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DEBTOR-IN-POSSESSION

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION

In re:	§	**Chapter 11**
	§	
VISION2SYSTEMS LLC	§	**Case No. 25-40583-11**
	§	
Debtor.	§	

DEBTOR'S BRIEF IN SUPPORT OF CONFIRMATION OF THE
SECOND AMENDED PLAN OF LIQUIDATION OF VISION2SYSTEMS LLC

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TO THE HONORABLE MARK X. MULLIN,
UNITED STATES BANKRUPTCY JUDGE:

Vision2Systems LLC (the "**Debtor**"), debtor and debtor-in-possession in the above referenced bankruptcy case (the "**Bankruptcy Case**"), submits this brief (the "**Brief**") in support of the Debtor's Second Amended Plan of Liquidation (as the same may be subsequently modified and amended, the "**Plan**").[1] In support of confirmation of the Plan, and in response to the Objections (as defined herein), the Debtor respectfully represents as follows:

I. PRELIMINARY STATEMENT

1. The Court should confirm this Plan of Liquidation. It provides that best possible outcome for the Debtor's creditors. This plan epitomizes the purpose of Bankruptcy, that is, preventing a race to the courthouse and providing equitable treatment to similarly situated creditors.

II. BACKGROUND

A. Historical Information

2. The Debtor is a Texas limited liability company formed in 2012. Paul Baldwin ("**Baldwin**") has served as a Manager of the Debtor since its formation.

3. The Debtor was created, in connection with Saddleback Valley Community Church ("**Saddleback**"), to assist churches to enable a ministry-first approach to stewardship and generosity and to acquire, own, hold, license, operate, market, manage, sell or otherwise develop intellectual property, including, without limitation, computer technology for use by non-profit organizations and churches for the specific use of offering online giving services to their supporters. Working with partner churches, the Debtor developed a product, Vision2, that provided

[1] Unless otherwise noted herein, capitalized terms not defined herein, shall have the meanings ascribed to them in the Plan.

churches with a comprehensive giving and people management solution that provided simplified reporting on a congregation's giving. The Vision2 software supports web, text, and mobile giving by donors, plus effortless scanning of checks, envelopes, and more, for single or multi-campus churches. Vision2 seamlessly integrated with its customer church's websites and allowed the churches to engage givers with a media-rich giving experience. More specifically, rather than focus on Old Testament dictates to tithe to the church, the Debtor's product helped churches elevate and highlight the ministries that were being funded by their congregations and then provide feedback on how campaigns and projects were being funded.

4. Using the Vision2 software, churches would open accounts in Vision2, allowing their members to make donations via a digital platform. The payment facilitation aspect of the Debtor's product was based upon the Debtor utilizing credit card transactions, ACH debits (to "pull" from the church member's accounts for their contribution), ACH Back Office Conversion transactions for individual checks that could be truncated, and ICL transactions for checks that could not be truncated. Funds were transmitted to church customers via ACH "push" transactions or Wire Transfers. To allow the Debtor to facilitate payments and transfers more quickly to their customer churches, the Debtor utilized a "margin account" that allowed it to get immediate credit (prior to the ACH, ICL, or Credit Card transactions clearing) for the payments made by the church's members.

5. Red River Systems, a third-party systems integrator, was charged with the original construction of all of the banking integration with the Debtor's initial banking institution, Wells Fargo, for Card, ACH and ICL processing. Red River Systems was responsible for the design of how transactions were transmitted, confirmed, and returned.

B. Factors Precipitating the Bankruptcy Case

6. In August 2022, Wells Fargo informed the Debtor that they were getting out of the processing business, and that the Debtor would have to change to another processor. Over the next twelve months, the Debtor began reworking its software and integrations with a new processor. In October 2023, shortly after the transition to its new processor, the Debtor encountered a two-week period where, due to the new integrations, it could not facilitate ICL transactions. As a result of the inability to facilitate ICL transactions (i.e., accept and remit check payments made by the Church's members) during that two-week period, several churches left the Debtor's platform and began handling the processing of their own transactions without the Debtor's product. It was during this period, for the first time, the Debtor began to recognize cash-flow shortfalls in settling transactions with its customer churches. The cash flow concerns lead to longer delays in settling transactions with customer churches, which in turn lead to additional churches leaving the platform and further exasperation of the cash flow problems.

7. It was during this time, through investigation and review of bank data files, the Debtor learned that for years it had essentially been over-settling transactions to many of its member churches. While utilization of a margin account had the advantage of providing more immediate funds, the margin account would cover up situations where transactions were reversed and money initially transferred to the Debtor's account, was subsequently withdrawn from its account in the clearance process. Specifically, due to the margin account, the Debtor would receive the funds from ACH, ICL and Credit Card transactions, and then immediately push the funds to the customer churches. However, when transactions pulled by the Debtor were later reversed because of any number of error codes (and the funds withdrawn from the Debtor's account) the funds had already been settled and transferred to the customer churches. To complicate matters,

there were a number of instances where Wells Fargo failed to send the required error files in a format requested and expected so there was no clear communication that the withdrawal had occurred or the reason for the reversal and withdrawal. The Debtor's incredibly rapid growth and profits covered up the issue for years, until churches began leaving in October 2023. By this time though, the Debtor had been over-settling and transferring to 100s of churches for close to a decade.

8. Further complicating the problem, the Debtor later learned that, while most of the Debtor's credit card processors would deposit the *gross* amount of the credit card transactions (*i.e.,* the amount charged to the church member) and later charge the fees for the transaction to the Debtor, the High Value American Express Program was likely depositing the *net* amount of the credit card transactions (*i.e.*, the amount charge to the church member minus the fees for the transaction). Because the majority of the Debtor's credit card processors settled gross, the Debtor would withhold the fees from the settlement to its member churches. However, because the fees had already been withheld by American Express on those transactions, the Debtor's withholding of those amounts from church's settlement led to further complications in the accounting.

