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Erin Marie Schmidt,
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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION

In re:	§	
	§	
Vision2Systems, LLC,	§	**Case No. 25-40583-MXM-11**
	§	
Debtor.	§	

United States Trustee's Objection to Amended Plan of Liquidation of Vision2Systems LLC

[related to ECF 142]

TO THE HONORABLE MARK X. MULLIN, U.S. BANKRUPTCY JUDGE:

Lisa L. Lambert, the United States Trustee for Region 6 (the "**United States Trustee**"), objects to the *Amended Plan of Liquidation of Visions2Systems, LLC* (the "**Amended Plan**," ECF 142). The United States Trustee would respectfully show:

SUMMARY

The United States Trustee adopts and incorporates by reference the arguments made in her *Objection to Disclosure Statement in Support of Plan of Liquidation of Vision2Systems LLC* (the "**Disclosure Statement Objection,**" ECF 131). Specifically, the United States Trustee objects to confirmation for the following reasons:

- Section 11.7 of the Amended Plan violates the United States Bankruptcy Code by imposing nonconsensual third-party releases (the "**Third-Party Releases**") on creditors who do not return ballots ("**Ballots**") with an "opt-out" election checked.
- The Amended Plan provides that Class 3 general unsecured creditors (the "**Class 3 Claimants**") who opt out of the Third-Party Releases shall not be entitled to share in the pro rata GUC Settlement Distribution Amount.
- The Amended Plan does not provide for an independent third party to serve as post-confirmation trustee but instead provides for Paul Baldwin ("**Mr. Baldwin**") to manage and wind down the Post-Confirmation Debtor.
- The Confirmation Order should specify that the Plan does not release claims of governmental entities exercising their police and regulatory authority.
- The Confirmation Order should include language providing that the Post-Confirmation Debtor shall be required to file post-confirmation reports until the case is dismissed, converted, or closed.
- The Confirmation Order should provide that the Post-Confirmation Debtor should pay United States Trustee quarterly fees due as of the confirmation on or before the Effective Date.

FACTS

1. The Debtor filed the original Plan of Liquidation of Vision2Systems LLC and original Disclosure Statement on August 11, 2025. ECF 124 and 125.

2. On September 15, 2025, the United States Trustee filed her Disclosure Statement Objection [ECF 134], which raised the following confirmation objections:

   a. The Plan contained impermissible third-party releases.

b. The Plan did not provide for an independent third party to serve as post-confirmation trustee but instead provided for Mr. Baldwin to manage and wind down the Post-Confirmation Debtor.

c. The Plan did not provide that nothing within it released the claims of governmental entities exercising their police and regulatory authority.

3. At the September 22, 2025, hearing on the Original Disclosure Statement, the Court stated that it would defer consideration of the United States Trustee's confirmation objections to the confirmation hearing itself.

4. On October 2, 2025, the Debtor filed the Amended Plan and Amended Disclosure Statement. ECF 142, 143.

5. The Amended Plan still imposes the Third-Party Release upon all Holders of Claims and Interests unless they return an opt out form.

6. The Amended Plan still does not provide for an independent third party to serve as post-confirmation trustee but instead provided for Mr. Baldwin to manage and wind down the Post-Confirmation Debtor.

7. The Amended Plan still does not provide that nothing within it released the claims of governmental entities exercising their police and regulatory authority.

8. The Amended Plan does not reference the filing of post-confirmation operating reports.

9. The Amended Plan provides that the payment of all fees due under 28 U.S.C. § 1930 "on or before the Effective Date" shall be paid "within 15 days following the Effective Date." Amended Plan § 4.5.

ARGUMENT AND AUTHORITY

Third Party Release

10. The Amended Plan must be fair to all creditors and comply with the Bankruptcy Code and applicable law. Although the Amended Plan corrects some of the flaws of the original plan and the original disclosure statement, the Amended Plan is still flawed and unconfirmable because it imposes ***non-consensual*** third-party releases in violation of the express ruling of the Supreme Court in *Harrington v. Purdue Pharma L.P.,* 144 S. Ct. 2071, 2082-88 (2024).[1]

11. The Plan purports to force the Third-Party Release[2] on creditors and non-voting equity unless they timely execute an opt-out, even if they do not or cannot vote on the Plan.

