UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF PENNSYLVANIA

In re: POTTSVILLE OPERATIONS, LLC, *et al.*,[1] Debtors.	Case No.: 24-70418-JAD Chapter 11 (Jointly Administered)
THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS OF POTTSVILLE OPERATIONS, LLC, *et al.*, Movant, -vs- No Respondent.	Document No. _____ Response Deadline: May 18, 2026 Omnibus Hearing Date: May 26, 2026 at 10:00 A.M. (EST)

MOTION OF THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS FOR ENTRY OF AN ORDER GRANTING DERIVATIVE STANDING AND AUTHORITY TO PROSECUTE AND SETTLE CLAIMS ON BEHALF OF THE DEBTORS' ESTATE

The Official Committee of Unsecured Creditors (the "Committee") of Pottsville Operations, LLC and its debtor affiliates (collectively, the "Debtors"), by and through its

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number are: Pottsville Operations, LLC (9467); Pottsville Propco, LLC (8685); Hampton House Operations, LLC (8969); Hampton House Propco, LLC (7258); Kingston Operations, LLC (1787); Kingston Propco, LLC (8562); Williamsport North Operations, LLC (9927); Williamsport Propco, LLC (2039); Williamsport South Operations, LLC (0298); Yeadon Operations, LLC (9296); and Yeadon Propco, LLC (5785) (collectively, the "Pottsville Debtors" and the Pottsville Debtors' chapter 11 cases are collectively referred to as the "Pottsville Cases") and Bedrock Care, LLC (9115). The relief requested in this Motion applies only to the Pottsville Debtors. The remaining debtors, are Care Pavilion Operating, LLC (7149); Cliveden Operating, LLC (6546); MAPA Operating, LLC (3750); Maplewood Operating, LLC (0850); Milton Operating, LLC (5523); Parkhouse Operating, LLC (0140); Tucker Operating, LLC (4305); Watsontown Operating, LLC (0236); and York Operating, LLC (2571) (collectively the "Care Pavilion Debtors" and the Care Pavilion Debtors' chapter 11 cases are collectively referred to as the "Care Pavilion Cases"). The Debtors' mailing address is 425 West New England Avenue, Suite 300, Winter Park, Florida 32789.

undersigned counsel, files this motion (the "Motion") for entry of an order, substantially in the form attached hereto as **Exhibit A** (the "Proposed Order"), pursuant to U.S. Bankruptcy Code sections 105(a) and 1109(b), granting standing to the Committee to assert, prosecute, litigate, negotiate, and, subject to Court approval, settle the claims and causes of action on behalf of the Debtors' estates. In support, the Committee respectfully represents as follows:

PRELIMINARY STATEMENT

1. The Committee, in accordance with its fiduciary duties, has undertaken an investigation of potential claims and causes of action related to certain of the Debtors' pre-petition transfers, including (a) potential fraudulent transfers subject to avoidance under sections 544 and 548 of the Bankruptcy Code and (b) potential preferential transfers subject to avoidance under section 547 of the Bankruptcy Code (together, the "Causes of Action").

2. The Committee has been investigating the Causes of Action, which could significantly impact potential creditor recoveries. While discovery is ongoing, the Committee's preliminary investigation has revealed that the Debtors' estates hold colorable and valuable Causes of Action against a number of defendants.

3. The Committee is in the process of drafting complaints which will allege the Causes of Action against various defendants. The Committee intends to file each complaint once Plan related discovery is complete. That said, however, the Debtors' schedules and statements reflect evidence of insider transfers, fraudulent transfers, and preferential transfers that form the basis for the colorable claims to be raised in the complaints. Further, upon information and belief, certain of the Debtors' insider-owners caused or directed these transfers of estate value through fraudulent transfers and potentially preferential repayments to insiders and non-debtor affiliates.

4. The Debtors consent to the Court granting the Committee derivative standing to pursue the Causes of Action based on the Committee's investigation.

JURISDICTION AND VENUE

5. The Court has jurisdiction over this matter under 28 U.S.C. §§ 157 and 1334. Venue of this Motion is proper in this district under 28 U.S.C. §§ 1408 and 1409.