C. Pre-Petition Lawsuits

9. As of the Petition Date (as defined below), there were at least four main lawsuits pending against the Debtor:

- Saddleback Valley Community Church v. Vision2Systems, LLC, et. al., Case No. 3:24-cv-02700, pending in the United States District Court for the Northern District of Texas.
- The Crossing Church v. Vision2Systems, LLC, et. al, Cause No. DC-24 18092, pending in the 116th Judicial District Court for Dallas County, Texas.
- Resurrection Metropolitan Community Church v. Vision2Systems, LLC, et. al, Cause No. 2024-69700, pending in the 234th District Court for Harris County, Texas.

- Christian Fellowship Church v. Vision2Systems, LLC, et. al, Cause No. DC-25-00011, pending in the 68th District Court of Dallas County, Texas.

D. Bankruptcy

10. On February 19, 2025 (the "**Petition Date**"), the Debtor filed its voluntary petition for bankruptcy under chapter 11 of the Bankruptcy Code initiating the Bankruptcy Case. From and after the Petition Date, the Debtor has managed its estate as the debtor in possession pursuant to Bankruptcy Code §§ 1107 and 1108.

11. The United States Trustee (the "**UST**") appointed the Unsecured Creditors Committee (the "**Committee**") on March 13, 2025.[2]

12. The law firm of Spencer Fane LLP, counsel to the Debtor, with offices at 5700 Granite Parkway, Suite 650, Plano, Texas 75024, has represented the Debtor as bankruptcy counsel since the commencement of the Bankruptcy Case.

13. Additional information regarding the Debtor and the Bankruptcy Case, including the Debtor's business operations, capital structure, financial condition, and the reasons for and objective of this Bankruptcy Case, is set forth in the *Declaration of Paul Baldwin in Support of Debtor's Chapter 11 Petition and Requests for First Day Relief* (the "**Baldwin Declaration**") [Docket No. 5].

E. Debtor's Plan of Liquidation, Disclosure Statement, and Solicitation

14. On August 11, 2025, the Debtor filed its Plan of Liquidation of Vision2Systems LLC [Docket No. 124] and Disclosure Statement in Support of Plan of Liquidation of Vision2Systems LLC [Docket No. 125].

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[2] Docket No. 51

15. The Court held a hearing on the Disclosure Statement on September 22, 2025, during which the Debtor and certain creditors and parties-in-interest resolved various objections to the Disclosure Statement.

16. Thereafter, on October 2, 2025, the Debtor filed its Amended Plan of Liquidation of Vision2Systems LLC [Docket No. 142] and Amended Disclosure Statement in Support of Amended Plan of Liquidation of Vision2Systems LLC [Docket No. 143].

17. The Court entered its Order Approving Debtor's Disclosure Statement, Setting Confirmation Hearing, and Fixing Time for Filing Acceptances and Rejections of Debtor's Plan of Liquidation (the "**Disclosure Statement Order**") [Docket No. 145] on October 6, 2025.

18. On October 7, 2025, and in accordance with the Confirmation Scheduling Order, the Debtor served the Plan, Disclosure Statement, Confirmation Scheduling Order, and a ballot for voting to accept or reject the Plan (the "**Solicitation Packet**") on the holders of Claims in all Classes of the Debtors' plan.

19. On November 17, 2025, the Debtor filed its Second Amended Plan of Liquidation of Vision2Systems LLC (the "**Plan**")[Docket No. 158].

F. Objections

20. The Debtor received the following objections (collectively, the "**Objections**"):

- Objection of Dallas County to Amended Plan of Liquidation of Vision2Systems LLC [Docket No. 152] and Objection of Dallas County to Second Amended Plan of Liquidation of Vision2Systems LLC (the "**Dallas County Objections**") [Docket No. 163];

- United States Trustee's Objection to Amended Plan of Liquidation of Vision2Systems LLC (the "**UST Objection**") [Docket No. 155];

- United States' (SBA) Objection to Debtor's Amended Plan of Liquidation (the "**SBA Objection**") [Docket No. 157]; and

- Northridge Church's Notice and Objection to Debtor's Amended Plan of Liquidation and Joinder to the United States Trustee's Objections (the "**Northridge Objection**") [Docket No. 160]

III. ARGUMENTS AND AUTHORITIES

21. To confirm the Plan, the Debtor must demonstrate that the Plan satisfies the applicable provisions of section 1129 of the Bankruptcy Code by a preponderance of the evidence. *Fin Sec. Assurance, Inc. v. T-H New Orleans Ltd. P'ship. (In re T-H New Orleans Ltd. P'ship.)*, 116 F.3d 790, 801 (5th Cir. 1997). In the event all requirements of Bankruptcy Code section 1129(a) are met other than those in subsection (a)(8), the Bankruptcy Court may confirm the Plan if the requirements of Bankruptcy Code section 1129(b) are satisfied. 11 U.S.C. § 1129(b)(1).

22. The record in this Bankruptcy Case, the exhibits attached to the Disclosure Statement, and the evidence at the hearing to be held on confirmation prove by a preponderance of the evidence that the Plan satisfies all relevant provisions of the Bankruptcy Code. Accordingly, the Court should confirm the Plan.

A. The Plan complies with 11 U.S.C. § 1129(a)(1).

23. Bankruptcy Code section 1129(a)(1) requires that a chapter 11 plan comply with the applicable provisions of the Bankruptcy Code. 11 U.S.C. § 1129(a)(1). The legislative history of section 1129(a)(1) explains that this provision encompasses the requirements of sections 1122 and 1123 of the Bankruptcy Code governing the classification of claims and the contents of the plan, respectively. *See* S. Rep. No. 95-989, 95th Cong., 2d Sess. 126 (1978); H.R. Rep. No. 95-595, 95th Cong., 1st Sess. 412 (1977).[3]

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[3] *See also In re Star Ambulance Serv., LLC,* 540 B.R. 251, 260 (Bankr. S.D. Tex. 2015) ("Courts interpret [section 1129(a)(1)] to mean that a plan must meet the requirements of Bankruptcy Code Sections 1122 and 1123.") (citing *In re Save Our Springs (S.O.S.) Alliance, Inc.,* 632 F.3d 168, 174 (5th Cir. 2011)); *In re J T Thorpe Co.,* 308 B.R. 782, 785 (Bankr. S.D. Tex. 2003) ("The Plan complies with the applicable provisions of the Bankruptcy Code, including the requirements of Sections 1122 and 1123(a) and (b) of the Bankruptcy Code, thereby satisfying Section 1129(a)(1) of the Bankruptcy Code."); H.R. Rep. No. 95–595, at 412 (1977).

i. The Plan satisfies the classification requirements of section 1122.

