IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
LEGACY IMBDS, INC., *et al.*,	)	Case No. 23-10852 (KBO)
Debtors.	)	
IV MEDIA, LLC,	)	
Plaintiff,	)	Adv. Pro. No. 26-50032-KBO
v.	)	
INVICTA WATCH COMPANY OF AMERICA INC., INVICTA MEDIA INVESTMENTS, LLC, and THE HUB MARKETING SERVICES, LLC,	)	**Related to Docket No. 16**
Defendants.	)	

MEMORANDUM ORDER REGARDING MOTION TO DISMISS

Before the Court is the *Defendants' Motion to Dismiss the Complaint or, in the Alternative, Motion to Strike Demand for Punitive Damages* (the "Motion")[1] pursuant to Rules 12(b)(1) and 12(b)(6) of the Federal Rules of Civil Procedure (the "Federal Rules"), made applicable to this proceeding by Rule 7012(b) of the Federal Rules of Bankruptcy Procedure. For the reasons set forth below, the Motion will be granted with respect to Counts VI, VIII, and IX because the Court lacks subject matter jurisdiction over these claims. The remainder of the relief requested in the Motion will be denied.

I. FACTS ALLEGED IN THE COMPLAINT

iMedia Brands, Inc. ("iMedia") was an interactive media company that owned and operated a portfolio of entertainment, consumer brands, and media commerce businesses, including home shopping networks.[2] iMedia was never profitable but began suffering from significant financial

[1] Adv. D.I. 16.

[2] Complaint ("Compl.") ¶¶ 15-16.

difficulties in or about 2019 when a confluence of factors contributed to a downturn in business.[3] Its problems were then made worse by a series of unnecessary insider transactions.

In May 2019, iMedia appointed Eyal Lalo ("Lalo"), its largest shareholder, to serve as Vice Chair of its board.[4] Plaintiff alleges that this was a considerable conflict of interest because Lalo was also the principal of iMedia's largest vendor, defendant Invicta Watch Company of America, Inc. ("Invicta" and together with defendants Invicta Media Investments, LLC ("Invicta Media"), and The Hub Marketing Services, LLC ("Hub"), the "Defendants").[5] Following this appointment, Plaintiff alleges that Defendants (at Lalo's behest) caused iMedia to expend millions of dollars on products, broadcasting, lavish events, and investments from which Defendants reaped cash, stock, and other benefits at iMedia's expense.[6]

Chief among these dealings was Invicta's alleged "channel stuffing." Channel stuffing is a deceptive business practice in which a company artificially inflates its revenue by forcing more products through a distribution channel than the channel can sell. Plaintiff alleges that Lalo caused iMedia to purchase far more Invicta products than it could sell because of this practice, which then forced iMedia to spend money on valuable airtime to try to sell the product and on warehousing and liquidation services when it was unable to do so.[7]

iMedia also purchased a controlling interest in an insolvent company from Defendant Invicta Media. In 2021, iMedia contributed $3.5 million of inventory in exchange for the worthless stock of TheCloseout.com ("Closeout"), which iMedia shut down a year later due to poor performance.[8]

Finally, iMedia paid $665,000 for "marketing services" to Defendant Hub, a company owned by Lalo and led by his sister. Hub was located within Invicta's headquarters, but iMedia paid Hub's operating expenses and received little, if any, benefits in return.[9]

Between 2019 and 2023, iMedia spiraled downward. Its stock price plummeted, prompting a reverse stock split to avoid delisting.[10] By 2022, the share price had fallen again, despite an organizational restructuring, mass layoffs, and borrowing of additional funds.[11] On June 28, 2023 (the "Petition Date"), iMedia and certain of its affiliates (together, the "Debtors") filed their chapter 11 petitions.

---

[3] *Id.* ¶¶ 51-54.

[4] *Id.* ¶¶ 17-19. Lalo is not a party to this action.

[5] *Id.*

[6] *Id.* ¶¶ 1, 20-50.

[7] *Id.* ¶¶ 20-28.

[8] *Id.* ¶¶ 30-32.

[9] *Id.* ¶¶ 34-37.