6. This is a core proceeding under 28 U.S.C. § 157(b).

BACKGROUND

7. On October 15, 2024, the Pottsville Debtors each filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Western District of Pennsylvania.

8. On October 15, 2024, the Pottsville Debtors appointed Neil Luria of Solic Capital Advisors LLC to serve as Chief Restructuring Officer ("CRO") to the Debtors. Solic Capital Advisors LLC served in a financial advisory role to the Debtors starting approximately July 18, 2024.

9. On October 25, 2024, the Office of the United States Trustee appointed the Committee in relation to the Pottsville Cases.

10. On January 15, 2025, the Bankruptcy Court authorized the sale of substantially all of the Pottsville Debtors' assets through its entry of the *Order (A) Approving Sale of Substantially All of the Pottsville Debtors' Assets, Other Than Accounts, Free and Clear of All Liens, Claims, Encumbrances, and Interests, (B) Authorizing Assumption and Assignment of Executory Contracts and Unexpired Leases, and (C) Granting Related Relief* [Docket No. 557] (the "Pottsville Sale Order").

11. On April 3, 2025, the Bankruptcy Court Authorized all of the Care Pavilion Debtors' assets through its entry of the *Order (A) Approving Sale of Substantially All of the Care*

Pavilion Debtors' Assets, Other Than Accounts, Free and Clear of All Liens, Claims, Encumbrances, and Interests, (B) Authorizing Assumption and Assignment of Executory Contracts and Unexpired Leases, and (C) Granting Related Relief [Docket No. 906] (the "Care Pavilion Sale Order").

12. Neither the Pottsville Sale Order nor the Care Pavilion Sale Order purport to sell the Causes of Action and in fact, the Care Pavilion Sale Order specifically assigns "any and all causes of action" to the party or person to be identified by the Committee for the benefit of general unsecured creditors. Care Pavilion Sale Order, ¶ 40. The Committee had initially contemplated assigning the Causes of Action to the liquidating trustee to be appointed in connection with confirmation of the Plan. But subsequently filed objections to the Plan have required this change in course.

13. The Committee filed an initial plan [Docket No. 1549] on September 15, 2025, which addressed both the Pottsville Debtors and the Care Pavilion Debtors. The Committee subsequently filed its Second Amended Plan of Liquidation [Docket No. 1710-1] (the "Plan"), which only addresses the Pottsville Debtors and the Pottsville Cases.

14. Among other things, the Plan provides for the preservation of all Causes of Action for the benefit of unsecured creditors. Plan, § 6.9. It is drafted to grant standing to the liquidating trustee to pursue and prosecute Causes of Action. *Id.*

15. Also on September 15, 2025, the Committee filed a disclosure statement in connection with the Plan [Docket No. 1550] (as amended, supplemented, or otherwise modified from time to time, the "Disclosure Statement"). The Disclosure Statement was amended on October 20, 2025 [Docket No. 1658] and November 14, 2025 [Docket No. 1711]. The Disclosure Statement also provides for deemed consolidation. Disclosure Statement, § 3.2.

RELIEF REQUESTED

16. The Bankruptcy Code provides that a committee may "perform such . . . services as are in the interest of those represented." 11 U.S.C. § 1103(c)(5). The Bankruptcy Code also provides that "[a] party in interest, including . . . a creditors' committee . . . may raise and may appear and be heard on any issue in a case under this chapter." 11 U.S.C. § 1109(b). Moreover, section 105(a) of the Bankruptcy Code empowers the Bankruptcy Court to "issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of" the Bankruptcy Code. 11 U.S.C. § 105(a).