24. The Plan satisfies Bankruptcy Code section 1122's classification requirements. Bankruptcy Code section 1122 provides:

> (a) Except as provided in subsection (b) of this section, a plan may place a claim or an interest in a particular class only if such claim or interest is substantially similar to the other claims or interests of such class.
>
> (b) A plan may designate a separate class of claims consisting only of every unsecured claim that is less than or reduced to an amount that the court approves as reasonable and necessary for administrative convenience.

11 U.S.C. § 1122.

25. This provision requires that all claims placed in the same class must be fundamentally similar to one another, but it does not require that all substantially similar claims be placed in the same class. *See Phoenix Mut. Life Ins. Co. v. Greystone III Joint Venture (Matter of Greystone III Joint Venture)*, 995 F.2d 1274, 1279 (5th Cir. 1991). The Fifth Circuit has recognized that under Bankruptcy Code section 1122, a plan proponent has broad discretion to place similar claims into different classes, provided there is a good business reason to do so other than the motivation to secure the vote of an impaired assenting class of claims. *Id.*[4] Courts have identified grounds justifying separate classification, including: (a) where members of a class possess different legal rights; and (b) where there are good business reasons for separate classification. *See In re Heritage Org., LLC*, 375 B.R. 230, 299 n. 86 (Bankr. N.D. Tex. 2007) (finding that if creditors had different legal rights under equitable subordination, then separate classification would be

[4] *See also Bank of New York Trust Co., NA v. Official Unsecured Creditors' Comm. (In re Pacific Lumber Co.)*, 584 F.3d 229, 251 (5th Cir. 2009).

appropriate); *In re Robertshaw US Holding Corp.*, 662 B.R. 300, 319 (Bankr. S.D. Tex. 2024) (permitting separate classification based on valid business, factual, and legal reasons).

26. Article III of the Plan provides for the classification of claims and interests in five individual classes based upon the legal nature and/or priority of such claims and interests. Administrative expense claims, professional fee claims, U.S. Trustee fees, and priority tax claims are not classified and are separately treated in the Plan.

27. The classes of claims and interests are as follows:

Class	**Designation**
Class 1	Secured Claims of CGC
Class 2	Secured Claim of the SBA
Class 3	General Unsecured
Class 4	Insider Claims
Class 5	Equity Interests

28. Each of the claims or interests in each particular class is substantially similar to the other claims or interests in such class, and the Debtors' classification of claims and interests does not prejudice the rights of holders of such claims and interests. Accordingly, the Plan's classification scheme fits within section 1122's flexible standard. *See In re Chateaugay Corp.,* 89 F.3d 942, 949-50 (2d Cir. 1996) ("Congress gave reorganizing debtors considerable flexibility in their treatment of general unsecured creditors to position themselves for future economic viability.").

29. The SBA contends that the "Plan improperly gerrymanders the general unsecured class by segregating the general unsecured claims that are all the same into two different general

unsecured classes."[5] Its argument misunderstands the law on classification and treatment for classed, and consequently the SBA Objection should overruled.

30. The Plan contains one class of general unsecured claims, not two, as the SBA argues. The Debtor understands the SBA's argument to be that the Plan violates section 1123(a)(4) in that those creditors who choose not to opt out of the releases receive their Pro Rata share of the GUC Settlement Distribution Amount, in addition to the Pro Rata share of the Initial GUC Amount, which every holder of an allowed Class 3 Claim is entitled to. "Providing different treatment to a creditor who agrees to settle instead of litigating is permitted by section 1123(a)(4)." *In re Washington Mut., Inc.*, 442 B.R. 314, 355 (Bankr. D. Del. 2011) (citing *In re Dow Corning Corp.,* 255 B.R. 445, 472 (E.D. Mich. 2000)). "What is important is that each claimant within a class have the same opportunity to receive equal treatment." *In re Washington Mut., Inc.*, 442 B.R. at 356 (citing *In re Dana Corp.*, 412 B.R. 53, 62 (S.D.N.Y. 2008)). Here, each of the Class 3 General Unsecured Creditors receive the exact same treatment, which permits them to share it the Initial GUC Amount, and if they choose to not opt-out, then participate in the GUC Settlement Distribution Amount. Consequently, because the Plan classifies similar creditors similarly, and provides the same treatment to each of the creditors in Class 3, the SBA Objection should be overruled.

ii. The Plan satisfies the mandatory plan requirements of section 1123.

30. The Plan meets the seven mandatory requirements of section 1123(a) of the Bankruptcy Code. Section 3.3 and Article V of the Plan designate classes of claims and interests and specify unimpaired class of claims and interests, as required by 11 U.S.C. § 1123(a)(1), (2), and (3), while Article V provides for the same treatment for each claim or interest of a particular

[5] SBA Objection ¶ 2

class, unless the holder of a particular claim agrees to a less favorable treatment. *See* 11 U.S.C. § 1123(a). Article VI of the Plan provides adequate means for the plan's implementation and aligns with public policy. *Id.*

B. The Plan complies with the applicable provisions of 11 U.S.C. § 1129(a)(2).

31. Bankruptcy Code section 1129(a)(2) requires the proponent of a plan to comply "with the applicable provisions of this title." 11 U.S.C. § 1129(a)(2). The cases and legislative history discussing section 1129(a)(2) indicate that this section principally embodies the disclosure and solicitation requirements of Bankruptcy Code sections 1125 and 1126. *See In re Texaco, Inc.*, 84 B.R. 893, 903 (Bankr. S.D.N.Y. 1988) ("The principal purpose of section 1129(a)(2) is to assure that the proponents have complied with the requirements of section 1125 in the solicitation of acceptances of the plan."); S. Rep. No. 989, 95th Cong., 2d Sess. 126 (1978).

i. The Plan Complies with Section 1125 of the Bankruptcy Code

32. Under section 1125 of the Bankruptcy Code, prior to the solicitation of votes on a plan of reorganization or liquidation, a debtor must disclose information that is adequate to permit an informed judgment by creditors and shareholders entitled to vote on the Plan. 11 U.S.C. § 1125.

