UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

In re: WELLMADE FLOOR COVERINGS INTERNATIONAL, INC., *et al.*,[1] Debtors.	Chapter 11 Case No. 25-58764 (Jointly Administered)

NOTICE OF HEARING AND DEADLINE TO OBJECT TO DEBTORS' MOTION FOR ENTRY OF AN ORDER APPROVING SETTLEMENT AND COMPROMISE BETWEEN THE DEBTORS, INDIVIDUAL DEFENDANTS AND LABOR PLAINTIFFS

PLEASE TAKE NOTICE that, on May 20, 2026, the above-captioned debtors and debtors in possession (the "Debtors") filed *Debtors' Motion for Entry of an Order Approving Settlement and Compromise Between the Debtors, Individual Defendants, and Labor Plaintiffs* (the "Motion"). Pursuant to the Fifth Amended and Restated General Order No. 24-2018, the Court may consider this matter without further notice or hearing if no party in interest files a response or objection **within twenty-one (21) days** from the date of service of this notice. **If you object to the relief requested in this pleading, you must timely file your objection with the Bankruptcy Clerk at Clerk, United States Bankruptcy Court for the Northern District of Georgia, 75 Ted Turner Drive, SW, Suite 1340, Atlanta, Georgia 30303, and serve a copy on the Debtors' attorney, at Greenberg Traurig, LLP, Terminus 200, 3333 Piedmont Road, NE, Suite 2500, Atlanta, Georgia 30305, Attn: John D. Elrod (elrodj@gtlaw.com) and Allison J. McGregor (Allison.McGregor@gtlaw.com),** and any other appropriate persons by the objection deadline. The response or objection must explain your position and be actually received by the Bankruptcy Clerk within the required time.

The Court will hold a hearing on the Motion at **10:15 a.m. (prevailing Eastern Time) on June 17, 2026, in Courtroom 1201, United States Courthouse, 75 Ted Turner Drive, SW, Atlanta, Georgia 30303**, which must be attended in person, unless the Court orders otherwise.

If an objection or response is timely filed and served, the hearing will proceed as scheduled. **If you do not file a response or objection within the time permitted, the Court may grant the relief requested in the Motion without further notice and without holding the scheduled hearing** provided that an order approving the relief requested is entered at least one business day prior to the scheduled hearing. If no objection is timely filed, but no order is entered granting the

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, include: Wellmade Industries MFR. N.A LLC (1058) and Wellmade Floor Coverings International, Inc. (8425). The mailing address for the Debtors for purposes of these chapter 11 cases is: 1 Wellmade Drive, Cartersville, GA 30121.

relief requested at least one business day prior to the scheduled hearing, the hearing will be held as scheduled.

Your rights may be affected. You should read these papers carefully and discuss them with your attorney, if you have one in this bankruptcy case. If you do not have an attorney, you may wish to consult one.

Date: May 20, 2026
Atlanta, Georgia

Respectfully submitted,

GREENBERG TRAURIG, LLP

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IN THE UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

In re: WELLMADE FLOOR COVERINGS INTERNATIONAL, INC., *et al.*,[1] Debtors.	Chapter 11 Case No. 25-58764 (Jointly Administered)

DEBTORS' MOTION FOR ENTRY OF AN ORDER APPROVING SETTLEMENT AND COMPROMISE BETWEEN THE DEBTORS, INDIVIDUAL DEFENDANTS, AND LABOR PLAINTIFFS

The above-captioned debtors and debtors in possession (collectively, the "Debtors"), submit this motion (the "Motion") for entry of an order, substantially in the form attached hereto as **Exhibit A** (the "Proposed Order"), approving that certain Settlement Agreement (the "Settlement Agreement") by and among (a) the Debtors, (b) the Individual Defendants,[2] and (c) the Labor Plaintiffs[3] (collectively, the "Parties"). In support of this Motion, the Debtors respectfully state as follows:

JURISDICTION AND VENUE

1. The United States Bankruptcy Court for the Northern District of Georgia (the "Court") has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, include: Wellmade Industries MFR. N.A LLC (1058) and Wellmade Floor Coverings International, Inc. (8425). The mailing address for the Debtors for purposes of these chapter 11 cases is: 1 Wellmade Drive, Cartersville, GA 30121.

[2] The "Individual Defendants" include Zhu Chen, Ming Chen, Jiayi Chen, and Jianjun Lu.

[3] The "Labor Plaintiffs" include Wen Chen, Yanxi Gao, Cangen Han, Sijian Jiang, Weiwei Li, Nan Liu, Yucong Liu, Jinchao Si, Haitao Sun, Pan Wang, Shunkui Wang, Xianlai Wei, Guangshun Xing, Yao Yan, Jiagen Yang, Jiansheng Yin, Shengda Yu, Shengxiang Yu, Shun Yu, Jingjing Zhang, Shuai Zhang, Yixiang Zhang, Eglis Almarza Diaz, Yorman Ojeda Herrera, and Marianela Piña Yaguari.

core proceeding within the meaning of 28 U.S.C. § 157(b)(2). Venue is proper in the Court pursuant to 28 U.S.C. §§ 1408 and 1409.

2. The statutory and legal predicates for the relief requested herein are section 105(a) of title 11 of the United States Code (the "Bankruptcy Code") and Rule 9019 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules").

BACKGROUND

I. The Chapter 11 Cases

3. On August 4, 2025 (the "Petition Date"), each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code with this Court. The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.[4]

4. On August 14, 2025, the United States Trustee for Region 21 (the "U.S. Trustee") appointed an official committee of unsecured creditors (the "Committee") in the above-captioned chapter 11 cases (the "Chapter 11 Cases"). No request has been made for the appointment of a trustee or an examiner.

5. On September 4, 2025, the Debtors filed the *Debtors' Motion Seeking Entry of an Order (I) Setting a Bar Date for Filing Proofs of Claims; (II) Setting an Amended Schedules Bar Date; (III) Setting a Rejection Damages Bar Date; (IV) Approving the Form of and Manner for Filing Proofs of Claims; (V) Approving Notice of the Bar Dates; and (VI) Granting Related Relief* [D.I. 137] (the "Bar Date Motion"). Objections to the Bar Date Motion were filed by the Committee [D.I. 169] and by the Labor Plaintiffs [D.I. 197] and after two hearings on the Bar Date

[4] Additional information regarding the Debtors' businesses, capital structure, and the circumstances leading to the filing of these Chapter 11 Cases is set forth in the First Day Declaration [D.I. 14], which is fully incorporated herein by reference.

Motion, on October 9, 2025, the Court entered the *Order (I) Setting a Bar Date for Filing Proofs of Claim; (II) Setting an Amended Schedules Bar Date; (III) Setting a Rejection Damages Bar Date; (IV) Approving the Form of and Manner for Filing Proof of Claims; (V) Approving Notice of the Bar Dates; and (VI) Granting Related Relief* [D.I. 222] (the "Bar Date Order"), designating November 21, 2025 as the date by which all entities and individuals (except governmental units) were required to file proofs of claim in the Chapter 11 Cases (the "Bar Date").

6. On September 26, 2025, the Debtors filed the *Motion of the Debtors for Entry of an Order (A) Approving the Private Sale of the Debtors' Assets Free and Clear of All Liens, Claims, Encumbrances, and Interests, (B) Authorizing the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, and (C) Granting Related Relief* [D.I. 194] (the "Private Sale Motion"). On October 8, 2025, the Court entered *the Order (A) Approving the Private Sale of the Debtors' Assets Free and Clear of All Liens, Claims, Encumbrances, and Interests, (B) Authorizing the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, and (C) Granting Related Relief* [D.I. 220] (the "Sale Order"). The sale of substantially all of the Debtors assets to AHF IC, LLC (the "Sale") closed on November 7, 2025, and on November 12, 2025, the Debtors filed the *Notice of Closing of Sale of Debtors' Assets and Repayment of DIP Obligations* [D.I. 259] (the "Notice of Closing").

II. The Underlying Disputes Between the Parties

7. Prior to the Petition Date, certain of the Labor Plaintiffs commenced litigation in the United States District Court for the Northern District of Georgia, Civil Action File No.: 4:25-CV-00134-WMR (the "District Court Action"), against the Debtors and Individual Defendants, alleging violations of the Trafficking Victims Protection Act ("TPVA"), Fair Labor Standards Act ("FLSA"), and Georgia's Racketeer Influenced and Corrupt Organizations Act ("Georgia RICO").

8. In these Chapter 11 Cases and after entry of the Bar Date Order, each of the Labor Plaintiffs filed individual proofs of claims in the Debtors' bankruptcy cases totaling roughly $29.18 million. Additionally, Labor Plaintiff Yucong Liu filed (i) a class representative claim in the amount of "$118,500,000 or more" and (ii) a FLSA collective representative claim in the amount of $14,000,000 or more." Labor Plaintiffs' counsel also filed an unliquidated proof of claim for attorneys' fees.

