

(312) 984-3100

nick.callahan@bfkn.com

samantha.zuba@bfkn.com

*Attorneys for Defendants Chaim Rajchenbach
and Menachem Shabat*

CERTIFICATE OF SERVICE

I hereby certify that on July 17, 2026, I caused a true and correct copy of the foregoing to be filed and served electronically via the Court's CM/ECF system. Notice of this filing will be sent to all counsel of record by operation of the Court's electronic filing system.

/s/ Nicholas H. Callahan