33. Here, the Debtor satisfied section 1125 of the Bankruptcy Code. The Court approved the Disclosure Statement as containing adequate information, and the Debtor solicited and tabulated votes on the Plan in accordance with the solicitation procedures approved by the Court.[6]

34. As set forth in the Certificate of Service, each holder of an Impaired Claim or Interest entitled to vote was sent a Solicitation Package required by the Disclosure Statement Order, including: (i) the Amended Plan of Liquidation of Vision2Systems LLC; (ii) the Amended

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[6] *See* Disclosure Statement Order.

Disclosure Statement in Support of Amended Plan of Liquidation of Vision2Systems LLC; (iii) Order Approving Debtor's Disclosure Statement, Setting Confirmation Hearing, and Fixing Time for Filing Acceptances and Rejections of Debtor's Plan of Liquidation; and (iv) a Ballot for Accepting or Rejecting the Debtor's Plan of Liquidation. The Solicitation Package was transmitted in connection with the solicitation of votes to accept the Plan in compliance with section 1125 of the Bankruptcy Code. The Debtor did not solicit acceptances of the Plan from any creditor or equity interest holder prior to the transmission of the Disclosure Statement.

35. Therefore, the Debtor has complied with the requirements of section 1125.

ii. The Plan Complies with Section 1126 of the Bankruptcy Code

35. Section 1126 of the Bankruptcy Code provides that only holders of allowed claims in impaired classes that will receive or retain property under a plan on account of such claims may vote to accept or reject a plan. 11 U.S.C. § 1126(c), (f)-(g). In accordance with section 1126, the plan proponents did not solicit votes from Classes 2, 4 and 5. The Debtor's solicitation efforts therefore complied with Section 1126.

C. The Plan has been proposed in good faith and not by any means forbidden by law, pursuant to 11 U.S.C. § 1129(a)(3).

36. Bankruptcy Code section 1129(a)(3) requires that a Chapter 11 plan be "proposed in good faith and not by any means forbidden by law." 11 U.S.C §1129(a)(3). The Fifth Circuit has stated that good faith under section 1129(a)(3) "should be evaluated 'in light of the totality of the circumstances surrounding establishment of [the] plan,' mindful of the purposes underlying the Bankruptcy Code." *See Western Real Estate Equities, L.L.C. v. Village at Camp Bowie I, L.P. (In re Village at Camp Bowie I, L.P.)*, 710 F.3d 239, 246 (5th Cir. 2013) (quoting *In re Cajun Elec. Power Co-op., Inc.*, 150 F.3d 503, 519 (5th Cir. 1988)). Some courts have looked to the following factors: "(1) whether the proposed plan promotes a result consistent with the Bankruptcy Code's

objectives; (2) whether the proposed plan has been proposed with honesty and good intentions and with a basis for expecting that reorganization can be effected; and (3) whether the debtor exhibited fundamental fairness in dealing with its creditors." *In re Trinity Fam. Prac. & Urgent Care PLLC*, 661 B.R. 793, 813 (Bankr. W.D. Tex. 2024) (citing *In re W.R. Grace & Co.*, 475 B.R. 34, 87-88 (D. Del. 2012)).

37. Here, the Debtor proposed the Plan in good faith, and for the legitimate and honest purposes of orderly liquidation of the Debtor. Further, throughout the process, the Debtor has substantially engaged in arms-length, good faith negotiations with the creditors, the Committee, the UST, and other parties in interest. Indeed, the Debtor was able to reach agreements with the Committee and multiple parties in the Bankruptcy Case that lead to the changes in the Second Amended Plan.

38. Based on the totality of the circumstances discussed above, as well as the testimony to be given at the Confirmation Hearing, the Debtors have shown and will show that they filed the Plan in good faith.

D. The Plan provides for Bankruptcy Court approval of certain administrative payments, pursuant to 11 U.S.C. § 1129(a)(4).

39. Bankruptcy Code section 1129(a)(4) requires that certain professional fees and expenses paid by the plan proponent, by the debtor, or by a person issuing securities or acquiring property under the plan, be subject to approval of the court as reasonable. Specifically, section 1129(a)(4) requires that:

> Any payment made or to be made by the proponent, by the debtor, or by a person issuing securities or acquiring property under the plan, for services or for costs and expenses in or in connection with the case, or in connection with the plan and incident to the case, has been approved by, or is subject to approval of, the court as reasonable.

11 U.S.C. § 1129(a)(4). This section of the Bankruptcy Code has been construed to require that all payments of professional fees that are made from estate assets be subject to review and approval by the court as to their reasonableness. *See, e.g., In re Johns-Manville Corp*., 68 B.R. 618, 632 (Bankr. S.D.N.Y. 1986) (noting that the court must be permitted to review and approve the reasonableness of professional fees paid for with estate assets). Except as otherwise ordered by this Court, all professional fees and expenses remain subject to final review for reasonableness by the Court under Bankruptcy Code section 330. In addition, under sections 503(b)(3) and (4), this Court must review any application for substantial contribution to ensure compliance with the statutory requirements that the fees requested are reasonable.

40. Here, all payments made or to be made by the Debtor for services or for costs or expenses in connection with this Bankruptcy Case, including all professionals' fee claims, have been approved by, or are subject to approval of, this Court as reasonable. In particular, Article IV of the Plan provides for the payment of only Allowed Administrative Claims. *See In re Elsinore Shore Assocs*., 91 B.R. 238, 268 (Bankr. D.N.J. 1988) (holding that requirements of section 1129(a)(4) were satisfied where the plan provided for payment of only "allowed" administrative expenses). Accordingly, the Plan complies fully with the requirements of Bankruptcy Code section 1129(a)(4).

