UNITED STATES BANKRUPTCY COURT FOR THE CENTRAL DISTRICT OF ILLINOIS

In re One Main Development, LLC

In re One Main Development, LLC · No. 23-90402 · Decided January 16, 2026

SUMMARY

The United States Bankruptcy Court for the Central District of Illinois denies Clayton Jefferson Development, LLC's motion under Bankruptcy Rule 9023 and Federal Rule of Civil Procedure 59(e) to alter or amend an order denying modification of a protective order. The court concludes that the motion largely rehashes previously presented arguments, advances theories that could have been raised earlier, and fails to establish manifest error or newly discovered evidence. The court also reiterates that CJD lacked derivative standing and had not identified a sufficiently justified basis for broader dissemination of Rule 2004 discovery materials.

CASE DETAILS

COURT	United States Bankruptcy Court for the Central District of Illinois
WRITING FOR THE COURT	Mary P. Gorman
JURISDICTION	United States Bankruptcy Court for the Central District of Illinois
DECIDED	January 16, 2026
DOCKET	23-90402
DISPOSITION	other
PROCEDURAL POSTURE	Creditor Clayton Jefferson Development, LLC moved under Federal Rule of Civil Procedure 59(e), incorporated through Bankruptcy Rule 9023, to alter or amend the bankruptcy court's order denying its motion to modify a protective order. The bankruptcy court denied the motion to alter or amend.
STANDARD OF REVIEW	A Rule 59(e) motion is reviewed under the standard requiring the movant to establish a manifest error of law or fact or newly discovered evidence; the decision whether to grant relief is within the court's discretion.
PRECEDENTIAL VALUE	unpublished

PARTIES	Clayton Jefferson Development, LLC v. One Main Development, LLC, 502 N. Neil, LLC, One Main Holdings, LLC, One Main Construction, LLC, M2 on Neil, LLC, Jeffrey D. Richardson, Trustee

TOPICS

bankruptcy discovery · discovery dispute · chapter 7 · bankruptcy

PRACTICE AREAS

bankruptcy · civil procedure · discovery

QUESTIONS PRESENTED

1. Whether Clayton Jefferson Development established a manifest error of law or fact, newly discovered evidence, or another basis for relief under Federal Rule of Civil Procedure 59(e).
2. Whether the creditor could use a Rule 59(e) motion concerning the protective-order ruling to relitigate the earlier denial of derivative standing or present arguments and facts that could have been raised previously.
3. Whether the bankruptcy court's findings concerning the scope of the requested protective-order modification, the lack of an identified bankruptcy cause of action, and the unsupported request to disclose information to the creditor's president constituted manifest error.

HOLDINGS

1. The motion to alter or amend was denied because Clayton Jefferson Development did not establish a manifest error of law or fact, newly discovered evidence, or another permissible basis for Rule 59(e) relief.
2. The creditor could not use its motion concerning the later protective-order ruling to circumvent the deadline for challenging the earlier denial of derivative standing or to relitigate that separate ruling.
3. The denial of modification was proper because the creditor failed to identify a specific bankruptcy cause of action justifying further discovery and failed to identify and justify the particular documents, recipients, and purposes for the requested dissemination.
4. The creditor did not establish that its unobjected-to bankruptcy claim constituted a money judgment that supplied a seven-year judgment-enforcement period or otherwise supported the proposed alter-ego theory.

KEY QUOTATIONS

> *"Because [CJD], after more than a year of extensive discovery, has not identified any action it might file in this Court, there is no basis to allow further discovery or to modify the protective order."* (III)

> *"The Motion to Alter or Amend seeks to wind the clock back on matters already litigated and decided."* (IV)

FACTUAL BACKGROUND

One Main Development, LLC filed a voluntary Chapter 7 petition, and the trustee later reported that no assets were available for distribution. Clayton Jefferson Development obtained extensive Rule 2004 discovery concerning the debtor and its affiliates under a protective order limiting use to bankruptcy-related proceedings and limiting dissemination. After the trustee declined to pursue alleged causes of action and filed a report of no distribution, Clayton Jefferson sought derivative standing and broader dissemination of the discovery to an expert and its president, but it did not establish a colorable claim or adequate justification for the requested modification.

PROCEDURAL HISTORY

The Chapter 7 debtor filed its petition in September 2023. Clayton Jefferson Development obtained broad Bankruptcy Rule 2004 subpoena authority in May 2024, subject to a protective order limiting use and dissemination of the discovery. After the trustee filed a report of no distribution, the creditor sought derivative standing and modification of the protective order; both requests were denied. The creditor then filed the present Rule 59(e) motion, which the court denied.

DISPOSITION

other

CASES CITED

- Stern v. Marshall, 564 U.S. 462, 499 (2011)
- Matter of Prince, 85 F.3d 314, 324 (7th Cir. 1996)
- County Materials Corp. v. Allan Block Corp., 436 F. Supp. 2d 997, 999-1000 (W.D. Wis. 2006)
- Bank of Waunakee v. Rochester Cheese Sales, Inc., 906 F.2d 1185, 1191 (7th Cir. 1990)
- LB Credit Corp. v. Resolution Trust Corp., 49 F.3d 1263, 1267 (7th Cir. 1995)
- FDIC v. Meyer, 781 F.2d 1260, 1268 (7th Cir. 1986)
- Thermal Surgical, LLC v. Brown, 150 F.4th 115, 125 (2d Cir. 2025)
- Ziino v. Baker, 613 F.3d 1326, 1329 (11th Cir. 2010)
- In re S. Cal. Plastics, Inc., 165 F.3d 1243, 1248 (9th Cir. 1999)
- Vesely v. Armslist LLC, 762 F.3d 661, 666 (7th Cir. 2014)
- County of McHenry v. Ins. Co. of the West, 438 F.3d 813, 819 (7th Cir. 2006)