[10] *Id.* ¶¶ 51-57.

[11] *Id.* ¶¶ 58-62.

II. RELEVANT PROCEDURAL HISTORY

During their bankruptcy proceeding, the Debtors obtained permission to sell substantially all of their assets to the Plaintiff following a Court-approved process (the "Sale"). On August 15, 2023, the Court entered its *Order (I) Authorizing the Sale of Substantially All of the Debtors' Assets Free and Clear of All Encumbrances Other Than Assumed Liabilities; (II) Approving the Debtors' Entry Into the Asset Purchase Agreement; (III) Authorizing Assumption and Assignment of Certain Executory Contracts and Unexpired Leases; and (IV) Granting Related Relief entered on August 15, 2023* (the "Sale Order").[12] The Sale Order approved the terms of the *Asset and Equity Purchase Agreement* (the "APA") entered into between the Debtors and Plaintiff.[13] Included as "Purchased Assets" in the APA were certain rights, claims, and causes of action.[14] As consideration for the Sale, Plaintiff paid the Debtors' estates cash in an approximate amount of $40 million and assumed certain of its liabilities.[15] The Sale Order was not appealed and is final. The Sale was consummated and the proceeds were applied to repay in full the Debtors' debtor-in-possession financing, which included a roll-up of their prepetition revolving credit facility obligations.[16]

On February 21, 2024, the Court confirmed the *Combined Joint Chapter 11 Plan of Liquidation and Disclosure Statement of Legacy IMBDS, Inc., And Its Debtor Affiliates* (the "Plan").[17] The Plan, among other things, established the structure and scheme to distribute the remaining proceeds of the Sale. It went effective on April 1, 2024.[18]

Following consummation of the Sale and the effective date of the Plan, Plaintiff commenced this adversary proceeding. Counts I through V of the Complaint seek to avoid and recover alleged fraudulent transfers made to the Defendants (the "Transfers")[19] pursuant to sections 544, 548, and 550 of the Bankruptcy Code (the "Avoidance Claims"). Counts VI through IX seek damages (including punitive damages) on account of claims for aiding and abetting breach of fiduciary duty, civil conspiracy, and unjust enrichment (the "State Law Claims").[20] The Defendants have sought in the Motion to dismiss all Counts or, in the alternative, strike Plaintiff's request for punitive damages. Briefing on the Motion is complete, and oral argument was held. The Motion is ripe for adjudication.

---

[12] Case No. 23-10852, D.I. 461

[13] *Id.*, D.I. 461-1.

[14] APA § 2.01(n).

[15] *Id.* § 2.06.

[16] Sale Order ¶ 15.

[17] Case No. 23-10852, D.I. 997 (confirmation order); *id.*, Ex. A (Plan).

[18] *Id.*, D.I. 1055.

[19] The Transfers are described in additional detail in the Complaint at paragraphs 22, 31, 36 and Exhibits A and B.

[20] The claims in the Complaint are misnumbered, and there is no Count 7.

III. JURISDICTION AND VENUE

The Court has subject matter jurisdiction over the Avoidance Claims pursuant to 28 U.S.C. § 1334(b), 28 U.S.C. § 157, and the *Amended Standing Order of Reference of the United States District Court for the District of Delaware*. As will be discussed, it does not have subject matter jurisdiction over the State Law Claims. Venue is proper pursuant to 28 U.S.C. § 1409(a).

IV. DISCUSSION

A. Subject Matter Jurisdiction (Counts VI-IX)

Defendants argue that pursuant to Federal Rule 12(b)(1) the State Law Claims must be dismissed because this Court lacks subject matter jurisdiction over them.[21] This Court has subject matter jurisdiction under 11 U.S.C. § 1334(b) over bankruptcy cases themselves but also proceedings arising under, arising in, and related to those cases.[22] Plaintiff contends that the Court has both "arising in" and "related to" jurisdiction over the State Law Claims. The claims implicate the Court's "arising in" jurisdiction according to Plaintiff because of their connection to the Sale, APA, and Sale Order. Similarly, Plaintiff asserts that "related to" jurisdiction exists because the main thrust of the Debtors' bankruptcy proceeding was the Sale of their assets, including the State Law Claims, and because both the Sale Order and APA provide for the Court's jurisdiction over this proceeding. These arguments are not persuasive.