E. The Plan, including the Plan Supplement, complies with 11 U.S.C. § 1129(a)(5).

41. Bankruptcy Code section 1129(a)(5) requires that the Debtor disclose the identity and affiliations of the individuals proposed to serve as directors and/or officers of the debtor or a successor of the debtor pursuant to the plan; that the appointment or continuance of such officers and directors be consistent with the interests of creditors and equity security holders and with

public policy; and that there be disclosure of the identity and compensation of any insiders to be retained or employed by the debtor's estate post-petition. *See* 11 U.S.C § 1129(a)(5).

42. Section 6.4 of the Plan provides for the Post-Effective Date Wind-Down. Specifically, the Plan provides that "the Post Confirmation Debtor will take such actions as may be necessary or appropriate to wind down, dissolve, or otherwise terminate the corporate existence of the Post-Confirmation Debtor."[7] Additionally, "[a]fter the Effective Date, Paul Baldwin shall continue to serve as an authorized representative of the Post Confirmation Debtor to carry out the wind down of the Post-Confirmation Debtor."[8]

43. The UST and Northridge take issue with Pauld Baldwin continuing to serve as the representative Post Effective Date. Importantly, the UST does not cite a single case or any authority for their position. Additionally, the UST Objection does not fully contemplate the ramifications for what it asks. Mr. Baldwin is offering perform the post-Confirmation and post-Effective Date tasks for free. The Debtor's cash, other than the small amount which is clearly the property of certain churches (i.e., the FBO Funds) is likely the cash collateral of CGC. Thus, the only funds that would be available to pay a proposed "independent third party" would be the Principals Settlement Proceeds. Thus, the logical conclusion from the UST's objection is that it would like for recoveries to general unsecured creditors to be reduced in order have an independent third party aminister the wind-down estate, which actions will likely consist of filing the necessary post-Effective Date reports and distributing the amounts specified in the Plan. The Debtors submit that Mr. Baldwin's impeccable performance of preparing reports and managing the Debtor during the pendency of the Bankruptcy Case is more than sufficient evidence to justify his continuing to manage the wind-

[7] Second Amended Plan, Page 14
[8] *Id.*

down of the Debtors. Finally, importantly, only one of the dozens of church affected in the case, and the dozens that voted, objected to Mr. Baldwin's facilitating the wind-down of the Debtors. The UST and Northridge objections should be overruled.

F. The Plan does not require governmental regulatory approval, pursuant to 11 U.S.C. § 1129(a)(6).

44. Bankruptcy Code section 1129(a)(6) permits confirmation only if any regulatory commission that will have jurisdiction over the debtor after confirmation has approved any rate change provided for in the plan. 11 U.S.C. § 1129(a)(6). Section 1129(a)(6) is inapplicable because the Plan does not provide for any rate changes subject to regulatory approval. Accordingly, the requirements of section 1129(a)(6) have been satisfied.

G. The Plan is in the best interests of creditors and interest holders, pursuant to 11 U.S.C. § 1129(a)(7).

45. Bankruptcy Code section 1129(a)(7) – the "best interest of creditors test" – requires that, with respect to each impaired class of claims or interests, each holder of a claim or interest of such class under the Plan on account of such claim, (i) has accepted the plan; or (ii) will receive or retain under the plan on account of such claim or interest property of a value, as of the effective date of the plan, that is not less than the amount that such holder would so receive or retain if the debtor were liquidated under Chapter 7 of this title on such date. *See* 11 U.S.C. § 1129(a)(7)(A)(i)-(ii). The best interest of creditors test applies to individual dissenting creditors rather than classes of claims and is generally satisfied through a comparison of (i) the estimated recoveries for the debtor's stakeholders in a hypothetical chapter 7 liquidation of that debtor's estate with (ii) the estimated recoveries under the debtor's chapter 11 plan. *See Bank of Am Nat'l. Trust & Sav. Ass'n. v. 203 N. LaSalle St. P'ship.*, 526 U.S. 434, 441 (1999) ("The 'best interests' test applies to

individual creditors holding impaired claims, even if the class as a whole votes to accept the plan.”).

46. The liquidation analysis explains that in a chapter 7 liquidation, creditors would likely receive substantially less that they will receive under the plan.

47. As demonstrated in the Liquidation Analysis, the Plan satisfies the best interests test because the Plan provides such holders with the same or greater recoveries than they would receive in a hypothetical chapter 7 liquidation. Further, classes 1and 3 both voted in favor of the Plan.

H. Section 1129(a)(8).

48. As explained below, the Debtor is seeking confirmation under the cramdown provisions of section 1129(b).

I. The Plan complies with statutorily mandated treatment of administrative and priority tax claims under 11 U.S.C. § 1129(a)(9).

49. Bankruptcy Code section 1129(a)(9) requires that persons holding claims entitled to priority under section 507(a) receive specified cash payments under the Plan. *See* 11 U.S.C. § 1129(a)(9). Unless the holder of a particular claim agrees to a different treatment with respect to such claim, Bankruptcy Code section 1129(a)(9) generally requires the Plan to satisfy administrative and priority tax claims in full in cash.

50. As required by Bankruptcy Code section 1129(a)(9), Article IV of the Plan generally provides for full payment of Allowed Administrative Claims and Allowed Priority Tax Claims. Based on the foregoing, the Plan satisfies the requirements of Bankruptcy Code section 1129(a)(9).

J. At least one impaired class of claims has accepted the plan, excluding the acceptances of insiders, pursuant to 11 U.S.C. § 1129(a)(10).

51. Section 1129(a)(10) provides that to the extent there is an impaired class of claims, at least one impaired class of claims must accept the Plan, excluding acceptance by any insider. *See* 11 U.S.C. § 1129(a)(10). Under section 1126(c), a class of impaired claims accepts a plan if holders of at least two-thirds in dollar amount and more than one-half in number of the claims in that class actually vote to accept the plan. *See* 11 U.S.C § 1126(c). Further, under section 1126(d), a class of interests accepts a plan if holders of at least two-thirds in amount of the allowed interests in that class actually vote to accept the plan. *See* 11 U.S.C. § 1126(d). In a class that is not impaired under a plan, each holder of a claim or interest in such class is conclusively presumed to have accepted the plan. *See* 11 U.S.C. § 1126(f). On the other hand, a class is deemed to have rejected a plan if the plan provides that the claims or interests of that class do not receive or retain any property under the plan on account of such claims or interests. *See* 11 U.S.C. § 1126(g). In this case, Classes 1 and 3, both of which are Impaired, voted in favor of the Plan. Therefore, the Plan satisfies the requirements of Bankruptcy Code section 1129(a)(10).