9. On October 31, 2025, the Labor Plaintiffs filed *Labor Plaintiffs' Motion for Rule 2004 Examination and Production of Documents by Debtors and Allen Chen* [D.I. 244] (the "Rule 2004 Motion"). Both the Debtors and Individual Defendant Allen Chen filed responses in opposition to the Rule 2004 Motion. *See* D.I. 251 & 252.

10. Following a hearing on the Rule 2004 Motion, on November 5, 2025, the Court enter an *Order Authorizing and Directing Mediation and Appointing Settlement Judge* [D.I. 264] (the "Mediation Order"), which instructed the parties to attend mediation (the "Mediation"), appointed the Hon. Jeffery Cavender to serve as the mediator (the "Mediator"), and outlined limited discovery to be exchanged between the parties prior to the Mediation (the "Pre-Mediation Disclosures").

11. Although not contained in the Mediation Order, at the November 5 hearing, the Court set a deadline for the Debtors to file their objection to the Labor Plaintiffs' proofs of claim on or before January 16, 2026 (the "Claims Objection Deadline"). Pursuant to certain consent motions and subsequent orders, the Claims Objection Deadline was extended to April 30, 2026. *See* D.I. 305, 310, 325, 338, 357.

12. The Debtors and the Labor Plaintiffs, along with the Individual Defendants and the Committee, participated in the Mediation, on January 20, 2026 and in subsequent weeks, which

ultimately resulted in an agreement in principle to settle all the Labor Plaintiffs' claims.

III. The Settlement Agreement

13. With the assistance of the Mediator and through subsequent negotiations, the Parties agreed to settle all claims asserted by the Labor Plaintiffs in both the Chapter 11 Cases and the District Court Action pursuant to the terms set forth in the Settlement Agreement, which is attached hereto as **Exhibit B**.

14. The essential terms of the Settlement Agreement are as follows:[5]

a. The Labor Plaintiffs are permitted to file one collective claim in the amount of $5.2 million, which shall be deemed an allowed unsecured claim (the "Claim").

b. The Labor Plaintiffs shall withdraw, with prejudice, each individual, class, collective, and attorneys' fees proofs of claim that have been filed by the Labor Plaintiffs or their counsel in these Chapter 11 Cases.

c. On the effective date of a confirmed chapter 11 plan filed by the Debtors that embodies the terms of this settlement (the "Plan"), the Debtors shall pay a total of $5.2 million (the "Settlement Proceeds") to an account designated by counsel for the Labor Plaintiffs, which payment shall be in full satisfaction of the Claim and all claims, causes of action, and damages of any kind or type, accrued or unaccrued, of the Labor Plaintiffs against the Debtors, their estates, and the Individual Defendants, including but not limited to all claims asserted or which could have been asserted in the District Court Action.

d. Effective upon their counsel's receipt of the Settlement Proceeds, the Labor Plaintiffs hereby waive, acquit, discharge, and release the Debtors, their non-debtor affiliates, the Individual Defendants, their principals, employees, and attorneys (the "Defense Parties") of any and all past and present claims, causes of action, damages, demands, costs, judgments, debts, accounts, bonds, warranties, representations, covenants, liabilities, promises, contracts, controversies, agreements, damages, expenses, fees, executions, demands and other liabilities of any kind whatsoever, direct or indirect, known or unknown, foreseen or unforeseen, which any of the Labor Plaintiffs have, may have, or may have had (the "Released Claims"). The Released Claims encompasses all claims, causes of action, and demands for any and all losses, damages, injuries, or harm allegedly suffered by the Labor Plaintiffs, as well as any and all restitution to which any of the Labor Plaintiffs may claim they are entitled.

[5] The description of the settlement terms in this Motion is a summary only, and the complete settlement terms are set forth in the Settlement Agreement attached hereto. In the event of any conflict between the language of this Motion and the Settlement Agreement, the terms of the Settlement Agreement shall control.

e. The District Court Action shall remain stayed against the Debtors and the Individual Defendants until the Labor Plaintiffs' counsel's receipt of the Settlement Payment at which time the parties to the District Court Action shall file a joint motion to have the matter dismissed with prejudice.

f. Each Labor Plaintiff shall cause any worker's compensation claims filed against any Defense Party to be withdrawn or dismissed with prejudice upon receipt of the Settlement Proceeds by Labor Plaintiffs' counsel, and the Defense Parties shall cooperate in executing any settlement agreements or other documents necessary to effectuate such dismissal.

g. The Debtors shall file the Plan within 30 days of the Bankruptcy Court's approval of the Settlement Agreement and have the Plan go effective within 90 days of it being filed.

h. The Labor Plaintiffs agree to support confirmation of the Plan that complies with the terms of the Settlement Agreement. Such terms include, among other things, (a) payment of the Settlement Proceeds on the effective date, (b) customary broad releases of all claims against the Individual Defendants, Debtors and their affiliates, as well as any staffing agencies that have assisted in placing one or more persons who have worked at the Debtors' Georgia facility at any time from January 1, 2020 to the present (the "<u>Staffing Agencies</u>"), and (c) the maximum exculpation permissible under applicable law for the Debtors and their affiliates, the Individual Defendants, the Debtors' directors and officers, the Committee and its members, each of the Debtors and the Committee's respective professionals, and the Staffing Agencies and their employees (collectively, the "<u>Released Parties</u>").

15. The Settlement Agreement is contingent on obtaining any necessary approval from this Court.

<u>RELIEF REQUESTED AND BASIS THEREFORE</u>

16. The Debtors respectfully request an Order approving the Settlement Agreement.

17. Although each Party is confident in their respective positions regarding the underlying disputes, the Parties recognize that proceeding with litigation of the District Court Action and objections to the proofs of claims at this stage in the Chapter 11 Cases will only continue to add considerable legal expenses to the Debtors' estates at this critical juncture, which would be better spent on finalizing and filing a chapter 11 plan. Accordingly, the Debtors believe

that the Settlement Agreement is fair, reasonable, and in the best interests of the Debtors' estates, meets all applicable legal standards, including under the Bankruptcy Code and FLSA, and should be approved.

I. The Settlement Agreement Should be Approved Pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure

18. Bankruptcy Rule 9019(a) grants the bankruptcy court the power to approve settlements and compromises. *See* Fed. R. Bankr. P. 9019(a); *see also In re Diplomat Construction, Inc.,* 454 B.R. 917, 920 (Bankr. N.D. Ga. 2011) (approving proposed settlement of adversary claims in the amount of $40,000 in exchange for a release of all claims against the adversary defendant).

19. Approval of a settlement in bankruptcy proceedings is within the sound discretion of the court and will not be disturbed or modified on appeal unless approval or disapproval is an abuse of discretion. *See In re Chira,* 567 F.3d 1307, 1311 (11th Cir. 2009); *In re Grot,* 291 B.R. 204, 208 (M.D. Ga. 2003). In determining the reasonableness of a settlement, the test is whether the proposed settlement falls below the lowest point in the range of reasonableness. *See In re Diplomat Construction, Inc.*, 454 B.R. at 920.

20. The legal standard for approval of settlements in the Eleventh Circuit is set forth in *In re Justice Oaks, II, Ltd.,* 898 F.2d 1544, 1549 (11th Cir. 1990), *cert. denied,* 498 U.S. 959 (1990). *Justice Oaks* requires that the Court consider the:

(a) probability of success in litigation;

(b) difficulties, if any, to be encountered in the matter of collection;

(c) complexity of the litigation involved and the expense, inconvenience, and delay necessarily attending it; and

(d) paramount interest of the creditors and a proper deference to their reasonable views in the premises.

Id.

21. In applying these factors, the Debtors respectfully submit that the terms of the Settlement Agreement fall well within the "range of reasonableness," and satisfy the legal standard set forth in *Justice Oaks* as follows:

(a) Probability of Success in Litigation

22. First, in evaluating the Settlement Agreement, the Debtors have assessed the relevant risk and the probability of success in resolving the numerous claims through litigation in and outside of the Chapter 11 Cases, as well as the uncertainty involved in connection with these disputes. The Parties arrived at their agreement only after rigorous arm's-length negotiations, including through a mediation process conducted by the Hon. Jeffery W. Cavender. Although the Debtors may ultimately succeed in claims litigation with the Labor Plaintiffs, there is attendant risk and cost associated with litigating the claims. As a result, the Debtors believe that the Settlement Agreement represents a fair and reasonable resolution of the various disputes between these Parties.