A proceeding "arising in" a bankruptcy case does not "invoke a substantive right provided by [the Bankruptcy Code]" but rather is "one that by its nature, could arise only in the context of a bankruptcy case."[23] "Proceedings 'arise in' a bankruptcy case, 'if they have no existence outside of the bankruptcy.'"[24] The State Law Claims do not fall within this category. They are state law claims that arose prior to the Petition Date that are unrelated to the bankruptcy cases except for their sale to the Plaintiff. Plaintiff relies on the Third Circuit's holding of *Geruschat v. Ernst Young LLP (In re Seven Fields Development Corp.)*[25] and this Court's decision in *Liberty Hall Capital Partners Fund I, L.P. v. Citizens Bank N.A. (In re AeroCision Parent, LLC)*[26] to support its "arising in" argument, but those cases presented unique facts and circumstances that made the

---

[21] Fed. R. Civ. Proc. 12(b)(1).

[22] *See also* 28 U.S.C. § 157(a); *Amended Standing Order of Reference* (D. Del. Feb. 29, 2012).

[23] *Binder v. Price Waterhouse & Co., LLP (In re Resorts Int'l, Inc.*), 372 F.3d 154, 163 (3d Cir. 2004).

[24] *Stoe v. Flaherty*, 436 F.3d 209, 216 (3d Cir. 2006) (quoting *U.S. Trustee v. Gryphon at the Stone Mansion, Inc.*, 166 F.3d 552, 556 (3d Cir. 1999)).

[25] 505 F.3d 237, 260-62 (3d Cir. 2007) ("arising in" jurisdiction found over state law claims against a court-appointed accountant for work performed and relied upon during the bankruptcy because the claims were inseparable from the bankruptcy context and implicated the integrity of the bankruptcy process and the debtors' plan).

[26] 667 B.R. 1, 8 (Bankr. D. Del. 2025) ("arising in" jurisdiction found over state law claims found inseparable from the bankruptcy process where claims arose out from an alleged bad faith breach of a restructuring support agreement assumed by the debtors during a bankruptcy case that caused a collapse of the restructuring process).

claims at issue inseparable from the underlying bankruptcy cases and their integrity. That is a wholly distinct circumstance from what is presented in this proceeding.

Furthermore, while "'related to' jurisdiction is the broadest of the potential paths to bankruptcy jurisdiction,"[27] it is not one that can be taken here. "Related to" jurisdiction requires "a close nexus to the bankruptcy plan or proceeding, as when a matter affects the interpretation, implementation, consummation, execution, or administration of a confirmed plan or incorporated litigation trust agreement[.]"[28] This action is maintained by a third-party purchaser of the Debtors' assets, which will receive any recovery obtained on the claims asserted. Resolution of the State Law Claims will not affect the implementation of the Plan or impact the estates in any manner. Therefore, "related to" jurisdiction does not exist over the State Law Claims.[29]

Plaintiff relies upon *Emerald Capital Advisors Corp. v. Karma Automotive LLC (In re FAH Liquidating Corp.)*[30] to contend that it is appropriate to exercise "related to" jurisdiction over post-confirmation claims arising from a bankruptcy sale. However, the claims at issue in *FAH* over which the bankruptcy court asserted subject matter jurisdiction arose from alleged violations of a court-approved sale agreement and plan.[31] Again, that is not the case here. No aspect of the Sale or the Plan is implicated by the State Law Claims.[32] The Sale gave the Plaintiff the ability to bring the State Law Claims. That, as its only relation to the State Law Claims in this proceeding, cannot provide a basis for the Court's subject matter jurisdiction.

Finally, Plaintiff argues that the Sale Order and the APA set forth this Court's jurisdiction over matters seeking to enforce, or based on any matter arising from, in connection with, or related to, among other things, the implementation, interpretation, and enforcement of, the APA and Sale Order.[33] The Court does not believe that the claims in this proceeding fall under the scope of these

[27] *Resorts*, 372 F.3d 154, 163 (3d Cir. 2004).

