

UNITED STATES DISTRICT COURT FOR THE WESTERN DISTRICT OF
OKLAHOMA

Warren Real Estate Holdings, Inc. v. Sinclair Construction Group,
Inc. and Megaslab, Inc.

No. CIV-24-1289-SLP (W.D. Okla. May 18, 2026) · No. CIV-24-1289-SLP · Decided May 18, 2026

SUMMARY

The United States District Court for the Western District of Oklahoma denies a request to extend the automatic bankruptcy stay applicable to Megaslab, Inc. to co-defendant Sinclair Construction Group, Inc. The Court holds that it has concurrent jurisdiction with the bankruptcy court to decide whether the stay should extend to a nondebtor co-defendant, but finds no unusual circumstances warranting an extension. The action will therefore proceed against Sinclair.

CASE DETAILS

COURT	United States District Court for the Western District of Oklahoma
WRITING FOR THE COURT	Scott L. Palk
JURISDICTION	United States District Court for the Western District of Oklahoma
DECIDED	May 18, 2026
DOCKET	CIV-24-1289-SLP
DISPOSITION	other
PROCEDURAL POSTURE	The district court considered supplemental briefing on whether the automatic bankruptcy stay applicable to defendant Megaslab, Inc. should be extended to nondebtor codefendant Sinclair Construction Group, Inc.
STANDARD OF REVIEW	The party seeking extension of the automatic stay must prove unusual circumstances by clear and convincing evidence.
PRECEDENTIAL VALUE	unpublished district court order

TOPICS

- automatic stay
- bankruptcy
- civil procedure
- commercial litigation
- construction law

PRACTICE AREAS

- bankruptcy
- civil procedure
- commercial litigation
- construction law

QUESTIONS PRESENTED

1. Whether the district court had jurisdiction to determine whether the automatic stay under 11 U.S.C. § 362 should be extended to a nondebtor codefendant.
2. Whether unusual circumstances warranted extending Megaslab's automatic bankruptcy stay to Sinclair.

HOLDINGS

1. The district court and the bankruptcy court possessed concurrent jurisdiction to determine whether the automatic stay could extend to a nondebtor codefendant.
2. The automatic stay was not warranted as to Sinclair because Sinclair and Megaslab were not so intertwined that a judgment against Sinclair would effectively be a judgment against Megaslab or affect Megaslab's reorganization.

KEY QUOTATIONS

“But “an automatic stay generally does not stay litigation as to [solvent] co-defendants of the bankrupt.””
(Introduction)

“The simple fact that Plaintiff brings claims against both Sinclair and Megaslab for the same injury does not give rise to unusual circumstances.” (Section II.B)

“IT IS THEREFORE ORDERED that this matter shall proceed against Sinclair Construction Group, Inc. and a stay is DENIED.” (Disposition)

FACTUAL BACKGROUND

Megaslab, Inc. was the debtor in bankruptcy, while Sinclair Construction Group, Inc. was a solvent nondebtor codefendant. Warren Real Estate asserted the same claims against both defendants arising from the same alleged injury. Sinclair had consistently maintained that it was a separate entity, that Megaslab owned the proprietary concrete system Sinclair installed, and that Sinclair had no ownership interest in Megaslab or its technology.

PROCEDURAL HISTORY

In a prior order, the court directed the parties to submit supplemental briefing regarding whether the action should be stayed as to Sinclair. After reviewing the parties' briefs, the court held that it had concurrent jurisdiction with the bankruptcy court to determine whether the stay could extend to a codefendant, denied the requested extension, and ordered that the case proceed against Sinclair.

DISPOSITION

other

CASES CITED

- Meier v. Chesapeake Operating L.L.C., 778 F. App'x 561, 561 (10th Cir. 2019)
- Fortier v. Dona Anna Plaza Partners, 747 F.2d 1324, 1330 (10th Cir. 1984)

- Oklahoma Federated Gold & Numismatics, Inc. v. Blodgett, 24 F.3d 136, 141 (10th Cir. 1994)
- Dixie Aire Title Servs., Inc. v. SPW, L.L.C., 389 B.R. 222, 224-25 (W.D. Okla. 2008)
- In re Baldwin-United Corp. Litig., 765 F.2d 343 (2d Cir. 1985)
- Raudonis as trustee for Walter J. Raudonis 2016 Revocable Tr. v. RealtyShares, Inc., 507 F. Supp. 3d 378, 381 (D. Mass. 2020)
- A.H. Robins Co. v. Piccinin, 788 F.2d 994 (4th Cir. 1986)
- Fleet Bus. Credit, L.L.C. v. Wings Restaurants, Inc., 291 B.R. 550, 553 (N.D. Okla. 2003)
- Lynch v. Johns-Manville Sales Corp., 710 F.2d 1194, 1199 (6th Cir. 1983)

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