12. Consistent with the United States Trustee's position documented in the Disclosure Statement Objection, the United States Trustee opposes the use of the opt-out mechanism in the Plan because it does not satisfy the requirements to establish actual consent as defined under applicable state law. Absent voluntary and knowing consent, the Amended Plan's Third-Party Release is improper and renders the Amended Plan unconfirmable. *Harrington v. Purdue Pharma L.P.,* 144 S. Ct. 2071, 2082-88 (2024).

13. The United States Trustee renews her objection to the use of the opt-out procedures to bind creditors because such procedures render the Amended Plan unconfirmable and adopts and incorporates, by reference, the arguments made in the Disclosure Statement Objection.

Amended Plan should provide for an independent third party to manage the Post-Confirmation Debtor

[1] The U.S. Trustee files this objection to further preserve her appellate rights. The Office of the U.S Trustee has appealed a confirmation order, which used "opt outs," in *The Container Store Group, Inc.* (Case No. 24-90627). That appeal is before the United States District Court for the Southern District in Case No. 25-00618.

[2] For the purposes of this Objection, the term "Third-Party Release" means the release set forth in Article VIII section B of the Amended Plan

14. The Amended Plan provides that Mr. Baldwin will continue managing the Post-Confirmation Debtor. However, Mr. Baldwin may be conflicted from serving in such a role given that, prior to the bankruptcy filing, he was a co-defendant in various lawsuits in which former member churches alleged, among other things, gross mismanagement and/or fraud.

15. Given the Post-Confirmation Debtor's fiduciary rule in carrying out terms of a confirmed plan, an independent third-party, or an oversight committee, should manage and oversee the Post-Confirmation Debtor.

The Confirmation Order should clarify that claims of governmental entities are not released.

16. The "police and regulatory power" exception to the automatic stay found at 11 U.S.C. § 362(b)(4) is designed to ensure that the stay "does not impede government's ability to protect public health and safety." *In re Wyly*, 526 B.R. 194, 198 (Bankr. N.D. Tex. 2015). Preserving governmental entities' ability to protect public health and safety is particularly important in the context of a healthcare company.

17. The United States Trustee requests that the Debtor include the following language in the Confirmation Order:

> Nothing in the Confirmation Order or the Plan shall effect a release of any claim by the United States Government or any of its agencies or any state and local authority whatsoever, including without limitation any claim arising under the Internal Revenue Code, the environmental laws or any criminal laws of the United States or any state and local authority against any party or person, nor shall anything in the Confirmation Order or the Plan enjoin the United States or any state or local authority from bringing any claim, suit, action, or other proceedings against any party or person for any liability of such persons whatever, including without limitation any claim, suit or action arising under the Internal Revenue Code, the environmental laws or any criminal laws of the United States or any state and local authority against such persons, nor shall anything in the Confirmation Order or the Plan exculpate any party or person from any liability to the United States Government or any of its

> agencies or any state and local authority whatsoever, including any liabilities arising under the Internal Revenue Code, the environmental laws or any criminal laws of the United States or any state and local authority against any party or person.

The Confirmation Order should provide for the filing of post-confirmation operating reports

18. The Amended Plan is silent with respect to the Debtor's duty to file post-confirmation operating reports. For the avoidance of doubt, the Confirmation Order should provide for the timely filing of post-confirmation operating reports until the case is dismissed, converted, or closed.

The Confirmation Order should specify that all UST quarterly fees due as of confirmation should be paid on the Effective Date

19. The Amended Plan provides that the payment of all fees due under 28 U.S.C. § 1930 "on or before the Effective Date" shall be paid "within 15 days following the Effective Date." Amended Plan § 4.5. However, 11 U.S.C. § 1129(a)(12) provides for the payment of UST quarterly fees "on the effective date of the plan." 11 U.S.C. § 1129(a)(12). Accordingly, the Confirmation Order should note that such fees should be paid as of the Effective Date, and not fifteen days after.

CONCLUSION

The United States Trustee respectfully requests that the Court sustain her objection. The United States Trustee further respectfully requests that the Court grant any other relief to which she may be entitled.

DATED: November 17, 2025

Respectfully submitted,

LISA L. LAMBERT
UNITED STATES TRUSTEE
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Certificate of Service

I certify that I sent copies of this motion on November 17, 2025, to all parties entitled to receive ECF notice in this case.

/s/ Erin Marie Schmidt
Erin Marie Schmidt