Aqualis Agribusiness Corp. & Ors. In the Nuzilia Bankruptcy Court
v.
The Association of Environmental Victims of Extravaganza

I. Introduction

1. This is a case being heard before the Nuzilia Bankruptcy Court, a court of first instance. The key insolvency statute is the Nuzilia Insolvency Statute enacted by the State of Nuzilia. Its binding legal principles include judge-made or common law.
2. Nuzilia incorporated the UNCITRAL Model Law on Cross-Border Insolvency 1997 (MLCBI) in 1998 (Chapter 15, Nuzilia Insolvency Law).[1]
3. Companies within the Aqualis Group of Companies (listed in Part II below and defined as the Aqualis Group) filed a voluntary reorganization petition in Utopia, the jurisdiction of incorporation of the parent company. As a business with global operations, the reorganisation proceedings have had a consequential impact on several creditors and global contractual obligations.

II. Corporate Structure of the Aqualis Group

4. The Aqualis Group is a multinational corporate conglomerate headquartered in the Republic of Utopia. The Aqualis Group operates in the agribusiness, food production, and logistics sectors, with operations spanning Utopia, Extravaganza, Nuzilia and other countries.
5. The parent company, Aqualis Agribusiness Corp., is a publicly held corporation incorporated under the laws of Utopia. It is controlled by three anchor shareholders, who collectively hold 32% of the company's share capital. The remaining shares are publicly traded on the Utopian stock exchange and widely dispersed among minority shareholders.
6. Aqualis Agribusiness Corp. commenced its operations in Utopia in the 1970s, initially focusing on fish farming and the production of frozen seafood, with all the facilities located in Utopia. Aqualis Group was the first Utopian-based multinational to earn widespread recognition and is perceived as a strategic national champion within the country.
7. In 2010, the Aqualis Agribusiness Corp. initiated the relocation of its core operations to Extravaganza in an effort to reduce costs and enhance productivity, culminating in the closure of its last fish farms in Utopia in 2024, with approximately 80% of the Utopia-based workforce being laid off.
8. Simultaneously with the decision to relocate production to Extravaganza, the company began to invest in e-commerce development. From 2010 to the present, online sales have increased by 130%, and currently, 65% of total production is

[1] Nuzilia applies MLCBI as adopted in the U.S Bankruptcy Code (Chapter 15).

sold through digital platforms. The company's marketing campaigns emphasize the popularity of fish-based meals and highlight the health benefits of consuming white meat, aiming to reinforce consumer loyalty and brand positioning in both domestic and international markets.

9. The company's Board of Directors consists of five members, of whom: (i) Three are jointly appointed by the controlling shareholders; (ii) One is appointed by the employees' representative body; and (iii) One is elected by the general shareholders' meeting. The controlling shareholders customarily appoint as directors experienced executives from Utopia, Nuzilia, and Extravaganza, to ensure that the company's main markets are adequately represented in strategic decision-making. In the most recent election, however, they appointed two Utopian citizens and one Nuzilian citizen to the board. The remaining two members, appointed by the employees' representative body and elected by the general shareholders' meeting, are also Utopian citizens. Since 2020, most meetings of the Board of Directors have been conducted virtually.
10. Aqualis Agribusiness Corp. holds controlling or significant interests in two domestic and two foreign subsidiaries, including:
    a. Aqualis Utopian Ltd. – A wholly owned limited liability company incorporated in Utopia, serving as a financial and treasury vehicle for the Group's domestic and cross-border operations.
    b. Aqualis SeaFoods Ltd. – A non-controlled affiliate incorporated in Utopia and primarily responsible for the Group's e-commerce platform. Aqualis Agribusiness Corp. holds a 45% minority stake, while the remaining 55% is held by three investment funds, each with passive investor status.
    c. Aqualis Oriental Ltd. – A wholly owned subsidiary incorporated under the laws of Extravaganza, engaged in (i) aquaculture and (ii) the production of fish feed, the latter being used exclusively in its own fish farms. The company operates multiple aquaculture units and a processing facility, employing more than 1,200 workers. Although only 5% of its aquaculture output is sold in the domestic market of Extravaganza, the company derives the majority of its revenue from export activities, with approximately 40% of its products exported to Utopia, 40% to Nuzilia, and the remaining 15% to neighboring countries. The company's board of directors is composed exclusively of Extravaganza citizens, although strategic decisions are taken in line with the instructions of the sole shareholder. The company is subject to individual financial reporting and must comply with local accounting and tax regulations.
    d. Aqualis Occidental Foods Ltd – A limited liability company incorporated in Nuzilia, responsible for the importation and distribution of frozen seafood products across various Nuzilian states and neighboring countries. Although Aqualis Occidental Foods Ltd operates independently, its financial statements are consolidated into the Group's accounts. Aqualis Agribusiness Corp. holds a 15% minority stake, while the remaining 85% is held by private equity investors. The company maintains a local

representative in Nuzilia, whose registered address is located in a coworking facility. Revenue from sales is processed through a Nuzilian bank account, and distribution logistics are outsourced to third-party service providers.