17. The Third Circuit Court of Appeals and other federal appellate courts have uniformly held that granting derivative standing to a creditors' committee to act on behalf of a debtor's estate is an appropriate exercise of a bankruptcy court's equitable powers. *See Official Comm. of Unsecured Creditors of Cybergenics Corp. ex rel. Cybergenics Corp. v. Chinery*, 330 F.3d 548, 567-68 (3d Cir. 2003) (determining that section 1109(b) and other sections of the Bankruptcy Code demonstrate Congress' approval of derivative suits by creditors' committees to recover property for the benefit of the estate, and that bankruptcy courts may exercise their equitable powers to confer such derivative standing); *PW Enters., Inc. v. N.D. Racing Comm'n (In re Racing Servs., Inc.)*, 540 F.3d 892, 904 (8th Cir. 2008) (stating that derivative standing is available to creditors' committees); *Commodore Int'l Ltd. v. Gould (In re Commodore Int'l Ltd.)*, 262 F.3d 96, 100 (2d Cir. 2001) (same); *Fogel v. Zell*, 221 F.3d 955, 965 (7th Cir. 2000) (same); *Canadian Pacific Forest Prods. Ltd. v. J.D. Irving, Ltd. (In re Gibson Grp., Inc.)*, 66 F.3d 1436, 1446 (6th Cir. 1995) (same); *see also Infinity Investors Ltd ex rel. Yes! Entm't Corp. v. Kingsborough (In re Yes! Ent'mt Corp.)*, 316 B.R. 141, 145 (D. Del. 2004) ("In *Cybergenics*, the Third Circuit recognized that the Bankruptcy Court, as a court of equity, has the power to authorize a creditor's committee to sue derivatively to recover property for the benefit of the estate").

18. Granting derivative standing to a creditors' committee is particularly appropriate where, as here, a debtor-in-possession exercises the powers that would otherwise vest in a bankruptcy trustee. *See Cybergenics*, 330 F. 3d at 573-74. The lack of a trustee "immediately gives rise to the proverbial problem of the fox guarding the henhouse." *Id.* at 573. Because a "Debtor may be unwilling to pursue claims against individuals or businesses, such as critical suppliers, with whom it has an ongoing relationship that it fears damaging," granting derivative standing to a creditors' committee "provides a critical safeguard against lax pursuit of avoidance actions" and other claims of the estate. *Id.* (citation omitted).

19. Here, the Debtors agree that the Committee should be able to pursue the Causes of Action based upon the Committee's investigation. Additionally, it was always anticipated that a liquidating trustee, not the Debtors, would pursue the Causes of Action post-confirmation.

20. Courts in the Third Circuit have conferred derivative standing on a creditors' committee where the committee shows, among other things, that: (a) the committee has a colorable claim or cause of action; and (b) the committee seeks and obtains leave from the bankruptcy court to prosecute the action for and in the name of the debtor or trustee. *See, e.g.*, *In re Yes! Ent'mt Corp.*, 316 B.R. at 145; *In re Washington Mutual, Inc.*, 461 B.R. 200, 254 (Bankr. D. Del. 2011). The Committee here satisfies these elements.

A. The Committee Has Colorable Causes of Action.

21. The Causes of Action that the Committee seeks to pursue are colorable claims that would increase the recovery of unsecured creditors. The colorable claim element of the derivative standing test requires the Court to decide whether the Committee has asserted "claims for relief that on appropriate proof would support a recovery." *In re G-I Holdings Inc.*, 313 B.R. 612, 631 (Bankr. D.N.J. 2004). The burden to satisfy the requirement that the Committee have colorable claims and causes of action is a "relatively easy one to make." *Adelphia Communs. Corp. v. Bank*

of Am. (In re Adelphia Communs. Corp.), 330 B.R. 364, 376 (Bankr. S.D.N.Y. 2005). A committee is not required to present its proof when seeking derivative standing. *See id.* (stating that "a mini-trial is not required"); s*ee In re Distributed Energy Systems, Corp.*, No. 08-11101-KG (Bankr. D. Del. July 30, 2008), Hr'g Tr. 44 ("And the colorable claim issue, of course, is plausibility. . . . I don't even have to find that it has merit; I just have to find that it's not without merit.").