[28] *Id.* at 168-69.

[29] *See, e.g.*, *id.* at 166 (discussing cases and noting that a "close nexus" is present where claims implicate the integrity of the bankruptcy process, require the court to construe or enforce the plan, or will impact plan implementation, but is not present where damages from claims are not necessary to effectuate plan, claims do not require court to construe or interpret its orders or provisions of bankruptcy law, and only nexus to bankruptcy is that plaintiff is a liquidating trustee representing a group of creditors appointed pursuant to the confirmed plan of reorganization.).

[30] 567 B.R. 464 (Bankr. D. Del. 2017).

[31] *Id.* at 470-71.

[32] Even though, as Plaintiff points out, resolution of the Motion requires the Court to interpret the Sale Order, that interpretation relates only to the Avoidance Claims. It is therefore not sufficient to confer core jurisdiction over the State Law Claims. *See Halper v. Halper*, 164 F.3d 830, 837-39 (3d Cir. 1999) (adopting a claim by claim approach to jurisdiction).

[33] *See* Sale Order ¶ 49; APA § 11.05

provisions. However, even if they do, such language cannot create jurisdiction when it otherwise does not exist.[34]

For these reasons, the Motion will be granted with respect to the State Law Claims for lack of subject matter jurisdiction pursuant to Federal Rule 12(b)(1).

B. Ownership and Standing (Counts I-V)

Defendants next make multiple arguments that call into question Plaintiff's ability to pursue the Avoidance Claims. First, the Defendants argue that the Plaintiff did not buy the state law fraudulent transfer claims of Counts III and IV asserted under section 544 of the Bankruptcy Code. Second, the Defendants argue that chapter 5 avoidance actions, such as those asserted in Counts I through V, cannot be sold as a matter of law. Third, the Defendants argue that Plaintiff lacks standing to bring the Avoidance Claims. The Court concludes that these arguments do not warrant dismissal of Plaintiff's claims.

Addressing Defendants' second argument first, the Court agrees with the Plaintiff's position that the Defendants are barred from challenging the propriety of the Sale. The Sale Order is final having never been appealed, and the Sale has been consummated. The time to have raised an argument that the Debtors were unable to sell an asset was at the time of the Sale,[35] and the Defendants did not do so despite having notice.[36]

Notwithstanding, the Court may interpret the Sale Order and APA to consider Defendants' first argument that the Sale Order and APA did not convey to the Plaintiff the state law fraudulent transfer claims raised in Counts III and IV. Section 2.01 of the APA sets forth the "Purchased Assets" sold to the Plaintiff. That section provides in pertinent part that:

> [O]n the Closing Date, Sellers shall sell, transfer, assign, convey and deliver . . ., free and clear of all Claims . . . and Encumbrances . . . to Buyer . . . all of Sellers' right, title and interest in the assets, properties, interests, rights and other assets of Sellers as of the Closing of every kind and nature, whether tangible or intangible (including goodwill), real, personal or mixed, known or unknown,

[34] *Resorts*, 372 F.3d at 161 ("Retention of jurisdiction provisions will be given effect, assuming there is bankruptcy court jurisdiction. But neither the bankruptcy court nor the parties can write their own jurisdictional ticket.").

[35] *Official Comm. of Unsecured Creditors of Cybergenics Corp. v. Chinery (In re Cybergenics Corp.)*, 226 F.3d 237, 245 n.11 (3d Cir. 2000) ("Had the sale order explicitly provided for the assignment of avoidance powers, we would have no occasion to scrutinize its legality at this juncture, as the sale order was never appealed and has long since been consummated.").

[36] Defendants attempt to argue that they did not receive sufficient notice because "the claims asserted here were not identified in the Plan and Disclosure Statement, Confirmation Order or the Schedule of Retained Causes of Action attached to the various Plan Supplements." D.I. 22 at 14. This argument misses the mark because the Sale occurred prior to the disclosure statement and plan process. Moreover, the language of the APA is clear notice that avoidance claims and rights were included in the Sale. *See infra* note 37 and accompanying text.

