

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:)	Chapter 11
)	
FTX TRADING LTD., <i>et al.</i> ,)	Case No. 22-11068 (KBO)
)	
Debtors.)	(Jointly Administered)
)	
)	
FTX RECOVERY TRUST,)	
)	
Plaintiff,)	
)	
v.)	Adv. Proc. No. 24-50185 (KBO)
)	
GENESIS BLOCK LTD, <i>et al.</i> ,)	Related to Docket No. 52
)	
Defendants.)	
)	

**MEMORANDUM ORDER DENYING MOTION BY DEFENDANT LESLIE TAM
TO (I) SEVER CLAIMS AND (II) GRANT RELATED RELIEF**

Upon consideration of the *Motion by Defendant Leslie Tam to (I) Sever Claims and (II) Grant Related Relief* (the “Motion”)¹ and all briefing and submissions filed in support of and in opposition to the Motion; **IT IS HEREBY FOUND AND ORDERED THAT:**

1. Plaintiff commenced the above-captioned adversary in November 2024 by filing a twenty-six count *Complaint* against Leslie Tam (“Tam”) and fourteen other individuals and entities. On January 29, 2025, Tam moved to dismiss the five counts of the Complaint applicable to him.²

2. Approximately two months later, on April 2, 2025, Tam filed the Motion seeking entry of an order severing the claims against him so that adjudication and discovery occur separate from the remainder of the claims of the Complaint. Tam also seeks a stay of pending discovery propounded by or against him pending resolution of the motion to dismiss. Alternatively, Tam seeks an order compelling Plaintiff to respond to his outstanding *First Set of Interrogatories* (the “Interrogatories”). Plaintiff opposes Tam’s requested relief.³ Although requested by Tam,⁴ oral

¹ Adv. D.I. 52.

² Adv. D.I. 16-17.

³ Adv. D.I. 69.

⁴ Adv. D.I. 79.

argument will not further the Court’s decision-making on the matter and will unnecessarily delay its resolution.

3. Rule 21 of the Federal Rules of Civil Procedure (the “Federal Rules”), made applicable to this adversary proceeding by Rule 7021 of the Federal Rules of Bankruptcy Procedure (“Bankruptcy Rules”), allows the Court to exercise its broad discretion to sever Plaintiff’s claims against Tam if appropriate.⁵ “Rule 21 may . . . be invoked ‘to prevent prejudice or promote judicial efficiency’” in instances where, for example, defendants are improperly joined in one action.⁶ Under Federal Rule 20(a)(2), defendants may be joined in one action if “(A) any right to relief is asserted against them jointly, severally, or in the alternative with respect to or arising out of the same transaction, occurrence, or series of transactions or if occurrences” or if “(B) any question of law or fact common to all defendants will arise in the action.”⁷

4. Tam’s request to sever must be denied as moot. While briefing on the Motion was underway, Plaintiff filed its *First Amended Complaint*.⁸ Tam did not acknowledge this change of circumstance in his later-filed reply brief except to note in a footnote that “the amended complaint adds a few words[.]”⁹ This is a mischaracterization. The First Amended Complaint expands the total amount of counts against Tam from five to thirteen and enlarges their nature and scope. This is material considering the analysis the Court must undergo to decide whether severance is appropriate. Tam may file a new request to sever,¹⁰ after which Plaintiff will have the opportunity to respond.

⁵ *British Telecomms PLC v. IAC/InterActive Corp*, No. 18-366, 2019 WL 1765224, at *6 (D. Del. Apr. 22, 2019) (severing claims where one was “entirely different from the subject matter of” the other to simplify the matter and reduce confusion).

⁶ *Id.* (quoting *Lopez v. City of Irvington*, No. 05-5323, 2008 WL 565776, at *2 (D.N.J. Feb. 28, 2008)); see also *Onusz v. West Realm Shires, Inc.*, No. 22-50513, 2024 WL 1943284, at *2 (Bankr. D. Del. May 2, 2024) (“Whether severance is warranted requires balancing of several considerations, including ‘the convenience of the parties, avoidance of prejudice to either party, and promotion of the expeditious resolution of the litigation.’” (quoting *In re LMI Legacy Holdings, Inc.*, 553 B.R. 235, 241 (Bankr. D. Del. 2016))).

⁷ FED. R. CIV. P. 20(a)(2).

⁸ Adv. D.I. 71.

⁹ Adv. D.I. 74 at 6 n.2.

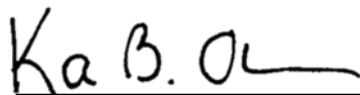
¹⁰ It is unlikely that such a request will prevail because the allegations of the *First Amended Complaint* support a finding that the claims against Tam arise out of the same series of transactions and occurrences and share common questions of law and fact as the claims alleged against the other Defendants. At the heart of the *First Amended Complaint* is an alleged multi-faceted scheme by which the FTX Group and certain of its insiders secretly took control of Defendant Genesis Block Ltd and other affiliated entities to trade and invest outside the watchful eye of the public, regulatory authorities, and the marketplace. The claims against Tam and the other Defendants spring from this scheme. Severance would result in “substantial duplication of effort and time by the parties and [this Court]” given the commonalities and intertwined nature of the claims. *In re Something Sweet Acquisition, Inc.*, No. 21-10992, 2024 WL 993806, at *3 (Bankr. D. Del. Mar. 7, 2024) (quoting *Transamerica Occidental Life Ins. Co. v. Aviation Office of Am., Inc.*, 292 F.3d 384, 390 (3d Cir. 2002)).

5. Tam also asks that the Court stay discovery propounded by or against him pending resolution of his motion to dismiss. Tam's January motion to dismiss was mooted by the *First Amended Complaint*, and Tam has not yet requested dismissal of the *First Amended Complaint*. Therefore, his request to stay discovery is premature.

6. Finally, Tam alternatively requests that the Court compel Plaintiff to respond to his pending Interrogatories. This is not properly before the Court. Tam has neither moved for relief under the appropriate Federal and Bankruptcy Rules¹¹ nor made the required certifications.¹²

7. Accordingly, the relief requested in the Motion is **DENIED**.

Dated: May 27, 2025
Wilmington, Delaware



Karen B. Owens
United States Bankruptcy Judge

¹¹ See FED. R. CIV. P. 37(a)(3)(B)(iii) ("A party seeking discovery may move for an order compelling an answer . . . if a party fails to answer an interrogatory submitted under Rule 33[.]"); FED. R. BANKR. P. 7037 (applying Federal Rule 37 in adversary proceedings).

¹² See FED. R. CIV. P. 37(a)(1) ("The motion must include a certification that the movant has in good faith conferred or attempted to confer with the person or party failing to make disclosure or discovery in an effort to obtain it without court action."); DEL. BANKR. L.R. 7026-1(d) ("[E]very motion under this Local Rule must be accompanied by an averment of Delaware counsel for the moving party that a reasonable effort has been made to reach agreement with the opposing party on the matters set forth in the motion or the basis for the moving party not making such an effort. Unless otherwise ordered, failure to so aver may result in dismissal of the motion.").