

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

**DEFENDANTS CHAIM RAJCHENBACH AND MENACHEM SHABAT’S REPLY IN
SUPPORT OF THEIR MOTION FOR SANCTIONS**

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INTRODUCTION

Since this case was stayed in September 2024, Plaintiff Raymond Butler and his attorneys Racine Miller and Katherine London have repeatedly abused the judicial process with frivolous filings. The Emergency Motion—the fifth attempt to lift the stay and the third challenge to the protective order—was the culmination of their vexatious conduct. It defied repeated rulings by multiple judges that the stay would not be lifted until Butler’s state-court case ends. It sought to vacate a protective order made necessary by Butler’s sustained harassment of witnesses. And it sought to freeze the assets of trusts and over 70 nursing facilities, built on Butler-created spreadsheets that neither Miller nor London could explain and that did not support the relief sought. Because the Emergency Motion lacked any basis in law, fact, or logic, no reasonable litigant acting in good faith would have filed it.

Butler’s (Dkt. 281) and Miller’s (Dkt. 282) (together, “Respondents”) responses to the Motion for Sanctions (“Motion,” Dkts. 271–72) only underscore why sanctions are necessary.¹ Both contend that the Motion, served on August 22, 2025 and filed nearly eleven months later, deprived them of Rule 11(c)(2)’s safe harbor. But Movants substantially complied with Rule 11, and further, Respondents waived the safe harbor by proceeding to the hearing and standing on their frivolous motion. Rule 11 does not shield frivolous “emergency” filings from sanctions simply because the Court rejected them too soon. Respondents’ remaining arguments fare no better. Butler’s opposition repeats the conduct that makes sanctions necessary: relitigating findings three courts have affirmed, mischaracterizing deposition testimony that says the opposite of what he claims, and baselessly accusing Movants of “fraud on the Court.” (Dkt. 281 at 8.) And Miller cannot separate herself from the frivolous filings she rubber stamped: she signed every filing at issue, offered no reasonable basis for any of them, and corrected none. The motion should be granted in full.

¹ London has not opposed or otherwise responded to the Motion.

ARGUMENT

I. The Rule 11(c)(2) Safe Harbor Was Satisfied And, In Any Event, Waived.

Respondents argue that Rule 11's safe harbor never ran because the Court denied the Emergency Motion five days after Movants served their motion. (Dkt. 281 at 3–4; Dkt. 282 at 7–9.) The argument fails on the rule's text. Rule 11(c)(2) requires that a sanctions motion be served first and “must not be filed” if the challenged paper “is withdrawn or appropriately corrected within 21 days after service.” Movants served the complete motion and memorandum on August 22, 2025, and filed it on July 17, 2026. Respondents had not five days but eleven months to withdraw or correct the Emergency Motion or its reply. They corrected nothing.

Respondents' real complaint is that the Court ruled too quickly. But that timing was of their own making: they styled the motion as an emergency, demanded ex parte relief, appealed the same day the Court declined ex parte treatment, and proceeded to the emergency hearing. A litigant who insists on immediate adjudication cannot complain that the ruling arrived too quickly for him to repent. The Seventh Circuit has rejected the theory in a similar posture. In *Method Electronics, Inc. v. Adam Technologies, Inc.*, the sanctioned party filed a verified complaint demanding a temporary restraining order, pressed ahead with a hearing two days after receiving a Rule 11 warning letter, and voluntarily dismissed the case within a week—leaving no window for a 21-day safe harbor. 371 F.3d 923, 924–25, 927 (7th Cir. 2004). The court explained that in emergency litigation “[e]vents often move too fast to allow strict compliance with” Rule 11, that the target “in effect, rejected the warning” by proceeding to the hearing, and that it could find the target “waived its right to a 21-day safe harbor.” *Id.* at 927; *see also Giganti v. Gen-X Strategies, Inc.*, 222 F.R.D. 299, 306–07 (E.D. Va. 2004) (party that “argued vigorously in opposition” at the hearing “never had any intention of withdrawing any of the challenged claims” and “knowingly waived the benefit of the twenty-one day period”).