K. The Plan is feasible under 11 U.S.C. § 1129(a)(11).

52. Section 1129(a)(11) requires that the bankruptcy court finds that the Plan is feasible as a condition precedent to confirmation. Specifically, the Bankruptcy Court must determine that:

> [c]onfirmation of the plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the debtor or any successor to the debtor under the plan, unless such liquidation or reorganization is proposed in the plan.

11 U.S.C. § 1129(a)(11).

53. To satisfy section 1129(a)(11), a debtor need not warrant, or prove to a mathematical certainty, the future success of the plan. *See In re T-H New Orleans Ltd. P'ship.*, 116

F.3d at 801 (*citing In re Briscoe Enter., Ltd., II,* 994 F.2d 1160, 1165 (5th Cir. 1993); *203 N. LaSalle St. P'ship*., 126 F.3d at 962 (overruling an objection which was based on a different interpretation of the real estate market, and stating that "[a] plan need not be assured of success to be confirmed"). Rather, a plan is feasible and should be confirmed if it "offers a reasonably workable prospect of success and is not a visionary scheme." *In re Merrimack Valley Oil Co*., 32 B.R. 485, 488 (Bankr. D. Mass. 1983); *In re Prudential Energy Co.,* 58 B.R. 857, 862 (Bankr. S.D.N.Y. 1986) ("Guaranteed success in the stiff winds of commerce without the protection of the Code is not the standard under § 1129(a)(11)").

54. At the Confirmation Hearing, the Debtors will solicit testimony that the funds necessary to fund the Plan have already been escrowed and are prepared to be utilized to effectuate and substantially consummate the Plan. Consequently, Section 1129(a)(11) is met.

L. The Plan provides for the payment of all fees under 28 U.S.C. § 1930, pursuant to 11 U.S.C. § 1129(a)(12).

55. Bankruptcy Code section 1129(a)(12) requires the payment of all fees payable under 28 U.S.C. § 1930. *See* 11 U.S.C. § 1129(a)(12). The Plan provides that such fees shall be paid within fifteen days of the Effective Date.[9]

56. The UST Objection raises that the UST fees must be paid by the Effective Date. The Debtor will modify the Second Amended Plan pursuant to the Confirmation Order to provide that the UST fees will be paid on or before the Effective Date. With the change, the Plan will comply with section 1129(a)(12).

[9] *See* Plan § 4.5.

M. Bankruptcy Code section 1129(a)(13) is inapplicable to Debtor's Plan.

57. Bankruptcy Code section 1129(a)(13) requires that all retiree benefits continue to be paid post confirmation at any level established in accordance with Bankruptcy Code section 1114. 11 U.S.C. § 1129(a)(13). Because the Debtors did not pay retiree benefits within the meaning of section 1114 on the Petition Date or at any time prior to confirmation of the Plan, section 1129(a)(13) is inapplicable to the Debtor's Plan.

N. The Plan satisfies the "Cramdown" requirements of 11 U.S.C. § 1129(b).

58. Bankruptcy Code section 1129(b) provides a mechanism for confirmation of a chapter 11 plan in circumstances where the plan is not accepted by all impaired classes of claims and interests. This mechanism is commonly referred to as "cramdown." Under section 1129(b)(1), a plan may be confirmed provided it does not discriminate unfairly and it is fair and equitable with respect to each class of claims and interests that is impaired and has not accepted the plan. 11 U.S.C. § 1129(b)(1). Thus, to confirm a plan that has not been accepted by all impaired classes, the plan proponent must show that the plan does not discriminate unfairly and is fair and equitable with respect to the non-accepting impaired classes. The Plan does not discriminate at all between classes of similar priority. As such, the Plan does not unfairly discriminate.

68. Bankruptcy Code sections 1129(b)(2)(B)(ii) and 1129(b)(2)(C)(ii) provide that a plan is fair and equitable with respect to a class of impaired unsecured claims or interests if the plan provides that the holder of any claim or interest that is junior to the claims or interests of such class will not receive or retain under the plan on account of such junior claim or interest any property. *See* 11 U.S.C. § 1129(b)(2)(B)(ii), (C)(ii). With respect to a class of impaired secured claims, a plan is fair and equitable if the plan provides that (a)(i) the holders of such claims will retain the liens securing such claims to the extent of the allowed amount of such claims, and (ii)

each holder of a claim of such claim will receive on account of such claim deferred cash payments totaling at least the allowed amount of such claim, of a value, as of the effective date of the plan, of at least the value of such holder's interest in the estate's interest in such property, or (b) such holders will realize the indubitable equivalent of their claims. *See* 11 U.S.C. § 1129(b)(2)(A)(i) & (iii).

69. The foregoing rules constitute a central tenet of bankruptcy law – the "absolute priority rule," which requires that if the holders of claims in a particular class receive less than full value for their claims, no holders of claims or interests in a junior class may receive property under the plan. The corollary of the absolute priority rule is that senior classes cannot receive more than a 100% recovery for their claims.

70. The absolute priority rule is codified in section 1129(b)(2)(B)(ii) and provides

> B. With respect to a class of <u>unsecured claims</u> –
>
> (ii) the holder of any claim of interest that is junior to the claims of such class will not receive or retain under the plan on account of such junior claim or interest any property, except that in a case in which the debtor is an individual in the estate under section 1115, subject to the requirements of subsection (a)(4) of this section.

See 11 U.S.C. § 1129(b)(2)(B)(ii) (emphasis added); *203 N. LaSall Street P'ship*, 526 U.S. at 444-48; *In re Pacific Lumber Co.*, 584 F.3d at 245.