> fixed or unfixed, accrued, absolute, contingent or otherwise, wherever located . . ., including the following assets, properties, rights, interests and other assets of Sellers, but excluding, in all circumstances, any Excluded Assets . . . (collectively, the "**Purchased Assets**")):
>
> . . .
>
> (n) all of Sellers' and the Purchased Entities' (i) avoidance claims or causes of action arising under sections 544, 547, 548, 549 and 550 of the Bankruptcy Code and any similar state Law, (ii) other claims, causes of action, lawsuits, judgements, privileges, counterclaims, defenses, rights of recovery, rights of set-off, rights of subrogation and (iii) all other rights of any kind under any other provision of applicable Laws (collectively, "**Actions**"), but only to the extent that such Actions are against any of the Sellers' or the Purchased Entities' vendors, suppliers, contract counterparties, customers, employees, directors, officers, insiders (and any other Person doing business with, employed by or directors of the Buyer on and after Closing) (collectively, and including Purchased Third Party Claims, "**Purchased Actions**") . . . .[37]

Defendants argue that this language failed to convey state law fraudulent transfer claims to the Plaintiff because it only conveys avoidance claims of the "Sellers", *i.e.* the Debtors, and state law fraudulent transfer claims are property of creditors. Because a debtor cannot sell what it does not own, Defendants ask the Court to dismiss the state law fraudulent transfer claims.

The Court disagrees with the framing of the issue as presented by the Defendants. The Third Circuit held in its 2000 decision in *Official Committee of Unsecured Creditors of Cybergenics Corp. v. Chinery (In re Cybergenics Corp.)* that state law fraudulent transfer claims are property of creditors, but that section 544 of the Bankruptcy Code empowers a debtor in possession to pursue them for the benefit of all creditors.[38] So the proper question for the Court is whether this avoidance power was sold to the Plaintiff in the Sale. The Court finds that it was. Section 2.01(n) of the APA provides for the sale of the Debtors' avoidance actions but also "other rights of recovery" and "all other rights of any kind under any other provision of applicable Laws (collectively, the "Actions")[.]" This language is sufficiently broad to capture the Debtors' right as the debtor in possession to pursue state law fraudulent transfer claims under section 544 of the Bankruptcy Code. The Debtors received consideration for the transfer of this right, and that consideration was used to satisfy creditor claims.[39]

---

[37] APA § 2.01 (emphasis in original).

[38] 226 F.3d 237, 244-45 (3d Cir. 2000).

[39] The Plan established a liquidating trust to pursue certain causes of action for the benefit of its creditor-beneficiaries. In doing so, the Plan was careful to acknowledge the prior transfer of causes of action (defined to include avoidance actions) in the Sale. *See, e.g.*, Plan at Art. X.C.2 ("For the avoidance of doubt, the Retained Causes of Action do not include any Causes of Action that constituted Purchased Assets under, and as defined in, the Purchase Agreement, including Causes of Action against Transferred

In interpreting the provisions of the Sale Order and APA, the Court applies ordinary principles of contract interpretation.[40] "Those principles include the familiar rule that a contract should be read as a whole and construed, where reasonably possible, to give effect to every provision and to avoid rendering language surplusage."[41] Adoption of Defendants' narrow reading of the APA would run afoul of this principle and alter the clear intent of the Sale.

The Defendants finally contend that the Court did not grant the Plaintiff derivative standing to pursue the Avoidance Claims as required under the Third Circuit's 2003 decision in *Official Committee of Unsecured Creditors of Cybergenics Corp. v. Chinery (In re Cybergenics Corp.)*.[42] The Court questions the necessity of a formal grant of derivative standing when a debtor obtains court-approval to sell its avoidance powers. But to the extent it is required, the Court finds that it was implicitly granted in the Sale Order and grants it expressly through this Memorandum Order.