So too here. Indeed, this record is even stronger than *Method*. Respondents received the complete Rule 11 motion and memorandum—not just a warning letter—and they refused a direct request to withdraw, pressed forward at the hearing and then on appeal, and never corrected a word. The hearing record removes any doubt. Movants’ counsel told the Court that he had “ask[ed] plaintiff’s counsel to withdraw the motion before the hearing and then I wouldn’t file it.” (Dkt. 218 at 96:17–19.) Miller stood on the filings: “Our theories are not changing,” and “[t]here have been no findings of anything being frivolous.” (*Id.* at 97:18–21, 98:2–3.) And when Movants’ counsel raised the safe harbor before adjournment, the Court directed him to “hold off another 13 days”—guaranteeing Respondents every day the rule allows. (*Id.* at 133:12–134:8.) Respondents never hinted that they intended to withdraw the Emergency Motion, and thus, they waived any right to safe harbor.

Butler’s cited authority confirms the 21-day window “is a floor, not a ceiling,” and a sanctions motion filed even after dismissal of the suit—and more than two years after the Rule 11 notice—satisfies the rule. *Matrix IV, Inc. v. Am. Nat’l Bank & Tr. Co. of Chi.*, 649 F.3d 539, 552–53 (7th Cir. 2011). Respondents’ own cases address different failures or affirmed sanctions. *See Northern Illinois Telecom, Inc. v. PNC Bank*, 850 F.3d 880, 882, 887–88 (7th Cir. 2017) (movant never served a Rule 11 motion at all); *Divane v. Krull Electric Co.*, 200 F.3d 1020, 1026–28 (7th Cir. 1999) (affirming sanctions where motion was served more than 21 days before both filing and final judgment—the sequence here). Butler’s suggestion that Movants had to re-serve the Motion has no footing in the law.

In any event, the safe harbor is a creature of Rule 11(c)(2) alone. Sanctions under 28 U.S.C. § 1927 and the Court’s inherent authority—including the requested dismissal—require no warning period: “[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); *Method*, 371 F.3d at 927–28 (affirming sanctions under the court’s inherent power). Here, the escalation since service is evidence of pattern and purpose. *See Eberhardt v. Walsh*, 122 F.4th 681, 686 (7th Cir. 2024) (“past practice” may

show a filing was “designed to harass”). Butler (with London’s aid) filed a RICO action against Judge Alexakis and other judges who had denied his motions, *see Butler v. Alexakis, et al.*, No. 1:25-cv-10904, ECF. No. 1 (N.D. Ill. Sept. 10, 2025), and the Seventh Circuit separately sanctioned London for “multipl[y]ing the litigation with both unwarranted proceedings and gratuitous filings”—expressly ruling that its order “does not prevent the defendants from seeking additional sanctions in the district court.” (*In the Matter of: Attorney Katherine A. London*, No. D-26-01, May 28, 2026 Order at 4–5.)

II. Butler’s Opposition Confirms That The Emergency Motion Was Frivolous And Brought In Bad Faith.

Butler argues the Emergency Motion “rested on a good-faith factual predicate” supplied by 2009 disbursement forms and Ilana Eddi’s June 2026 deposition. (Dkt. 281 at 5–8.) Neither accompanied the Emergency Motion; the deposition came ten months after its denial. *See Cuna Mut. Ins. Soc. v. Off. & Pro. Emps. Int’l Union, Loc. 39*, 443 F.3d 556, 560–61 (7th Cir. 2006) (Rule 11 inquiry focuses on whether party knew or should have known position was groundless at the time). At the hearing on the Emergency Motion, Butler’s “only evidence that he was a beneficiary of any trust” was his “implausible” testimony “that a six-year-old could appreciate the complexities of legal documents and understand that trusts were being created for his benefit.” (Dkt. 279 at 3–4.) The underlying theory made no sense, had no factual support, and would not have justified lifting the stay.