71. Further, under the absolute priority rule, "fairness and equity required that 'the creditors ... be paid before the stockholders could retain [equity interests] for any purpose whatever.'" *203 N. LaSall Street P'ship*, 526 U.S. at 444 (citing *Northern Pacific R. Co. v. Boyd,* 228 U.S. 482, 508 (1913)). However, the debtor's old equity holders may retain their interests "if they contribute new value to the bankruptcy estate, and this new value 'makes the senior creditors (and the estate as a whole) better off.'" *In re Acis Cap. Mgmt., L.P.*, 604 B.R. 484,

537 (N.D. Tex. 2019), *aff'd sub nom. Matter of Acis Cap. Mgmt., L.P.*, 850 F. App'x 302 (5th Cir. 2021) (citing *In re Castleton Plaza, LP*, 707 F.3d 821, 821 (7th Cir. 2013)). The proper way to assess whether the new value contributed is adequate "is to allow for a market valuation of the debtor's equity." *In re Acis Capital Management*, 604 B.R. at 537. "In *LaSalle* the Supreme Court suggested (but did not decide) that the termination of exclusivity—i.e., allowing any interested person to submit a competing reorganization plan—can constitute a sufficient market test of a debtor's value." *Id.* at 538. Since *LaSalle*, many courts have decided "that opening the bankruptcy process to competing plan proposals is a valid market test." *Id.* (collecting cases).

72. Under the Plan, the equity interests in the Debtor are being cancelled. As such, the Plan does not violate the absolute priority rule, and accordingly meets the requirements of section 1129(b) of the Bankruptcy Code.

IV. The UST Objections Should be Overruled.

A. The Third-Party Releases are Consensual and Permitted.

75. The UST objects to the third-party releases contained in Section 11.7 of the Plan (the "**Third-Party Releases**").[10] The UST's argument centers on a fundamental mischaracterization of the Third-Party Releases—that the Third-Party Releases are non-consensual. Based on this characterization, the UST contends the Third-Party Releases violate the ruling of the Supreme Court in *Harrington v. Purdue Pharma L.P.,* 144 S. Ct. 2071, 2082-88 (2024). The Third-Party Releases in the Plan, however, are consensual. As such, *Purdue* is inapplicable to these Third-Party Releases. Indeed, the Supreme Court in *Purdue* could not have been clearer in limiting its decision to the question before it:

> As important as the question we decide today are ones we do not. Nothing in what we have said should be construed to call into question ***consensual***

[10] *See* UST Objection at ¶¶ 10-13; SBA Objection at 4; Northridge Church Objection at 2.

> ***third-party releases*** offered in connection with a bankruptcy reorganization plan; those sorts of releases pose different questions and may rest on different legal grounds than the nonconsensual release at issue here. Nor do we have occasion today to express a view on what qualifies as a consensual release or pass upon a plan that provides for the full satisfaction of claims against a third-party nondebtor.

Purdue Pharma, 144 S.Ct. at 2087–88 (emphasis added).

76. Bankruptcy courts in the Fifth Circuit, including this Court[11] and other courts in this district,[12] routinely approve third-party releases utilizing an opt-out mechanism like the one utilized in the Bankruptcy Case. *See also e.g. In re Convergeone Hldgs., Inc.*, Case No. 24-90194 (CML) [Dkt. No. 396] (Bankr. S.D. Tex. May 23, 2024); *In re Novvi, LLC*, Case No. 23-90906 (CML) [Dkt. No. 104] (Bankr. S.D. Tex. Jan 25, 2024); *In re OSG Hldgs., Inc.*, Case No. 23-90799 (CML) [Dkt. No. 173] (Bankr. S.D. Tex. Nov 21, 2023). Under Fifth Circuit law, third-party releases that are (i) consensual, (ii) specific in language, (iii) integral to the plan, (iv) a condition of the settlement, and (v) given for consideration, do not violate the Bankruptcy Code and should be included in the Plan. *See In re Wool Growers Cent. Storage Co.*, 371 B.R. 768, 775 (Bankr. N.D. Tex. 2007)(citation omitted). The critical factor in determining whether a release is consensual is whether, after the debtors provide appropriate notice, "the affected creditor *timely objects* to the provision. *See id.* at 776 (*citing In re Zale Corp.*, 62 F.3d 746, 760-61 (5th Cir. 1995)(emphasis added).

77. The Plan provides for consensual Third-Party Releases that clearly meet the controlling standard. ***First***, the Third-Party Releases are fully consensual. As described above, parties in interest were provided notice of the Bankruptcy Case, the Plan, the Third-Party Releases,

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[11] *See In re Bainbridge Uinta, LLC*, Case No. 20-42794 [Dkt.No. 358].
[12] *See In re Rockies Region 2006 Limited Partnership*, Case no. 18-33513 (SGJ) [Dkt. No. 272]; *see also In re Kid Kraft*, Case No. 24-80045 (MVL) [Dkt No. 241].

and the deadline to object to confirmation of the Plan. The Debtors provided notice of the Plan through the Solicitation materials to all creditors on the Debtor's creditor matrix and expressly included in bold typeface the terms of the Third-Party Releases, as set forth in Section 11.7 of the Plan,[13] and included the Third-Party Releases language in bold on the actual ballot. In addition the ballot advised that parties should carefully review the release, exculpation, and injunction provisions, and specifically pointed to where those provisions here in the Plan. Importantly, and as evidence that the disclosure and notice was sufficient, seven different parties actually elected to opt-out of Third-Party Releases.

78. ***Second,*** the Third-Party Releases are sufficiently specific as to put the Releasing Parties on notice of the released Claims. *See FOM Puerto Rico S.E. v. Dr. Barnes Eyecenter Inc.*, 255 Fed. App'x. 909 (5th Cir. 2007)(holding as sufficiently specific a release of any claims "based in whole or in part on any act or omission, transaction, or occurrence from the beginning of time through the Effective Date in any way relating to [the debtor], its Bankruptcy Case, or the Plan."). The Third-Party Releases specify the nature and types of Claims and Causes of Action being released, each of which relate solely to the Debtors.[14]

79. ***Third,*** the Third-Party Releases are absolutely an integral and critical piece of the Plan, as the consideration paid for the Third-Party Releases is the primary funding source for the Plan and recoveries to general unsecured creditors. Similarly, the Third-Party Releases are part of the settlement with the principals. Without the settlement payment, and Third-Party Releases, general unsecured creditors face the very likely prospect of receiving zero recovery in a chapter 7.