C. Failure to Plead

1. Time-Barred Transfers

Defendants argue that most of the transfers challenged in Counts I and II of the Complaint are time-barred. Section 548 permits a trustee or debtor-in-possession to avoid a transfer that was made "on or within 2 years of the date of the filing of the petition."[43] The Petition Date was June 28, 2023. As such, the two-year look-back period of section 548 ends on June 28, 2021. The Plaintiff responds in its papers and at oral argument that it is not seeking to avoid and recover Transfers beyond this date. The Complaint's allegations confirm this.[44] Therefore, the Motion on this issue will be denied as moot.

Employees (as defined in the Purchase Agreement)."); Plan at Art II.129 ("'Retained Causes of Action' means Causes of Action held by any Debtor or its Estate as of the Effective Date (for the avoidance of doubt, after giving effect to the Sale Transaction) that are not waived, relinquished, exculpated, released, compromised, or settled pursuant to this Plan or a Bankruptcy Court order, which shall vest in the Liquidating Trust.").

[40] *In re iSun, Inc.*, No. 24-11144, 2026 LEXIS 346407, at **22-23 (Bankr. D. Del. June 16, 2026) ("A sale order and the purchase agreement it approves are construed together, applying ordinary principles of contract interpretation, and the Court that entered the order is well positioned to determine what it authorized.").

[41] *Id.*

[42] 330 F.3d 548 (3d Cir. 2003).

[43] *See* 11 U.S.C. § 548(a)(1) ("The trustee may avoid any transfer …. that was made or incurred on or within 2 years before the date of the filing of the petition . . . .").

[44] Compl. ¶ 40 ("The Transfers made to Invicta, Invicta Media, and Hub within the two years prior to the Petition Date shall be referred to herein as the 'Two Year Transfers.'"); *id.* ¶ 41 ("Any contractual or other obligations of iMedia to make the Transfers shall be referred to herein as the 'Obligations.' If such Obligations were incurred within the two years prior to the Petition Date, they shall be referred to as the 'Two Year Obligations.'"); *accord id.* ¶¶ 81-90. Paragraph 90 does refer to the "Transfers" as avoidable but because the remainder of Count II refers only to "Two Year Transfers" and "Two Year Obligations,"

2. Federal Rules 8(a) and 9(b)

Defendants argue that the intentional fraudulent transfer claims of Counts I and III fail because Plaintiff has not satisfied the requirements of Federal Rules 8(a) or 9(b) to plead fraudulent intent.[45] To survive a motion to dismiss, a pleading "must contain sufficient factual matter, accepted as true, to state a claim to relief that is plausible on its face."[46] Courts conducting a Rule 12(b)(6) analysis may disregard any legal conclusions in the complaint and must accept well-pleaded facts as true.[47] The court must then determine whether the alleged facts demonstrate that the plaintiff has a "plausible" claim for relief.[48] To state a claim for intentional fraudulent transfer, Plaintiff must allege that the transfer was made with "actual intent to hinder, delay, or defraud."[49] Plaintiffs may establish the necessary intent either through direct or circumstantial evidence.[50]

The Court concludes that the allegations of fraudulent intent in the Complaint satisfy these standards. Plaintiff alleges fraudulent intent through the "badges of fraud" – *i.e.* "circumstances so commonly associated with fraudulent transfers that their presence gives rise to an inference of intent."[51] Typical "badges of fraud" include, but are not limited to: (1) the relationship between the debtor and the transferee; (2) consideration for the conveyance; (3) insolvency or indebtedness of the debtor; (4) how much of the debtor's estate was transferred; (5) the debtor's reservation of benefits, control, or dominion over the property transferred; and (6) secrecy or concealment of the transaction.[52] "Although the existence of a single badge of fraud may cast suspicion on the

---

the Court assumes that this is a typographical error and that paragraph 90 should read "The Two Year Transfers and Two Year Obligations are therefore avoidable under 11 U.S.C. § 548(a)(1)(B)."

[45] *See* FED. R. CIV. PROC. 8(a) ("A pleading that states a claim for relief must contain . . a short and plain statement of the claim showing that the pleader is entitled to relief[.]"); FED. R. CIV. PROC. 9(b) ("In alleging fraud or mistake, a party must state with particularity the circumstances constituting fraud or mistake. Malice, intent, knowledge, and other conditions of a person's mind may be alleged generally.").