Nevertheless, the material Butler now cites adds nothing to his unsupported conspiracy theory. The Emergency Motion sought to freeze the GPN Family Trust and the Doros Generation Trust (together, the “Defendant Trusts”), but the 2009 document purportedly directs a disbursement from the Jack Finn Irrevocable Trust (Dkt. 281-1 at 2), and the deposition excerpts discuss only that trust. Neither says anything about the Defendant Trusts, whose drafter swore neither Butler, Jack Finn, nor Butler’s family members were ever a beneficiary. (Dkt. 199 at 4–6; Dkt. 279 at 3–4.) Worse, the opposition mischaracterizes the testimony it attaches. Butler tells the Court that Ms. Eddi’s deposition “establishes that assets from the ‘Rajchenbach deal’ . . . were in fact held in the Jack Finn Irrevocable

Trust.” (Dkt. 281 at 8.) Her actual testimony was the opposite: the deal “was not supposed to go into an irrevocable trust. That’s what my father verbally told me.” (Dkt. 281-1 at 96–97.) A sanctions opposition that misstates the record while accusing opponents of “fraud on the Court” does not rebut bad faith. Rather, Butler’s opposition confirms the Emergency Motion never had a factual basis.

Butler also tries to relitigate his record of harassment that necessitated entry of the protective order. He declares that he never made “any threats of any kind” and that Movants’ account is “false.” (Dkt. 281 at 5.) But Judge Maloney heard Butler testify, found his denials “not credible,” and concluded that a protective order was “not only appropriate, but necessary.” (Dkt. 113 at 3, 8.) Judge Alexakis continued that order (Dkt. 163), and the Seventh Circuit noted Butler’s “substantial record of harassment.” (Dkt. 279 at 4.) His claim that his texts to the general counsel of CIBC Bank USA were “legitimate investigative inquiries” (Dkt. 281 at 8–9) fares no better—the Court granted the bank’s motion to enforce the protective order against him (Dkt. 208). Asked directly, “Mr. Butler, did you send the text message on July 21st?” Butler answered: “You’re breaking up. But I’m not under oath at the moment, Your Honor.” (Dkt. 218 at 115:23–116:1.) Reminded that he was under oath, Butler lost his connection and never returned to answer. (*Id.* at 116:2–23.) Butler’s insistence on relitigating the court’s factual findings confirms that nothing short of sanctions will stop him.

Butler’s remaining arguments repeat the Emergency Motion’s bad-faith arguments. He recasts the CMS spreadsheets as a good-faith “interpretation” dispute, but his counsel conceded at the hearing that she “did not provide” any document showing that a facility’s owner changed (Dkt. 218 at 45:6–11)—drawing the Court’s rebuke: “The fact that you’re not prepared to put on evidence goes to your ability to meet your burden on this motion.” (*Id.* at 45:18–24.) While the theory itself made no legal or logical sense, the Court also found it had not “been presented with sufficient evidence that the origin trusts even exist” and credited Movants’ “very logical explanations” of the CMS data over “the speculation that the plaintiff [was] asking [the Court] to engage in.” (Dkt. 218 at 108:20–22, 109:11–

13.) As the Seventh Circuit summarized, Butler’s attorneys “could not explain how their exhibits demonstrated that the nursing homes were under new ownership” and Butler “failed to establish even a ‘negligible chance’” that his theory would succeed on the merits. (Dkt. 279 at 3, 5.) This was Butler’s fifth request to undo the stay and the third to undo the protective order—on a frivolous, incoherent theory lacking any factual support—precisely the sort of vexatious conduct that warrants sanctions. *See Alexander v. United States*, 121 F.3d 312, 315 (7th Cir. 1997).