III. Events Leading to Reorganisation

11. In mid-2024, a major environmental contamination event occurred in Extravaganza, allegedly caused by the distribution of contaminated aquafeed produced and the misuse of pesticides by Aqualis Oriental Ltd. The incident led to the pollution of a local lake, the destruction of fish populations, and substantial harm to local commerce and the livelihoods of hundreds of individuals, including fish farm operators and small business owners. Part of the frozen fish production was also contaminated; however, Aqualis Oriental Ltd. only identified the contamination after thousands of batches had already been sold in the domestic market and exported abroad. A product recall was issued in Extravaganza, but the company is still in the process of determining how many contaminated units reached foreign markets.
12. Following a comprehensive investigation, regulatory authorities in Extravaganza imposed fines on Aqualis Oriental Ltd. totaling up to $10,000,000.00. Additionally, first-instance criminal courts found the company's President and Chief Compliance Officer personally liable for bribing environmental inspectors and deliberately undermining internal compliance mechanisms. Both individuals were sentenced to 12 months' imprisonment and ordered to pay a fine of $150,000. In parallel civil proceedings, Aqualis Oriental Ltd. was held liable for the environmental damage. The court ordered the payment of $25,000,000.00 into a compensation fund, to be subsequently distributed to victims with recognized claims.
13. The total exposure of the Aqualis Group to damages in Extravaganza in connection with the contamination event may reach up to $100,000,000.00.
14. In November 2024, Aqualis Utopian Ltd. paid $25 million into the compensation fund to comply with the court order.
15. It is alleged that a substantial volume of contaminated fish was exported to Nuzilia. As a result, multiple personal injury lawsuits have been filed before the courts of Nuzilia by consumers seeking compensation for damages allegedly caused by the ingestion of tainted fish products, with claims directed against the importer, Aqualis Occidental Foods LLC. Although no final judgment has been rendered to date, the pending litigation poses significant reputational and financial risks to the Aqualis Group. Based on prevailing case law, each individual victim may be awarded up to $35,000 in compensatory damages. Following the emergence of these claims, sales of Aqualis Occidental Foods LLC declined by approximately 30%.
16. Aqualis Agribusiness Corp. was required under Nuzilian law to disclose to its shareholders—and report as a material fact to the market—the legal and financial

consequences arising from the contamination event involving Aqualis Oriental Ltd. Following the disclosure in late November 2024, the company's share price declined by 8% , while its e-commerce division sustained estimated losses of approximately 15%, which are still being fully assessed. In addition, Aqualis Oriental Ltd. defaulted on several lease and financing agreements, triggering cross-default clauses that accelerated the maturity of multiple financial obligations of the parent company, Aqualis Agribusiness Corp.

IV. Proposed Terms of Reorganisation

17. In February 2025, facing widespread financial distress—including exposure to significant civil and regulatory liabilities across multiple jurisdictions—the Aqualis Group filed for judicial reorganization in Utopia. The reorganization proceeding was conducted under a substantive consolidation framework and encompassed both the parent company and selected domestic and foreign affiliates, including Aqualis Sea Foods Ltd., Aqualis Utopian Ltd ., and Aqualis Oriental Ltd., such that under Utopia's substantive consolidation provisions, Extravaganza's creditors would lose the benefit of the cross-guarantee.
18. Most of Aqualis Oriental Ltd.'s branches are leased, and the company's assets are valued at approximately $20,000,000.00. The overall operations of the Aqualis Group are valued at over $1 trillion, taking into account both tangible and intangible assets, as well as the enterprise's ongoing business activities.
19. In addition to the indebtedness arising from the contamination event in Extravaganza and potential civil liabilities in Nuzilia, Aqualis Group's total debt amounts to approximately $2,000,000.00 in labor liabilities resulting from mass layoffs carried out in Utopia in 2024; $6,000,000.00 in unpaid lease and supplier obligations; and $30,000,000.00 in outstanding debts owed to financial creditors. (Secured? Unsecured? I ask because I was imagining there to be a dispute about labor claims paid ahead of secured claims?)
20. Under the terms of the reorganization plan submitted by Agualis group:
    a. Labor claims shall be paid in full within two months following the judicial confirmation of the plan;
    b. Lease and supplier claims shall be paid in full within one year of the plan's confirmation;
    c. Aqualis Agribusiness Corp. shall satisfy its financial creditors through the issuance of convertible debentures maturing in 2032.
21. The plan classifies all environmental and civil liability claims—including those arising from foreign litigation—as general unsecured claims, without affording any priority treatment or protective mechanisms for tort creditors. Under the terms of the plan, individual civil liability claims will be paid in full up to $10,000.00, within ten days of either: (i) the judicial confirmation of the plan in Utopia; or (ii) the admission of the claim. Any amount exceeding that threshold will be subject

to a 90% discount, with the remaining balance payable in five equal annual installments, without interest or monetary adjustment.