[46] *Bell Atl. Corp. v. Twombly*, 550 U.S. 544 (2007); *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009).

[47] *See Fowler v. UPMC Shadyside*, 578 F.3d 203 (3d. Cir. 2009).

[48] *Id*. at 211.

[49] 11 U.S.C. § 548(a)(1)(A); 6 DEL. C. § 1304(a)(1).

[50] *See, e.g.*, *MSKP Oak Grove, LLC v. Venuto*, 839 Fed. Appx. 708, 712 (3d Cir. 2020) ("Because debtors rarely admit fraudulent intent, courts must usually infer it."); *Friedman v. Wellspring Cap. Mgmt., LLC (In re SportCo Holdings, Inc.)*, Nos. 19-11299, 20-50554 (JKS), 2021 WL 4823513, at *14 (Bankr. D. Del. Oct. 14, 2021) ("For an actual fraudulent transfer claim to survive a motion to dismiss, the plaintiff must allege facts that, taken as true, establish direct or circumstantial evidence of intent to defraud.").

[51] *Kirschner v. Large S'holders (In re Tribune Co. Fraudulent Conveyance Litig.)*, 10 F.4th 147, 160 (2d Cir. 2021).

[52] *Official Comm. of Unsecured Creditors of Fedders N. Am., Inc. v. Goldman Sachs Credit Partners L.P.*, 405 B.R. 527, 545 (Bankr. D. Del. 2009); *see* 6 DEL. C. § 1304(b) (codifying these "badges of fraud," among others).

transferor's intent, a confluence of several badges of fraud in one transaction [ ] generally provides conclusive evidence of an actual intent to defraud."[53]

The Court has reviewed the Complaint and finds that it includes enough facts to support at least three badges of fraud – that the Transfers were made while Debtors were insolvent, for a lack of reasonably equivalent value, and to an insider.[54] Though the Court agrees with the Defendants that the remainder of the badges alleged by Plaintiff lack factual support,[55] the properly pled badges, when taken together, include enough detail to make it plausible that the Transfers were made with fraudulent intent. Accordingly, the Motion on this issue will be denied.

V. CONCLUSION

For the reasons stated above, it is hereby **ORDERED** that Counts VI, VIII, and IX of the Complaint are **DISMISSED**. The remainder of the relief requested in the Motion is denied. Plaintiff is granted derivative standing to pursue the Avoidance Claims.

Dated: October 28, 2026

Karen B. Owens
Chief Judge

[53] *Byju's Alpha, Inc. v. Camshaft Cap. Fund, LP (In re Byju's Alpha, Inc.)*, No. 25-322 (MN), 2026 LX 489477, at *27 (D. Del. Sep. 8, 2026).

[54] *See, e.g.*, Compl. ¶¶ 1, 17-19, 24-29, and 34-39 (alleging Defendants' principal, who was vice chair of iMedia's board and its largest shareholder, caused iMedia to enter transactions to its detriment for the purpose of enriching himself and Defendants); *id.* ¶¶ 51-71 (alleging iMedia was insolvent from at least 2019 forward as demonstrated by, among other things, yearly net losses, a stock split, layoffs, an organizational restructuring, and the need to borrow funds beyond its credit facility); *id.* ¶¶ 20-46 (suggesting reasonably equivalent value was not received because iMedia (1) paid $7 million for product that was, due to its large volume, unsaleable and necessitated the hiring of liquidators and warehousing; 2) paid $3.5 million in inventory to purchase a controlling interest in an insolvent company from Defendant Invicta Media, which iMedia had to shut down within a year; and (3) paid $665,000 purportedly for "marketing services" to a company owned by Defendants' principal and led by his sister that was located in Defendants' headquarters and whose operations were funded by iMedia).

[55] Plaintiff also alleges (without any supportive facts) that the Transfers were concealed, were incurred while iMedia was about to be or was being sued, and were incurred shortly before or after a substantial debt was incurred.