UNITED STATES DISTRICT COURT FOR THE DISTRICT OF NEVADA

RiskOn International, Inc.; Ecoark, Inc.; and Hyperscale Data, Inc. v. Zest Labs Holdings, LLC, and Gary Metzger

RiskOn International · No. 2:25-cv-02042-APG-NJK · Decided December 22, 2025

SUMMARY

The United States District Court for the District of Nevada partially granted the plaintiffs' motion for a preliminary injunction and denied their motion for a temporary restraining order as moot. The court enjoined the defendants from further distributing Walmart settlement proceeds to the litigation funder, litigation counsel, other related expense recipients, or the defendants themselves, and barred retention of a 5% compensation amount, while allowing payments to defense counsel in the present case and Stretto, Inc. The court found serious questions concerning compliance with the parties' stock purchase agreement and the risk that funds would not reach eligible beneficial owners.

CASE DETAILS

COURT	United States District Court for the District of Nevada
WRITING FOR THE COURT	Andrew P. Gordon
JURISDICTION	United States District Court for the District of Nevada
DECIDED	December 22, 2025
DOCKET	2:25-cv-02042-APG-NJK
DISPOSITION	other
PROCEDURAL POSTURE	Plaintiffs moved for a preliminary injunction and a temporary restraining order to prevent defendants from spending or transferring settlement proceeds from separate litigation. The court granted the preliminary injunction in part and denied the temporary restraining order as moot.
STANDARD OF REVIEW	A preliminary injunction requires a showing of likelihood of success on the merits, likelihood of irreparable harm, a favorable balance of hardships, and consistency with the public interest. Alternatively, relief may issue upon serious questions on the merits, likely irreparable harm, hardships tipping sharply in the plaintiff's favor, and a public interest supporting relief.
PRECEDENTIAL VALUE	unpublished

PARTIES	RiskOn International, Inc., Ecoark, Inc., Hyperscale Data, Inc. v. Zest Labs Holdings, LLC, Gary Metzger

TOPICS

injunctions · injunction bonds · breach of contract · commercial litigation · civil procedure

PRACTICE AREAS

civil procedure · contracts · commercial litigation · remedies · corporate law

QUESTIONS PRESENTED

1. Whether plaintiffs established the requirements for a preliminary injunction preventing defendants from distributing Walmart litigation proceeds to DTC.
2. Whether plaintiffs established grounds to enjoin further payments to the litigation funder, litigation counsel, other litigation-related payees, and defendants themselves.
3. Whether defendants should be enjoined from retaining five percent of the net proceeds as compensation.
4. Whether plaintiffs' motion for a temporary restraining order should be denied as moot after issuance of the preliminary injunction.
5. Whether a security bond should be required under Federal Rule of Civil Procedure 65.

HOLDINGS

1. Plaintiffs demonstrated serious questions concerning whether transferring the proceeds to DTC would result in the proper beneficial owners receiving their shares, likely irreparable harm because defendants lacked assets to compensate them if the money disappeared, and a balance of equities and public interest favoring preservation of the funds. The court therefore enjoined distribution of any Walmart proceeds to DTC.
2. The court enjoined further distributions of Walmart proceeds to the litigation funder, counsel in the Walmart litigation, and other parties owed expenses related to that litigation.
3. The court enjoined defendants from retaining five percent of the net proceeds as compensation because plaintiffs raised a serious question concerning the amount defendants were owed and the governing documents did not establish that amount.
4. The court waived any security-bond requirement under Federal Rule of Civil Procedure 65 because the injunction caused no harm to defendants.

KEY QUOTATIONS

> *"To obtain a preliminary injunction, a plaintiff must demonstrate: (1) a likelihood of success on the merits, (2) a likelihood of irreparable harm, (3) the balance of hardships favors the plaintiff, and (4) an injunction is in the public interest."* (Order at 2)

> *"Defendants Zest Labs Holdings, LLC, and Gary Metzger are hereby ENJOINED from further distributing any of the Walmart proceeds to the litigation funder in the Walmart litigation, counsel in the Walmart litigation (Bartko Pavia), other parties owed expenses related to Walmart litigation, or to the defendants themselves."* (Order at 5)

FACTUAL BACKGROUND

Zest Subsidiary obtained a jury verdict against Walmart in trade-secret litigation, and the litigation later settled in July 2025. RiskOn, Ecoark, and Zest Holdings entered into a Stock Purchase Agreement transferring Zest Subsidiary to Zest Holdings for the benefit of RiskOn security holders entitled to receive net Walmart litigation proceeds. Zest Holdings planned to distribute proceeds through DTC and brokers to beneficial stockholders, retain five percent as compensation, and pay litigation-related fees and expenses. Plaintiffs disputed whether those distributions complied with the SPA and sought to preserve the proceeds.

PROCEDURAL HISTORY

Plaintiffs sued defendants for breach of contract and related claims concerning the distribution of Walmart litigation settlement proceeds. After a December 17, 2025 hearing, the court ruled on plaintiffs' motions for preliminary and temporary injunctive relief.

DISPOSITION

other

CASES CITED

- Whistler Investments, Inc. v. Depository Trust & Clearing Corp., 539 F.3d 1159, 1163 (9th Cir. 2008)
- In re Appraisal of Dell Inc., No. CV 9322-VCL, 2015 WL 4313206, at *5-6 (Del. Ch. July 13, 2015), as revised (July 30, 2015)
- Winter v. Natural Res. Def. Council, Inc., 555 U.S. 7, 20 (2008)
- Alliance for the Wild Rockies v. Cottrell, 632 F.3d 1127, 1135 (9th Cir. 2011)

INSTRUCTIONS FOR AN AI ASSISTANT