23. The alternative to the Settlement Agreement would be for the Debtors to litigate many complex legal and factual issues. That litigation would delay the chapter 11 plan process, which benefits all creditors and parties in interest. Accordingly, the Debtors believe this factor weighs in favor of approving the Settlement Agreement.

(b) Likely Difficulties in Collection

24. Second, even if the Debtors were able to successfully litigate these issues, the Debtors recognize that the ultimate cost to their estates would still be significant. For instance, before a trial or hearing on the underlying claims could occur, certain disputes over class/FLSA certification would have to be resolved. Continued, protracted litigation will only serve to increase

costs and delay effectiveness of the Plan, forcing the Debtors to languish in bankruptcy far longer than anticipated or budgeted, and creating uncertainty for the Debtors and their creditors. As a result of the Sale, the Debtors are in a position to pay their creditors in full under the Plan. If the Debtors are forced to continue to pay to defend themselves against the Labor Plaintiffs' claims and if the Labor Plaintiffs were ultimately successful in receiving a judgment above the Claim Amount, the Debtors would likely be unable to pay all allowed unsecured creditors, including the Labor Plaintiffs, in full.

25. As discussed above, the Settlement Agreement provides finality to the Debtors, their estates, and unsecured creditors alike and avoids the potential for further litigation, the costs of which would be borne by the Debtors' estates. Thus, the Debtors believe that entering into the Settlement Agreement is in the best interests of the Debtors' estates and allows the Debtors to resolve the Labor Plaintiffs' claims, including the District Court Action, in a manner that does not threaten the Debtors' contemplated chapter 11 plan process. Thus, the Debtors believe this factor weighs in favor of approving the Settlement Agreement.

(c) Complexity of Litigation Involved

26. Third, there is a great deal of attendant complexity, cost, and possible delay involved with these disputes. As noted above, litigation of the District Court Action would involve class certification issues, and other complex factual and legal matters, requiring extensive discovery and briefing.

27. Approval of the Settlement Agreement will not only save time and money with respect to pending litigation between these Parties but supports a consensual, fair, and efficient plan process. The Settlement Agreement provides certainty and finality to the Debtors' estates. As such, the Debtors believe this factor weighs heavily in favor of approving the Settlement

Agreement and avoiding the significant expenses, inconveniences, and delay that would result from litigating the Labor Plaintiffs' claims.

(d) Paramount Interests of Creditors and Equity Holders

28. Finally, the Settlement Agreement is in the best interests of the Debtors' estates and stakeholders. As previously stated, continuing down this litigation path further jeopardizes the ability for the Debtors to confirm and consummate their chapter 11 plan of reorganization, which will provided for payments of all allowed, unsecured claims in full. As such, approval of the Settlement Agreement is in the best interests of the Debtors, their estates, and creditors and equity holders alike. The Labor Plaintiffs' recovery of the Settlement Proceeds will almost certainly allow other unsecured creditors to be paid in full on allowed claims, and for equity holders to receive distributions. Furthermore, the Settlement Agreement allows payment of all claims on a faster timeline than if litigation had been pursued to completion, as it allows the Debtors to focus on the chapter 11 plan process rather than focusing on litigation efforts. Thus, this final factor also supports approval of the Settlement Agreement.

29. Based on the foregoing, the Debtors submit that the Settlement Agreement satisfies the *Justice Oaks* factors and Bankruptcy Rule 9019 because it is fair, reasonable, and in the best interests of the Debtors, the estates, and the stakeholders. As a result, the Debtors respectfully request that the Court approve the Settlement Agreement and authorize the Debtors to enter into the settlement.

II. The Settlement Agreement Should be Approved as it is a Fair and Reasonable Compromise of Disputed Claims

30. Because the Settlement Agreement resolves claims alleging violations of the FLSA, the Settlement Agreement is subject to additional approval by the Court. *See Lynn's Food Stores, Inc. v. United States,* 679 F.2d 1350, 1352 (11th Cir. 1982) ("Recognizing that there are often great

inequalities in bargaining power between employers and employees, Congress made the FLSA's provisions mandatory; thus, the provisions are not subject to negotiation or bargaining between employers and employees… [Consequently,] [t]here are only two ways in which back wage claims arising under the FLSA can be settled or compromised by employees."). In the context of a private lawsuit brought by an employee against an employer under the FLSA, an employee may settle and release FLSA claims against an employer if the parties present the court with a proposed settlement and the court enters a stipulated judgment approving the fairness of the settlement. *See Id.* at 1353.

31. In order to approve a settlement of a FLSA private claim, a court must "scrutinize the settlement for fairness," and determine that the settlement is a "fair and reasonable resolution of a bona fide dispute over FLSA provisions." *Stalnaker v. Novar Corp.,* 293 F. Supp. 2d 1260, 1263 (M.D. Ala. 2003) (quoting *Lynn's Food Stores, Inc. v. United States,* 679 F.2d at 1355).

32. The Eleventh Circuit explicitly requires the Court to review a proposed compromise of FLSA claims for "fairness." *See Lynn's Food Stores, Inc. v. United States,* 679 F.2d 1350, 1353, 1355 (11th Cir. 1982)). However, the criteria for courts to consider in determining "fairness" is not as clear. *See Dees v. Hydradry*, *Inc*., 706 F. Supp. 2d 1227, 1240-1 (M.D. Fla. 2010) ("Although noting the unfairness of the settlements at issue, *Lynn's Food* specifies no criteria for evaluating the "fairness" of a proposed compromise in a different case."); *Bonetti v. Embarq Management Co.*, 715 F. Supp. 2d 1222 (M. D. Fla. 2009) ("Short of a bench trial, the Court is generally not in as good a position as the parties to determine the reasonableness of an FLSA settlement. Many factors may be in play as the parties negotiate a compromise that is acceptable to both sides."). Courts within the Eleventh Circuit have analyzed such settlements in two steps:

> First, the court should consider whether the compromise is fair and reasonable to the employee (factors "internal" to the compromise). If the compromise is reasonable to the employee, the court should inquire whether the compromise otherwise impermissibly frustrates implementation of the FLSA (factors "external"

> to the compromise). The court should approve the compromise only if the compromise is reasonable to the employee and furthers implementation of the FLSA in the workplace.

Dees v. Hydradry, Inc., 706 F. Supp. 2d. at 1241.

(a) The Internal Factors

33. Using the framework provided in *Dees v. Hydradry, Inc.,* the "internal factors" to be considered are: (1) the existence of fraud or collusion behind the settlement; (2) the complexity, expense, and likely duration of the litigation; (3) the stage of the proceedings and the amount of discovery completed; (4) the probability of plaintiff's success on the merits; (5) the range of possible recovery amounts; and (6) the opinions of the counsel. *Id.* at 1241.

34. First, this Settlement Agreement is the result of extensive settlement negotiations, including a fulsome mediation with Judge Cavender. It is therefore clear that there is no collusion between the Parties or their counsel.

35. Second, this dispute was highly complex and involved heavily contested factual issues regarding the number of hours worked by several employees of the Debtors. For example, the Pre-Mediation Disclosures included fulsome informal discovery relating to each Labor Plaintiff's hours, services, and compensation. The Parties prudently devoted their limited resources towards settlement, rather than continued litigation.

36. Third, given the Pre-Mediation Disclosures, the Labor Plaintiffs and their counsel had sufficient information at the time the case was conditionally settled to determine that the settlement provides them with substantial benefits.

37. Fourth, while the Parties disagree as to the merits of these claims, they recognize that the inherent uncertainty of litigation and the amount of any potential recovery make settlement the more rational choice.

38. Fifth, the Claim Amount is in the Labor Plaintiffs' interest, as the Settlement Agreement provides them with sole discretion as to the distribution of the Settlement Proceeds between the Labor Plaintiffs. Additionally, the Labor Plaintiffs have agreed to produce any necessary documentation regarding the breakdown of the Settlement Proceeds to support a finding that the Settlement Agreement represents a fair and reasonable resolution of the Labor Plaintiffs' claims under the FLSA.

39. As each factor weighs in favor of approving the Settlement Agreement, the Settlement Agreement should be approved as fair.

(b) The External Factors

40. The external factors identified in *Dees* concern whether the compromise frustrates the purposes of the FLSA. Factors to be considered include whether the compromise requires confidentiality, whether there exists other similarly situated employees, the likelihood that the claimant's circumstance will recur, and whether there is a history of FLSA non-compliance by the same employer or others in the same industry or geographic region. *Id.* at 1244.

41. These factors also favor approval of the Settlement Agreement. First, the Settlement Agreement is filed herewith as a public record. Second, the Debtors have sold substantially all of their assets through the Sale, including the factory where all the Labor Plaintiffs were employed, making the Debtors' FLSA practices and likelihood of reoccurrence moot. There is no history of noncompliance by the Debtors.