III. Miller’s Opposition Confirms That Sanctions Against Her Are Warranted.

Miller’s principal theme is that Movants have not identified her individual conduct. The opening brief identified it by docket number and signature page: she signed every pre-withdrawal attempt to undo the stay and protective order (Dkts. 82, 85, 96, 102, 105), the verified Emergency Motion (Dkt. 167 at 35), and the reply she now concedes employed “unnecessarily intemperate rhetoric” (Dkt. 282 at 12). *Vega v. Chicago Board of Education* does not help Miller. 109 F.4th 948 (7th Cir. 2024). The court vacated sanctions against lawyers sanctioned under the collective label “Plaintiffs’ counsel.” *Id.* at 954–56. Here, Miller’s signature on each filing demonstrates her specific conduct.

Miller argues that the pre-July 2025 record was “mixed” because Judge Maloney once found “some good faith basis” for one of Respondents’ filings. (Dkt. 282 at 2, 4.) Every filing to lift the stay was frivolous. Judge Maloney stated in October 2024 that “the next filing in this case should be a motion to lift the stay *after Plaintiff’s Illinois action ends.*” (Dkt. 84 (emphasis added).) Miller then signed numerous filings defying that instruction while the Illinois action remained pending. Her own authority holds that counsel must reevaluate a position as the record develops. *Fletcher v. Doig*, 145 F.4th 756, 765–67 (7th Cir. 2025). Miller never did. And “[a]n empty head but a pure heart is no defense.” *McGreal v. Vill. of Orland Park*, 928 F.3d 556, 560 (7th Cir. 2019) (citation omitted). By July 30, 2025, three judges had upheld the stay. Signing a fifth attempt—verified by Butler and premised on transfers no document showed—was not reevaluation. And after the state court’s August 13 order

set new discovery dates (Dkt. 272-1), she signed the August 20 reply pressing the same “delay” narrative. (Dkt. 203.) Indeed, Miller now concedes that the Emergency Motion “went beyond the limited protective-order briefing permitted” by the Court’s June 9 order. (Dkt. 282 at 12.)

Nor does the Harris declaration help her. Miller argues that attaching it to the Emergency Motion shows candor rather than concealment. (Dkt. 282 at 10–11.) The declaration—from the attorney who drafted the Defendant Trusts—flatly refuted the Motion’s central premise, stating that Butler was never a beneficiary. (Dkt. 279 at 3.) Filing a motion to freeze half a billion dollars in assets while attaching evidence that disproves its foundation is not candor. It is proof that no reasonable pre-filing inquiry supported the Emergency Motion. Miller’s own words confirmed as much. When pressed about meeting her burden of proof, Miller said she “was not prepared for this line of questioning” and offered only that “[o]ur verified motion is sufficient to support the request for the injunctive and equitable relief that we are seeking.” (Dkt. 218 at 57:11–22.)

Miller contends the fees Movants seek are ordinary litigation expenses with no causal link to her conduct. The fees Movants identified were incurred opposing the Emergency Motion and attending the hearing it forced—expenses that exist only because of the filing Miller signed and argued as lead counsel. That satisfies the causation standard she invokes. *Goodyear Tire & Rubber Co. v. Haeger*, 581 U.S. 101, 108–10 (2017). Movants do not seek § 1927 sanctions against her firm as an entity; the firm is jointly responsible for her Rule 11 violations. Fed. R. Civ. P. 11(c)(1). And her withdrawal after she was fired—granted on the condition that she “respond to and accept the Court’s jurisdiction” over pre-withdrawal conduct (Dkt. 265)—does not diminish her responsibility for the filings she signed. Her own request for Rule 11(c)(2) expenses fails with her defenses: a motion that is procedurally proper and substantively warranted cannot support fee-shifting against the movant.

CONCLUSION

For these reasons and those stated in the opening brief, the Court should grant the Motion.

Dated: August 20, 2026

Respectfully submitted,

/s/ Nicholas H. Callahan

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CERTIFICATE OF SERVICE

I hereby certify that on August 20, 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