22. The cross-guarantee previously granted by Aqualis Utopian Ltd. in favor of Aqualis Oriental Ltd. is expressly cancelled. However, the plan further provides that Aqualis Utopian Ltd shall act as a guarantor up to the amount of $70,000,000.00, with such obligation classified as a post-petition claim, subordinated to all pre-petition claims, in accordance with Utopian insolvency law.
23. Additionally, regulatory fines imposed by Extravaganza authorities are not admissible as debts under Utopian law are therefore excluded from the scope of the plan.
24. Finally, the plan provides for broad, non-consensual third-party releases, extinguishing all claims—whether known or unknown—against shareholders, directors, officers, and corporate affiliates of the debtor entities for all actions taken prior to the restructuring.
25. All Extravaganza-based plaintiffs arising from the contamination event, whose claims were admitted in the judicial reorganization proceeding, voted against the plan. However, they represented less than 1% of the claims entitled to vote on the plan, as the majority of lawsuits filed in Extravaganza remain pending and unliquidated. Although Utopian insolvency law does not discriminate against foreign creditors, only those holding liquidated and undisputed claims—either acknowledged by the debtor or recognized by a judicial decision—are entitled to vote on the reorganization plan.
26. In May 2025, pursuant to Utopian insolvency law, the reorganization plan was approved by the requisite majority of creditors in the consolidated proceeding and was subsequently confirmed by the court. This decision is currently under appeal by Extravaganza-based claimants, who argue that the plan results in the unjust treatment of tort claims, as such claims are the only category not paid in full, and their payment is scheduled without interest or monetary adjustment. The appellants also challenge the allegedly unlawful cancellation of the cross-guarantee previously granted by Aqualis Utopian Ltd. in favor of Aqualis Oriental Ltd. A ruling by the Court of Appeal is expected within eight months. They also argue that the plan violates insolvency laws of Extravaganza. Under the insolvency laws of Extravaganza, claims of the same priority must be treated equally among creditors. Tort claims and trade claims, such as those of suppliers, fall within the same priority class, provided they are not secured by collateral or a lien. Furthermore, the appellants argue that Extravaganza's insolvency laws do not permit nonconsensual third-party releases in a restructuring plan. Extravaganza-based claimants' arguments are likely persuasive as a matter of Extravaganza's insolvency law.
27. In June 2025, the foreign representative of the Utopian proceeding filed a petition before the courts in Nuzilia, a jurisdiction that has enacted UNCITRAL Model Law on Cross-Border Insolvency 1997 (UNCITRAL Model Law). The petition seeks:

a. Recognition of the Utopian proceeding as a foreign main proceeding;
b. Enforcement of the Utopian reorganization plan in Nuzilia, including its non-consensual third-party releases, as provisional and discretionary relief under Nuzilia's adaptation of the UNCITRAL Model Law. Nuzilia's courts do not permit non-consensual third-party releases in Nuzilia´s domestic insolvency proceedings.

28. Aqualis Oriental Ltd. has maintained cash collateral in Nuzilia, which they contend is critical to the success of the reorganization plan. Aqualis group (including Aqualis Agribusiness Corp.) otherwise has no other business operations or presence in Nuzilia.
29. The Association of Environmental Victims of Extravaganza, representing creditors with recognized and pending claims against Aqualis Agribusiness Corp. and Aqualis Oriental Ltd., filed a formal objection to the recognition proceeding. The Association argues that recognition should be denied, or, in the alternative, that enforcement of the reorganization plan—including its discharge provisions and non-consensual third-party releases—should be refused. This objection was joined by a group of plaintiffs involved in the civil liability proceedings in Nuzilia against Aqualis Ocidental Foods LLC.
30. The Association contends that the Utopian proceeding does not qualify as a foreign main proceeding—at least not with respect to Aqualis Oriental Ltd.—because the center of main interests (COMI) of the relevant entities lies outside Utopia. They also argue that enforcement of the plan, particularly the third-party releases, is manifestly contrary to the public policy of both Extravaganza and Nuzilia, because: (i) extinguish personal injury and environmental claims, without the consent of affected claimants, in violation of Extravaganza's constitutional and statutory guarantees of access to justice; (ii) deny claimants based in Extravaganza access to a forum capable of adjudicating tort claims in accordance with due process; (iii) undermine ongoing proceedings in Nuzilia, where civil actions are pending against Aqualis Ocidental Foods LLC. The Association further submits that Nuzilian courts should not extend comity or deference to a foreign insolvency proceeding that is being employed as a mechanism to circumvent the environmental laws and civil liability regimes of a third country. They argue that such use of the restructuring process undermines the sovereignty of affected jurisdictions and contravenes the foundational principles of international cooperation, good faith, and equitable treatment of creditors enshrined in the UNCITRAL Model Law.
31. The case now comes before the courts of Nuzilia for a determination as to
    a. whether the Utopian proceeding qualifies for recognition under Chapter 15 of Nuzilian Insolvency Law; and
    b. whether the relief sought, particularly the enforcement of the plan and third-party releases, should be granted.