42. For these reasons, the Settlement Agreement is a fair resolution of the Labor Plaintiffs' FLSA claims.

NOTICE

43. The Debtors will provide notice of this Motion to the following parties or their respective counsel, if known: (a) the Office of the U.S. Trustee for the Northern District of Georgia, (b) the Committee; (c) the Debtors' prepetition and postpetition lenders; (d) the Limited Service List; (e) the Labor Plaintiffs; and (f) any party that has requested notice pursuant to Bankruptcy Rule 2002. The Debtors submit that, in light of the nature of the relief requested, no other or further notice need be given.

CONCLUSION

WHEREFORE, the Debtors respectfully request that this Court enter the Proposed Order granting the relief requested herein and such other and further relief as is just and proper.

Dated: May 20, 2026
Atlanta, Georgia

Respectfully submitted,

GREENBERG TRAURIG, LLP

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Counsel for the Debtors and Debtors in Possession

CERTIFICATE OF SERVICE

I hereby certify that on May 20, 2026, all ECF participants registered in this case were served electronically with the foregoing Motion through the Court's ECF system at their respective email addresses registered with this Court. The Debtors' claims and noticing agent, Kurtzman Carson Consultants LLC d/b/a Verita Global, will be filing a supplemental certificate of service on the docket to reflect any additional service of the foregoing Motion, including on the Limited Service List.

Dated: May 20, 2026
Atlanta, Georgia

Respectfully submitted,

GREENBERG TRAURIG, LLP
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Counsel for the Debtors and Debtors in Possession

Exhibit A

Proposed Order

IN THE UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

In re: WELLMADE FLOOR COVERINGS INTERNATIONAL, INC., *et al.*,[1] Debtors.	Chapter 11 Case No. 25-58764 (Jointly Administered) **Re Docket No. __**

ORDER APPROVING SETTLEMENT AND COMPROMISE BETWEEN THE DEBTORS, INDIVIDUAL DEFENDANTS, AND LABOR PLAINTIFFS

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, include: Wellmade Industries MFR. N.A LLC (1058) and Wellmade Floor Coverings International, Inc. (8425). The mailing address for the Debtors for purposes of these chapter 11 cases is: 1 Wellmade Drive, Cartersville, GA 30121.

Upon the *Debtors' Motion for Entry of an Order Approving Settlement and Compromise Between the Debtors, Individual Defendants, and Labor Plaintiffs* (the "Motion");[2] and the Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and this matter being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue of these Chapter 11 Cases and the Motion in this district being proper pursuant to 28 U.S.C. §§ 1408 and 1409; and due and sufficient notice of the opportunity to object to and for hearing on the Motion having been given pursuant to the procedures Fifth Amended and Restated General Order No. 24-2018; and the Court having considered the Motion and all other matters of record, including the lack of objection thereto; and based on the foregoing, no further notice or hearing is required; and the Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and it appearing that the relief requested in the Motion is in the best interests of the Debtors, their estates, their creditors, and other parties-in-interest; and after due deliberation thereon; and the Court having found that good and sufficient cause exists to grant the relief requested in the Motion;

IT IS HEREBY ORDERED THAT:

1. The Motion is **GRANTED** as set forth herein.

2. The terms of the settlement by and among the Debtors, the Individual Defendants, and the Labor Plaintiffs, attached to the Motion as **Exhibit B**, (the "Settlement Agreement") are **APPROVED.**

3. The terms of the Settlement Agreement are fair, reasonable, and in the best interests of the Debtors and their estates, and are hereby approved in their entirety pursuant to Bankruptcy Rule 9019(a).

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[2] Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Motion.

4. The Settlement Agreement complies with the requirements of the FLSA as (a) the terms of the Settlement Agreement were reached in an adversarial context with the assistance of legal counsel and (b) the terms of the Settlement Agreement are fair and reasonable and represent an adequate resolution of this dispute.

5. The Parties are authorized to take all actions necessary to implement the relief granted in this Order.

6. Notice of the Motion as provided therein shall be deemed good and sufficient notice of such Motion and the requirements of the Bankruptcy Code, the Bankruptcy Rules, and the Local Rules are hereby satisfied by such notice.

7. Notwithstanding any Bankruptcy Rule or Local Rule that might otherwise delay the effectiveness of this Order, the terms and conditions of this Order shall be immediately enforceable upon its entry.

8. The Court shall retain jurisdiction over any and all matters arising from the interpretation, implementation, or enforcement of this Order.

9. Verita shall, within three (3) days of the entry of this Order, cause a copy of this Order to be served by electronic mail or first-class mail, as applicable, on all parties served with the Motion, and Verita shall file promptly thereafter a certificate of service confirming such service.

[END OF DOCUMENT]

Prepared and presented by:

GREENBERG TRAURIG, LLP

/s/ John D. Elrod
John D. Elrod, Ga. Bar No. 246604
Allison J. McGregor, Ga. Bar No. 860865
3333 Piedmont Road NE, Suite 2500
Atlanta, Georgia 30305
Telephone: 678-553-2259
Facsimile: 678-553-2269
Email: elrodj@gtlaw.com
Allison.McGregor@gtlaw.com

Counsel for the Debtors and Debtors in Possession

<u>Distribution List</u>

Wellmade Floor Coverings International, Inc.
1197 Peachtree St. NE, Suite 780
Atlanta, GA 30361
Attn: David Baker

Greenberg Traurig, LLP
Terminus 200
3333 Piedmont Road, NE, Suite 2500
Atlanta, Georgia 30305
Attn: John D. Elrod

Kurtzman Carson Consultants LLC d/b/a Verita Global
222 N. Pacific Coast Highway, 3rd Floor
El Segundo, CA 90245
Attn: Drake D. Foster

Office of the United States Trustee
362 Richard Russell Federal Building
75 Ted Turner Drive, SW
Atlanta, GA 30303
Attn: Lindsay Kolba

King & Spalding LLP
1180 Peachtree Street, NE, Suite 1600
Atlanta, GA 30309
Attn: Austin Jowers

Rountree Leitman Klein & Geer, LLC
Century Plaza I
2987 Clairmont Rd., Suite 350
Atlanta, GA 30329
Attn: Will Geer

Pachulski Stang Ziehl & Jones LLP
1700 Broadway, 36th Floor
New York, NY 10019
Attn: Bradford J. Sandler

Small Herrin
100 Galleria Parkway, Suite 350
Atlanta, GA 30339,
Attn: Gus H. Small

Radford Scott LLP
125 Clairemont Ave., Suite 380
Decatur, Georgia 30030

Aaron Halegua, PLLC
524 Broadway, 11th Floor
New York, New York 10012

Weems M&E, LLC
1615 Environs Lane
Dalton, GA 30720

The Workers Firm of Georgia
7000 Central Parkway,
Suite 1100, Office 23
Atlanta, GA 30328
Attn: Partick Reid

Exhibit B

Settlement Agreement

Execution Version

SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement (the "Agreement") is entered into as of this 11th day of May, 2026, by and among Debtors Wellmade Floor Coverings International, Inc. and Wellmade Industries MFR. N.A. LLC (collectively, the "Debtors"), Zhu Chen, Ming Chen, Jiayi Chen, and Jianjun Lu (collectively, the "Individual Defendants"), and the individual claimants listed on Exhibit A hereto (collectively, the "Claimants").

RECITALS

WHEREAS, the Debtors filed their Chapter 11 bankruptcy cases in the U.S. Bankruptcy Court for the Northern District of Georgia, Atlanta Division (the "Bankruptcy Court") on August 4, 2025 (the "Petition Date"), Case Nos. 25-58764, *et al*. (the "Bankruptcy Cases").

WHEREAS, the Debtors are managing their affairs as debtors in possession.

WHEREAS, the Claimants have asserted claims based on, without limitation, alleged human trafficking and alleged wage and hour violations.

WHEREAS, prior to the Petition Date, certain of the Claimants commenced litigation in the United States District Court for the Northern District of Georgia, Civil Action File No.: 4:25-CV-00134-WMR (the "District Court Action"), against the Debtors and Individual Defendants.

WHEREAS, the Debtors and the Individual Defendants dispute the alleged wrongful conduct or that they are liable to the Claimants.

WHEREAS, the Claimants each filed multiple proofs of claim in the Bankruptcy Cases.

WHEREAS, the Bankruptcy Court directed the Debtors and the Claimants to mediate their disputes.

WHEREAS, on January 20, 2026, the Debtors, the Individual Defendants, and the Claimants participated in a mediation conducted by the Hon. Jeffrey W. Cavender.