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[13] The Debtor notes that the UST identifies the "Third Party Release" is objects to in its objection as "the release set forth in Article VIII section b of the Amended Plan;" however, Article VIII of the Debtor's Plan does not have a "section b." Instead, the Debtor assumes that the UST is using the same objection it files in every case containing consensual third party releases that utilize an opt-out mechanism and did not update the reference to the Debtor's Plan.

[14] *See* Plan § 11.7.

80. ***Fourth,*** the Third-Party Releases are drafted such that they are consensual so both sides receive consideration benefit. In addition to the mutual release, the Releasing Parties are providing real value. More specifically, the evidence at the Confirmation Hearing willb e that the Releasing Parties are contributing all of their non-exempt assets to the Plan as consideration for the Third-Party Releases. Finally, during the pendency of the Bankruptcy Case, each of the principals made significant contributions to the Bankruptcy Case. Specifically, Mr. Tierney finished the reconciliation he discussed at the first day hearings, and cooperated with providing the documents and analysis related to the reconciliation. Mr. Baldwin timely prepared all of the monthly operating reports and administrative tasks required by the case and was not paid a single dollar. Consequently, each of Mr. Baldwin and Mr. Tierney have provided valid consideration for the Third Party Releases.

81. The Third-Party Releases unequivocally meet all of the applicable elements and requirements for approval under Fifth Circuit law. As such the Court should approve the Third-Party Release and overrule the objections related thereto.

B. The UST's Request to Preserve Claims is Improper.

82. Without any authority, the UST objects to confirmation and request that the Debtor include certain preservation of claims and causes of action that they have not asserted. The governmental bar date was August 18, 2025,[15] and with the exception of the SBA, the United States did not file a proof of claim. But the UST attempts to take their request even broader and exempt from discharge "any claim by the United States or any of its agencies *or any state and local authority whatsoever*." Again, the UST provides no authority for why the bar date and section 1141(d)(1)(A) should not apply equally to the United States and all other governmental agencies

[15] *See* Notice of Commencement of Case [Docket No. 13].

the United States purports to be objecting on behalf of. Specifically, section 1141(d)(4)(A) provides that an order confirming a plan "discharges the debtor from any debt that arose before the date of such confirmation, and any debt of a kind specified in section 502(g), 502(h), or 502(i) of this title." 11 U.S.C. § 1141(a)(4)(D). No carve-out for governmental agencies. The practical effect of the UST's language would be to allow *any* governmental entity to escape the consequences of not filing a proof of claim. The broader impact of such language very well undermines the process and rationale underlying the claims process—that when parties get to confirmation they know what claims have been asserted. Here, the UST requests that notwithstanding any governmental agency not filing any proof of claim, it could still swoop in and assert claim against the Debtors post-confirmation. Such a result is not only inequitable, but simply not supported by the Bankruptcy Code.

V. The SBA's Objection Should Be Overruled

A. The Plan Expressly Addresses the SBA's Claims.

83. The SBA's first objection is puzzling. The SBA argues that the Debtor's Plan "fails to recognize the amount of the SBA's claim against the Debtor's estate of $515,959.88. (as of the Petition Date) and its fails to state what the general unsecured creditors will receive on account of their general unsecured claims."[16] The treatment of the SBA says as follows:

> Class 2: Secured Claims of the Small Business Administration. Class 2 shall consist of the Allowed Secured Claim of the SBA, which shall be Allowed in the amount of zero dollars. The SBA shall receive nothing on account of its Allowed Class 2 Claim. Notwithstanding the foregoing, nothing in this section shall diminish or change the effect of section 506 of the Bankruptcy Code, and as such, ***any Allowed Claim of the SBA not classified in this Class 2, shall be classified as a Class 3 General Unsecured Claim***.[17]

Section 5.3 then clearly defines what Class 3 General Unsecured Creditors will receive.

[16] SBA Objection at 2-3.
[17] Plan § 5.2.

Specifically it says:

> Class 3: General Unsecured Claims. Class 3 consists of Allowed Unsecured Claims Against the Debtor not placed in any other Class. Except to the extent that a holder of an Allowed Class 3 Claim and the Debtor or Post Confirmation Debtor agree to different treatment, each holder of an Allowed Class 3 Claim shall receive, in full and final satisfaction of such claim, (i) its Pro Rata share of the Initial GUC Distribution Amount and, (ii) to the extent such holder of an Allowed Class 3 Claim does not opt out of the releases granted pursuant to Section 11.7 of the Plan, its Pro Rata share of the GUC Settlement Distribution Amount.

It is wholly unclear how the language in Section 5.2 and 5.3 are not abundantly clear what treatment the SBA is receiving. Consequently, the Debtor requests the Court overrule the SBA's objection.

B. The SBA's Other Objections Should be Overruled.

84. For the reasons explained elsewhere in this brief, the SBA's other objections should be overruled.

VI. The Northridge Objection Should Be Overruled.

85. The Northridge Objection was filed late and should be struck. The deadline to file objections to confirmation was November 10, 2025 at 4:00 p.m.[18] The Northridge Objection was not filed until November 17, 2025, an entire week late.

86. Regardless, the Northridge Objection largely copies the arguments raised by the UST, and thus the Court should overrule the Northridge Objection for the same reasons as the Court should overruled the UST Objection.

[18] Order Approving Disclosure Statement [Docket No. 145] at 3.

V. CONCLUSION

74. For the reasons set forth herein, the Debtor submits that the Plan fully satisfies all applicable requirements of the Bankruptcy Code and respectfully requests that this Court confirm the Plan.

Dated: November 27, 2025.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I, the undersigned, hereby certify that, on November 27, 2025, I caused to be served the foregoing pleading upon the parties receiving notice via the Court's electronic transmission facilities.

/s/ Jason P. Kathman
Jason P. Kathman