WHEREAS, following a fulsome exchange of information and settlement offers at and prior to the mediation, without admitting any of the allegations or claims asserted by the Claimants, the Debtors, the Individual Defendants, and the Claimants have reached a settlement of the Claims as set forth herein.

NOW, THEREFORE, in consideration of the Settlement Amount, mutual covenants, agreements, and releases contained herein, the parties hereto agree as follows:

I. Resolution of Claims

A. Allowance of Unsecured Claim in Favor of Claimants

1. The Claimants shall have an aggregate allowed $5.2 million unsecured claim (the "Claim") in the Debtors' bankruptcy cases. The Claim shall consist of one claim for this amount, substantially in the form annexed as Exhibit B hereto, which Claimants' attorneys shall file, and Claimants shall each withdraw, with prejudice, all other proofs of claim filed in these cases.

2. On the effective date of a confirmed chapter 11 plan filed by the Debtors (the "Plan") that embodies this settlement, the Debtors shall pay a total of $5.2 million (the "Settlement Proceeds") to an account designated by counsel for the Claimants, which payment shall be in full satisfaction of the Claim and all claims, causes of action, and damages of any kind or type, accrued or unaccrued, of the Claimants against the Debtors, their estates, and the Individual Defendants, including but not limited to all claims asserted or which could have been asserted in the District Court Action.

B. Releases

1. Effective upon their counsel's receipt of the Settlement Proceeds, the Claimants hereby waive, acquit, discharge, and release the Debtors, their non-debtor affiliates, the Individual Defendants, their principals, employees, and attorneys (the "Defense Parties") of any and all past and present claims, causes of action, damages, demands, costs, judgments, debts, accounts, bonds, warranties, representations, covenants, liabilities, promises, contracts, controversies, agreements, damages, expenses, fees, executions, demands and other liabilities of any kind whatsoever, direct or indirect, known or unknown, foreseen or unforeseen, which any of the Claimants have, may have, or may have had (the "Released Claims"). The foregoing release by the Claimants encompasses all claims, causes of action, and demands for any and all losses, damages, injuries, or harm allegedly suffered by the Claimants, as well as any and all restitution to which any of the Claimants may claim they are entitled. Each Claimant shall cause any worker's compensation claims filed against any Defense Party to be withdrawn or dismissed with prejudice upon receipt of the Settlement Proceeds by Claimants' counsel, and the Defense Parties shall cooperate in executing any settlement agreements or other documents necessary to effectuate such dismissal.

2. The Claimants shall not opt-out of any releases in the Plan, which releases shall be customary broad releases of all claims against the Individual Defendants, Debtors and their affiliates, as well as any staffing agencies that have assisted in placing one or more persons who have worked at the Debtors' Georgia facility at any time from January 1, 2020 to the present (the "Staffing Agencies").

3. The Plan shall provide for the maximum exculpation permissible under applicable law for the Debtors and their affiliates, the Individual Defendants, the Debtors' directors and officers, the Committee and its members, each of the Debtors and the Committee's respective professionals, and the Staffing Agencies and their employees (collectively, the "Released Parties").

4. As a result of the compromises reached hereunder and implementation thereof, the Claimants acknowledge that, upon their counsel's receipt of the Settlement Proceeds, the matters allegedly giving rise to the District Court Action will be settled and closed to the Claimants' satisfaction, and that Claimants will upon their counsel's receipt of the Settlement Proceeds have no desire to pursue those matters further.

5. The class, collective, and attorneys' fees proofs of claim that have been filed by the Claimants or their counsel shall be withdrawn upon the Plan becoming effective including, without limitation, the claims for attorneys' fees filed by Aaron Halegua, PLLC.

6. All liens filed by the Claimants or their counsel against the Debtors or the Individual Defendants shall be withdrawn upon receipt of the Settlement Proceeds by Claimants' counsel, with notice of such withdrawal to be provided to counsel for Debtors and the Individual Defendants.

II. Representations and Warranties

1. Each Claimant represents and warrants that he or she is the current holder of his or her Released Claims, including the proofs of claim filed in the Debtors' Bankruptcy Cases, and has not assigned, transferred, or otherwise devised his or her Released Claims.

2. The Claimants' counsel represent and warrant that they have not, and shall not, directly or indirectly, file, solicit or encourage the filing of any further proofs of claim or other type of litigation against the Released Parties. For the avoidance of doubt, nothing in this term prevents the Claimants' counsel from representing any person or entity against a Released Party if such representation was the result of the party seeking representation from the Claimants' counsel without solicitation by such counsel. Further, in the event of any conflict between this Settlement Agreement and the Georgia or New York Rules of Professional Conduct, the Rules of Professional Conduct shall apply.

3. The Claimants and their counsel represent and warrant that they have not, and will not cooperate in any way with any other claimants or potential claimants, or any attorney or representative of the same, in the bankruptcy cases or in any litigation or potential litigation against or involving the Individual Defendants, or any attorney or representative of the same, notwithstanding that nothing bars the Claimants from complying with a subpoena or similar legal request. However, nothing in this agreement shall limit in any way the Claimants from carrying out their duties as members of the Committee.

4. All Parties and their counsel further warrant that from the date of the parties' mediation and through and including for two years from the date that the Plan is confirmed, they have not publicized or directed to be publicized, and shall not publicize or direct to be publicized, through any means or medium, the amount of the Settlement Proceeds; provided, however, that nothing in this term shall prevent the Parties from filing a proper pleading with the Court or responding to any lawful subpoena.

5. All parties represent and warrant that they shall not at any time make, publish, or communicate to any person or entity or in any public forum any defamatory or disparaging remarks, comments, or statements concerning any other party.

6. Upon receipt of the Settlement Proceeds by Claimants' counsel, the Claimants shall withdraw all objections to the Debtors' professionals' fee applications with prejudice, and warrant that they shall not file any objections to the Debtors' professionals' fee applications at any stage in the Bankruptcy Cases.

III. Attorneys' Fees and Tax Issues

1. All parties shall bear their own costs and attorneys' fees with respect to this Settlement.

2. The Claim's allocation of the Settlement Proceeds as set forth in Exhibit C was agreed to among the Claimants without the participation of the Debtors or the Individual Defendants. Neither Debtors, the Individual Defendants, nor their counsel shall have any liability with respect to any allocation or distribution decision.

3. The Claimants shall have sole discretion on tax-optimization authority on the distribution of the Settlement Proceeds to the Claimants; provided, however, that any breakdown or allocation selected by the Claimants does not constitute an acknowledgment or any admission of any kind by the Debtors or the Individual Defendants with respect to Claimants' allegations or claimed damages and is instead the result of the discretion granted to Claimants with respect to the distribution of the Settlement Proceeds.

4. The Claimants shall indemnify the Debtors for any damages or claims relating to any tax-optimization actions taken by the Claimants.

IV. Chapter 11 Plan Matters

1. The Debtors shall file a motion for approval of this Settlement Agreement by the Bankruptcy Court within five (5) business days of all parties executing the Settlement Agreement. The motion shall also seek a determination from the Bankruptcy Court that the Settlement Agreement represents a fair and reasonable resolution of the Claimants' claims under the Fair Labor Standards Act, and Claimants shall provide the necessary documentation regarding the breakdown of the Settlement Proceeds to support such a finding. The Debtors shall file the Plan within 30 days of Bankruptcy Court approval of this Settlement Agreement, and have the Plan go effective within 90 days of it being filed.

2. The Claimants agree to support confirmation of the Plan that complies with the terms of this Settlement Agreement, provided however that the Claimant who is a member of the Official Committee of Unsecured Creditors may and shall exercise his independent fiduciary duty in such capacity in relation to the Plan.

3. If the above milestones set forth in subparagraph 1 are not met or the Settlement Proceeds are not paid in full as and when required herein, the Claimants may declare this settlement void and the parties shall be returned to their respective positions status quo ante.

V. Miscellaneous

1. The Claimants agree that the Debtors and Individual Defendants make no admission of liability or wrongdoing and deny any liability or wrongdoing. Neither the negotiation nor the execution of this Settlement Agreement constitutes an acknowledgment or any admission of any kind by the Debtors or the Individual Defendants of any liability to the Claimants or any violation by the Debtors or Individual Defendants of any federal, state, or local law or regulation, or any breach of common law or other obligation or duty to the Claimants, which Debtors and the Individual Defendants specifically and categorically deny. Debtors and Individual Defendants do not admit and strictly deny the allegations in the District Court Action.

2. The Claimants acknowledge that this Settlement Agreement is the compromise of disputed claims and is intended simply to bring peace and closure to the matters alleged in the District Court Action, without admission of any fault or liability.

3. The Claimants agree to join, upon request by counsel for the Individual Defendants or Debtors, a motion requesting that the District Court Action remain stayed against the Debtors and the Individual Defendants.

4. Upon Claimants' counsel's receipt of the Settlement Payment, the parties to the District Court Action shall file a joint motion to have the matter dismissed with prejudice.

5. Governing Law; Forum Selection. This Settlement Agreement shall be governed by Georgia law without giving effect to any conflict of law principles. Any disputes arising from or relating to this Settlement Agreement shall be submitted for resolution in the Bankruptcy Court, except that, should the Bankruptcy Court not have jurisdiction to hear all or part of the dispute, the dispute—or the applicable part of the dispute—may be submitted for resolution to the U.S. District Court for the Northern District of Georgia or, the Bartow County (Georgia) Superior Court, or in any other court having jurisdiction over the matter.

6. Nothing in this Settlement Agreement is intended to prohibit the Claimants from truthfully responding to law enforcement entities or court processes, or as otherwise required by law.

7. Bankruptcy Court Approval. This Settlement Agreement is subject to Bankruptcy Court approval.

8. Entire Binding Agreement. This Settlement Agreement constitutes the entire understanding among the parties with respect to the subject matter addressed herein. This Settlement Agreement supersedes all prior term sheets, agreements and representations, whether oral or written, concerning the subject matter of this Settlement Agreement. This Settlement

Agreement may not be modified or amended, nor any of its terms waived, except through a writing signed by all parties. Each party to this Settlement Agreement has carefully read the Settlement Agreement and has had its/their counsel explain the ramifications of the Settlement Agreement to the satisfaction of the party. Each party understands the contents herein, and voluntarily, of their own free will, and without coercion, undue influence, threat, or intimidation of any kind signs the Settlement Agreement with intent to be bound by all the terms contained herein. This Settlement Agreement is binding upon and shall inure to the benefit of the parties as well as any and all of their respective assigns, successors, predecessors, parents, affiliates, subsidiaries, owners, partners, members, officers, directors, employees, attorneys, insurers, agents, and representatives.

9. No Reliance. Each party represents and warrants that in executing this Settlement Agreement, it has not been induced by and has not relied upon, whether express or implied, any promise, warranty, guaranty, inducement, representation or other information pertaining to the parties, the Bankruptcy Cases, or this Settlement Agreement, except as expressly stated in this Agreement. Each party is relying on its own judgment and each has been represented and advised by counsel in negotiating and executing this Settlement Agreement.

10. Counterparts. This Settlement Agreement may be signed by the parties in multiple counterparts and via Docusign or similar technology, each of which taken collectively shall constitute the original, fully executed Settlement Agreement. A fully executed facsimile, PDF, or TIF copy of an executed Settlement Agreement is enforceable as if it is an original.

11. Signatures. By their signatures below, each of the signatories executing this Settlement Agreement represents that they have read and fully understand the Settlement Agreement, have discussed it with their counsel, and that they are authorized to execute the same.

Wellmade Floor Coverings International, Inc.
Wellmade Industries MFR. N.A. LLC

____
By: David Baker
Its: Chief Restructuring Officer

____
Zhu Chen

____
Ming Chen

____
Jiayi Chen

____
Jianjun Lu

Agreement may not be modified or amended, nor any of its terms waived, except through a writing signed by all parties. Each party to this Settlement Agreement has carefully read the Settlement Agreement and has had its/their counsel explain the ramifications of the Settlement Agreement to the satisfaction of the party. Each party understands the contents herein, and voluntarily, of their own free will, and without coercion, undue influence, threat, or intimidation of any kind signs the Settlement Agreement with intent to be bound by all the terms contained herein. This Settlement Agreement is binding upon and shall inure to the benefit of the parties as well as any and all of their respective assigns, successors, predecessors, parents, affiliates, subsidiaries, owners, partners, members, officers, directors, employees, attorneys, insurers, agents, and representatives.

9. No Reliance. Each party represents and warrants that in executing this Settlement Agreement, it has not been induced by and has not relied upon, whether express or implied, any promise, warranty, guaranty, inducement, representation or other information pertaining to the parties, the Bankruptcy Cases, or this Settlement Agreement, except as expressly stated in this Agreement. Each party is relying on its own judgment and each has been represented and advised by counsel in negotiating and executing this Settlement Agreement.

10. Counterparts. This Settlement Agreement may be signed by the parties in multiple counterparts and via Docusign or similar technology, each of which taken collectively shall constitute the original, fully executed Settlement Agreement. A fully executed facsimile, PDF, or TIF copy of an executed Settlement Agreement is enforceable as if it is an original.

11. Signatures. By their signatures below, each of the signatories executing this Settlement Agreement represents that they have read and fully understand the Settlement Agreement, have discussed it with their counsel, and that they are authorized to execute the same.

Wellmade Floor Coverings International, Inc.
Wellmade Industries MFR. N.A. LLC

____
By:____________________
Its:____________________

签署人：
Zhu Chen
724F6BDA3D38438...
Zhu Chen

Signed by:
Ming Chen
4357AEDDA9C9493...
Ming Chen

Signed by:
Jiayi Chen
5766A79A387E4A1...
Jiayi Chen

签署人：
Jianjun Lu
1F6B3E17070F4B5...
Jianjun Lu

Execution Version

Claimants:

Wen Chen (May 13, 2026 11:31:01 EDT)

Wen Chen

Yanxi Gao (May 12, 2026 15:37:24 EDT)

Yanxi Gao

Cangen Han (May 12, 2026 14:43:07 EDT)

Cangen Han

Sijian Jiang (May 12, 2026 14:45:09 EDT)

Sijian Jiang

Weiwei Li (May 12, 2026 15:03:22 EDT)

Weiwei Li

Nan Liu (May 12, 2026 13:49:15 CDT)

Nan Liu

Yucong Liu (May 12, 2026 14:36:50 EDT)

Yucong Liu

Jinchao Si (May 13, 2026 23:54:40 EDT)

Jinchao Si

Haitao Sun (May 12, 2026 16:44:31 EDT)

Haitao Sun

Pan Wang (May 12, 2026 18:09:48 EDT)

Pan Wang

Shunkui Wang (May 13, 2026 18:50:36 EDT)

Shunkui Wang

X[illegible]ei (May 12, 2026 15:15:34 EDT)
Xianlai Wei

Guangshun Xing (May 12, 2026 14:38:29 EDT)
Guangshun Xing

Yao Yan (May 12, 2026 16:50:42 EDT)
Yao Yan

Jiagen Yang (May 12, 2026 14:34:38 EDT)
Jiagen Yang

Jiansheng Yin (May 12, 2026 14:58:13 EDT)
Jiansheng Yin

Shengda Yu (May 12, 2026 22:35:13 EDT)
Shengda Yu

S[illegible]yu (May 12, 2026 22:36:07 EDT)
Shengxiang Yu

Shun Yu (May 13, 2026 14:54:45 EDT)
Shun Yu

Jingjing Zhang (May 12, 2026 17:14:19 EDT)
Jingjing Zhang

Shuai Zhang (May 12, 2026 15:57:24 CDT)
Shuai Zhang

Yixiang Zhang (May 12, 2026 14:41:46 EDT)
Yixiang Zhang

Eglis Jose Almarza Diaz (May 15, 2026 11:49:06 EDT)
Eglis Almarza Diaz

Yorman Oscar Ojeda Herrera (May 12, 2026 18:25:27 MDT)
Yorman Ojeda Herrera

Marianela Piña Yaguari (May 12, 2026 10:51:33 MDT)
Marianela Piña Yaguari

Approved as to form:

____
Aaron Halegua PLLC – Counsel for Claimants

____
Radford Scott LLP – Counsel for Claimants

____
Greenberg Traurig, LLP – Counsel for Debtors

____
Berman Fink Fan Horn P.C. – Counsel for the Individual Defendants

____
Eglis Almarza Diaz

____
Yorman Ojeda Herrera

____
Marianela Piña Yaguari

Approved as to form:

Aaron Halegua
____
Aaron Halegua PLLC – Counsel for Claimants

____
Radford Scott LLP – Counsel for Claimants

____
Greenberg Traurig, LLP – Counsel for Debtors

____
Berman Fink Fan Horn P.C. – Counsel for the Individual Defendants

____
Eglis Almarza Diaz

____
Yorman Ojeda Herrera

____
Marianela Piña Yaguari

Approved as to form:

____
Aaron Halegua PLLC – Counsel for Claimants

____
Radford Scott LLP – Counsel for Claimants

____
Greenberg Traurig, LLP – Counsel for Debtors

____
Berman Fink Fan Horn P.C. – Counsel for the Individual Defendants

Execution Version

____
Eglis Almarza Diaz

____
Yorman Ojeda Herrera

____
Marianela Piña Yaguari

Approved as to form:

____
Aaron Halegua PLLC – Counsel for Claimants

____
Radford Scott LLP – Counsel for Claimants

____
Greenberg Traurig, LLP – Counsel for Debtors

Signed by:
Neal Weinrich
92273F3335624D4...
Berman Fink Fan Horn P.C. – Counsel for the Individual Defendants

EXHIBIT A

List of Labor Plaintiffs

Wen Chen
Yanxi Gao
Cangen Han
Sijian Jiang
Weiwei Li
Nan Liu
Yucong Liu
Jinchao Si
Haitao Sun
Pan Wang
Shunkui Wang
Xianlai Wei
Guangshun Xing
Yao Yan
Jiagen Yang
Jiansheng Yin
Shengda Yu
Shengxiang Yu
Shun Yu
Jingjing Zhang
Shuai Zhang
Yixiang Zhang
Eglis Almarza Diaz
Yorman Ojeda Herrera
Marianela Piña Yaguari

EXHIBIT B

Settlement Distribution

Total Settlement Proceeds: $5,200,000.00

Deductions from Total Settlement	Amount
Litigation Costs	$24,516.64
Workers' Compensation Claims	$145,000.00
Attorneys' Fees	$2,012,193.34

Distributions to Labor Plaintiffs:

Payee	Distribution	W2 Portion	1099 Portion
Plaintiffs with Overtime and Trafficking Claims			
GAO, Yanxi	$399,367.26	25%	75%
HAN, Cangen	$195,515.28	25%	75%
JIANG, Sijian	$75,115.54	25%	75%
LI, Weiwei	$116,281.00	25%	75%
LIU, Yucong	$391,030.55	25%	75%
LIU, Nan	$57,150.62	25%	75%
SUN, Haitao	$261,689.68	25%	75%
WANG, Pan	$116,281.00	25%	75%
WEI, Xianlai	$135,274.08	25%	75%
YAN, Yao	$391,030.55	25%	75%
YANG, Jiagen	$63,166.47	25%	75%
YIN, Jiansheng	$142,578.18	25%	75%
ZHANG, Yixiang	$219,578.69	25%	75%
ZHANG, Shuai	$117,309.17	25%	75%
ZHANG, Jingjing	$237,543.61	25%	75%

Payee	Distribution	W2 Portion	1099 Portion
Plaintiffs with Overtime Claims			
CHEN, Wen	$5,850.84	50%	50%
YU, Shengda	$13,373.35	50%	50%
YU, Shengxiang	$23,403.36	50%	50%
YU, Shun	$ 8,915.56	50%	50%
WANG, Shunkui	$3,009.00	50%	50%
SI, Jinchao	$10,364.34	50%	50%
XING, Guangshun	$24,239.19	50%	50%
Ojeda Herrera, Yorman	$9,347.34	50%	50%
Piña, Yaguari, Marianela	$318.14	50%	50%
Almarza Diaz, Eglis J.	$557.22	50%	50%

EXHIBIT C

Proof of Claim

Your claim can be filed electronically on Verita's website at https://www.veritaglobal.net/wellmade

United States Bankruptcy Court for the Northern District of Georgia

Indicate Debtor against which you assert a claim by checking the appropriate box below. (**Check only one Debtor per claim form.**)

☒ Wellmade Industries MFR. N.A LLC (Case No. 25-58760) ☒ Wellmade Floor Coverings International, Inc. (Case No. 25-58764)

Modified Official Form 410
Proof of Claim

04/25

Read the instructions before filling out this form. This form is for making a claim for payment in a bankruptcy case. Other than a claim under 11 U.S.C. § 503(b)(9), this form should not be used to make a claim for an administrative expense arising after the commencement of the case.

Filers must leave out or redact information that is entitled to privacy on this form or on any attached documents. Attach redacted copies or any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. **Do not send original documents;** they may be destroyed after scanning. If the documents are not available, explain in an attachment.

A person who files a fraudulent claim could be fined up to $500,000, imprisoned for up to 5 years, or both. 18 U.S.C. §§ 152, 157, and 3571.

Fill in all the information about the claim as of the date the case was filed.

Part 1: Identify the Claim

1. Who is the current creditor?

谁是目前的债权人？

¿Quién es el acreedor actual?

See Appendix A attached.
Name of the current creditor (the person or entity to be paid for this claim)

Other names the creditor used with the debtor ______

2. Has this claim been acquired from someone else?

☒ No

☐ Yes. From whom? ______

3. Where should notices and payments to the creditor be sent?

给债权人的通知和付款应该往哪里寄送？

¿A dónde deben enviarse los avisos y pagos dirigidos al acreedor?

Federal Rule of Bankruptcy Procedure (FRBP) 2002(g)

Where should notices to the creditor be sent?

Name: Aaron Halegua, PLLC
Number Street: 524 Broadway, 11th Floor
City: NewYork State: NY ZIP Code: 10012
Country: USA
Contact phone: (646) 854-9061
Contact email: ah@aaronhalegua.com

Where should payments to the creditor be sent? (if different)

Name: To be provided
Number Street: ______
City ______ State ______ ZIP Code ______
Country ______
Contact phone ______
Contact email ______

Uniform claim identifier (if you use one):

___ ___

4. Does this claim amend one already filed?

☐ No

☒ Yes. Claim number on court claims registry (if known) See Appendix B Filed on ______ MM / DD / YYYY

5. Do you know if anyone else has filed a proof of claim for this claim?

☒ No

☐ Yes. Who made the earlier filing? ______

Part 2: **Give Information About the Claim as of the Date the Case Was Filed**

6. **Do you have any number you use to identify the debtor?**

☒ No

☐ Yes. Last 4 digits of the debtor's account or any number you use to identify the debtor: ___ ___ ___ ___

7. **How much is the claim?**

债权金额是多少？

¿Cuál es el monto de la reclamación?"

$ 5,200,000.00. **Does this amount include interest or other charges?**

☐ No

See Appendix A attached.

☒ Yes. Attach statement itemizing interest, fees, expenses, or other charges required by Bankruptcy Rule 3001(c)(2)(A).

8. **What is the basis of the claim?**

债权登记申请的基础是什么？

¿Cuál es la base de la reclamación?

Examples: Goods sold, money loaned, lease, services performed, personal injury or wrongful death, or credit card.

Attach redacted copies of any documents supporting the claim required by Bankruptcy Rule 3001(c).

Limit disclosing information that is entitled to privacy, such as health care information.

Settlement Agreement.

9. **Is all or part of the claim secured?**

☒ No

☐ Yes. The claim is secured by a lien on property.

Nature of property:

☐ Real estate: If the claim is secured by the debtor's principal residence, file a *Mortgage Proof of Claim Attachment* (Official Form 410-A) with this *Proof of Claim*.

☐ Motor vehicle

☐ Other. Describe: ____________________

Basis for perfection: ____________________

Attach redacted copies of documents, if any, that show evidence of perfection of a security interest (for example, a mortgage, lien, certificate of title, financing statement, or other document that shows the lien has been filed or recorded.)

Value of property: $____________

Amount of the claim that is secured: $____________

Amount of the claim that is unsecured: $____________(The sum of the secured and unsecured amount should match the amount in line 7.)

Amount necessary to cure any default as of the date of the petition: $____________

Annual Interest Rate (when case was filed)________%

☐ Fixed

☐ Variable

10. **Is this claim based on a lease?**

☒ No

☐ Yes. **Amount necessary to cure any default as of the date of the petition.** $____________

11. **Is this claim subject to a right of setoff?**

☒ No

☐ Yes. Identify the property: ____________________

12. Is all or part of the claim entitled to priority under 11 U.S.C. § 507(a)?

A claim may be partly priority and partly nonpriority. For example, in some categories, the law limits the amount entitled to priority.

☒ No

☐ Yes. *Check all that apply:*

	Amount entitled to priority
☐ Domestic support obligations (including alimony and child support) under 11 U.S.C. § 507(a)(1)(A) or (a)(1)(B).	$__________
☐ Up to $3,800* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use. 11 U.S.C. § 507(a)(7).	$__________
☐ Wages, salaries, or commissions (up to $17,150*) earned within 180 days before the bankruptcy petition is filed or the debtor's business ends, whichever is earlier. 11 U.S.C. § 507(a)(4).	$__________
☐ Taxes or penalties owed to governmental units. 11 U.S.C. § 507(a)(8).	$__________
☐ Contributions to an employee benefit plan. 11 U.S.C. § 507(a)(5).	$__________
☐ Other. Specify subsection of 11 U.S.C. § 507(a)(__) that applies.	$__________

* Amounts are subject to adjustment on 4/01/28 and every 3 years after that for cases begun on or after the date of adjustment.

13. Is all or part of the claim entitled to administrative priority pursuant to 11 U.S.C. § 503(b)(9)?

☒ No

☐ Yes. Indicate the amount of your claim arising from the value of any goods received by the debtor within 20 days before the date of commencement of the above case, in which the goods have been sold to the Debtor in the ordinary course of such Debtor's business. Attach documentation supporting such claim.

$__________

Part 3: Sign Below

The person completing this proof of claim must sign and date it. FRBP 9011(b).

If you file this claim electronically, FRBP 5005(a)(3) authorizes courts to establish local rules specifying what a signature is.

A person who files a fraudulent claim could be fined up to $500,000, imprisoned for up to 5 years, or both. 18 U.S.C. §§ 152, 157, and 3571.

债权登记申请人必须签名并注明日期。FRBP 9011(b). 提交欺诈债权登记的人根据18 U.S.C. §§152、157和3571条最高可罚款500,000美元，入狱最多5年，或两者并罚。

La persona que complete esta prueba de crédito debe firmarla y fecharla. FRBP 9011(b). Una persona que presente una reclamación fraudulenta puede ser multada con hasta $500,000, encarcelada por hasta 5 años, o ambas. 18 U.S.C. §§ 152, 157 y 3571.

Check the appropriate box:

☐ I am the creditor.

☒ I am the creditor's attorney or authorized agent.

☐ I am the trustee, or the debtor, or their authorized agent. Bankruptcy Rule 3004.

☐ I am a guarantor, surety, endorser, or other codebtor. Bankruptcy Rule 3005.

I understand that an authorized signature on this *Proof of Claim* serves as an acknowledgement that when calculating the amount of the claim, the creditor gave the debtor credit for any payments received toward the debt.

I have examined the information in this *Proof of Claim* and have reasonable belief that the information is true and correct.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on date __________
MM / DD / YYYY

____
Signature

Print the name of the person who is completing and signing this claim:

Name: Aaron (First name) Michael (Middle name) Halegua (Last name)

Title: __________

Company: Aaron Halegua, PLLC
Identify the corporate servicer as the company if the authorized agent is a servicer.

Address: 524 Broadway, 11th Floor (Number Street)
New York (City) NY (State) 10012 (ZIP Code) USA (Country)

Contact phone: (646) 854-9061 Email: ah@aaronhalegua.com

Modified Official Form 410

Instructions for Proof of Claim

United States Bankruptcy Court 12/24

These instructions and definitions generally explain the law. In certain circumstances, such as bankruptcy cases that debtors do not file voluntarily, exceptions to these general rules may apply. You should consider obtaining the advice of an attorney, especially if you are unfamiliar with the bankruptcy process and privacy regulations.

A person who files a fraudulent claim could be fined up to $500,000, imprisoned for up to 5 years, or both.
18 U.S.C. §§ 152, 157 and 3571

How to fill out this form

- **Fill in all of the information about the claim as of the date the case was filed.**

- **Fill in the caption at the top of the form**

- **If the claim has been acquired from someone else, then state the identity of the last party** who owned the claim or was the holder of the claim and who transferred it to you before the initial claim was filed.

- **Attach any supporting documents to this form.** Attach redacted copies of any documents that show that the debt exists, a lien secures the debt, or both. (See the definition of *redaction* on the next page.)

  Also attach redacted copies of any documents that show perfection of any security interest or any assignments or transfers of the debt. In addition to the documents, a summary may be added. Federal Rule of Bankruptcy Procedure (called "Bankruptcy Rule") 3001(c) and (d).

- **Do not attach original documents because attachments may be destroyed after scanning.**

- **If the claim is based on delivering health care goods or services, do not disclose confidential health care information. Leave out or redact confidential information both in the claim and in the attached documents.**

PLEASE SEND COMPLETED PROOF(S) OF CLAIM TO:
Wellmade Claims Processing Center
c/o KCC dba Verita Global
222 N. Pacific Coast Hwy., Ste. 300
El Segundo, CA 90245

Alternatively, your claim can be filed electronically on Verita's website at https://www.veritaglobal.net/Wellmade

- **A *Proof of Claim* form and any attached documents must show only the last 4 digits of any social security number, individual's tax identification number, or financial account number, and only the year of any person's date of birth.** See Bankruptcy Rule 9037.

- **For a minor child, fill in only the child's initials and the full name and address of the child's parent or guardian.** For example, write *A.B., a minor child (John Doe, parent, 123 Main St., City, State).* See Bankruptcy Rule 9037.

Confirmation that the claim has been filed

To receive confirmation that the claim has been filed, either enclose a stamped self-addressed envelope and a copy of this form or you may view a list of filed claims in this case by visiting the Claims and Noticing and Agent's website at https://www.veritaglobal.net/Wellmade

Understand the terms used in this form

Administrative expense: Generally, an expense that arises after a bankruptcy case is filed in connection with operating, liquidating, or distributing the bankruptcy estate. 11 U.S.C. § 503.

Claim: A creditor's right to receive payment for a debt that the debtor owed on the date the debtor filed for bankruptcy. 11 U.S.C. §101 (5). A claim may be secured or unsecured.

Claim Pursuant to 11 U.S.C. §503(b)(9): A claim arising from the value of any goods received by the Debtor within 20 days before the date of commencement of the above case, in which the goods have been sold to the Debtor in the ordinary course of the Debtor's business. Attach documentation supporting such claim.

Creditor: A person, corporation, or other entity whom a debtor owes a debt that was incurred on or before the date the debtor filed for bankruptcy. 11 U.S.C. §101 (10).

Debtor: A person, corporation, or other entity who is in bankruptcy. Use the debtor's name and case number as shown in the bankruptcy notice you received.
11 U.S.C. §101 (13).

Evidence of perfection: Evidence of perfection of a security interest may include documents showing that a security interest has been filed or recorded, such as a mortgage, lien, certificate of title, or financing statement.

Information that is entitled to privacy: A *Proof of Claim* form and any attached documents must show only the last 4 digits of any social security number, an individual's tax identification number, or a financial account number, only the initials of a minor's name, and only the year of any person's date of birth. If a claim is based on delivering health care goods or services, limit the disclosure of the goods or services to avoid embarrassment or disclosure of confidential health care information. You may later be required to give more information if the trustee or someone else in interest objects to the claim.

Priority claim: A claim within a category of unsecured claims that is entitled to priority under 11 U.S.C. §507(a). These claims are paid from the available money or property in a bankruptcy case before other unsecured claims are paid. Common priority unsecured claims include alimony, child support, taxes, and certain unpaid wages.

Proof of claim: A form that shows the amount of debt the debtor owed to a creditor on the date of the bankruptcy filing. The form must be filed in the district where the case is pending.

Redaction of information: Masking, editing out, or deleting certain information to protect privacy. Filers must redact or leave out information entitled to **privacy** on the *Proof of Claim* form and any attached documents.

Do not file these instructions with your form.

Secured claim under 11 U.S.C. §506(a): A claim backed by a lien on particular property of the debtor. A claim is secured to the extent that a creditor has the right to be paid from the property before other creditors are paid. The amount of a secured claim usually cannot be more than the value of the particular property on which the creditor has a lien. Any amount owed to a creditor that is more than the value of the property normally may be an unsecured claim. But exceptions exist; for example, see 11 U.S.C. § 1322(b) and the final sentence of 1325(a).

Examples of liens on property include a mortgage on real estate a security interest in a car. A lien may be voluntarily granted by a debtor or may be obtained through a court proceeding. In states, a court judgment may be a lien.

Setoff: Occurs when a creditor pays itself with money belonging to the debtor that it is holding, or by canceling a debt it owes to the debtor.

Uniform claim identifier: An optional 24-character identifier that some creditors use to facilitate payment.

Unsecured claim: A claim that does not meet the requirements of a secured claim. A claim may be unsecured in part to the extent that the amount of the claim is more than the value of the property on which a creditor has a lien.

Offers to purchase a claim

Certain entities purchase claims for an amount that is less than the face value of the claims. These entities may contact creditors offering to purchase their claims. Some written communications from these entities may easily be confused with official court documentation or communications from the debtor. These entities do not represent the bankruptcy court, the bankruptcy trustee, or the debtor. A creditor has no obligation to sell its claim. However, if a creditor decides to sell its claim, any transfer of that claim is subject to Bankruptcy Rule 3001(e), any provisions of the Bankruptcy Code (11 U.S.C. § 101 et seq.) that apply, and any orders of the bankruptcy court that apply.

Appendix A

[Settlement Agreement and Order approving Settlement Agreement]

Appendix B

Supplement to Question 4

[List prior Proofs of Claim]