22. "The threshold for stating a colorable claim is low and mirrors the standard applicable to a motion to dismiss for failure to state a claim." *In re Washington Mutual, Inc.*, 461 B.R. at 255 (*citing In re Centaur, LLC*, 2010 WL 4624910, at *4 (Bankr. D. Del. Nov. 5, 2010)); *see also In re Optim Energy, LLC*, 2014 WL 1924908, at *6 (Bankr. D. Del. May 13, 2014); *Official Comm. of Unsecured Creditors v. Sabine Oil & Gas Corp. (In re Sabine Oil & Gas Corp.)*, 562 B.R. 211, 216 (S.D.N.Y. 2016) (stating that the proper inquiry is "whether the claims would survive a defendant's motion to dismiss") (citation omitted). In the context of motions for derivative standing, courts favor a general analysis of the allegations over a line-by-line or claim-by-claim analysis of a proposed complaint.

23. On a motion to dismiss, a court must accept as true the allegations and facts pleaded in the complaint and any and all reasonable inferences derived from those facts. *See Unger v. Nat'l Residents Matching Program*, 928 F.2d 1392, 1400 (3d Cir. 1991). A motion to dismiss may be granted only if, after accepting the allegations in the complaint as true and viewing them in the light most favorable to the plaintiff, the plaintiff is still not entitled to any relief. *See Doug Grant, Inc. v. Greate Bay Casino Corp.*, 232 F.3d 173, 183 (3d Cir. 2000), cert. denied, 532 U.S. 1038, 121 S. Ct. 2000, 149 L. Ed. 2d 1003 (2001).

24. Here, the Committee's prospective claims easily surpass this standard. The forthcoming complaint will contain detailed allegations supporting findings that identify, among

other things, Causes of Action relating to pre-petition preference claims pursuant to section 547 of the Bankruptcy Code, and pre-petition fraudulent transfer claims pursuant to section 548 of the Bankruptcy Code. Such Causes of Action are beyond plausible.

B. The Committee is Seeking Prior Court Approval to Prosecute the Derivative Actions.

25. The final issue regarding derivative standing is whether the Committee has obtained Court approval prior to asserting claims on behalf of the estate. This factor will be met if the Court grants the relief requested in this Motion.

26. The Committee is a proper party to litigate the Causes of Action because it is the entity charged with safeguarding the interests of the estates and maximizing value for general unsecured creditors. Section 1103(c) of the Bankruptcy Code sets forth the Committee's duties, including performing such services as are in the interest of the general unsecured creditors. *See* 11 U.S.C. § 1103(c)(5).

C. The Committee Should Be Granted Exclusive Authority to Settle the Derivative Actions.

27. In connection with the grant of derivative standing, the Committee also seeks authority from this Court to settle the Causes of Action, if and to the extent determined in its discretion to be appropriate, with any such settlement being subject to Court approval in accordance with Bankruptcy Rule 9019. Similar type relief has been granted by a number of other courts in connection with conferring derivative standing upon a creditors' committee. *See In re Evergreen Solar, Inc.*, Order Granting Leave, Standing and Authority to the Official Committee of Unsecured Creditors of Evergreen Solar, Inc. to Commence, Prosecute, and Settle Claims on Behalf of the Debtor's Estate and Related Relief, Case No. 11- 12590 (MFW) (Bankr. D. Del. Oct. 28, 2011) [D.I. 382] (granting derivative standing to unsecured creditors' committee and further providing that such committee "shall have the exclusive right and authority to negotiate and enter

into settlements on behalf of the Debtor's estate" with respect to certain causes of action); *In re Dewey & LeBouef LLP*, Case No. 12- 12321 (MG), 2012 WL 5985445, at *9 (Bankr. S.D.N.Y. Nov. 29, 2012) (approving unsecured creditors' committee's derivative standing motion, including request for authority to settle claims); *In re Majestic Capital, Ltd.*, Order (I) Authorizing the Official Committee of Unsecured Creditors to (A) Assert and Prosecute Certain Claims and Causes of Action in the Name of and on Behalf of the Debtors' Estates, and (B) Move for Authority to Compromise Any Such Claims and Causes of Action, and (II) Granting Related Relief, Case No. 11-36225 (CGM) (Bankr. S.D.N.Y. Dec. 12, 2011) [D.I. 211] (granting derivative standing to unsecured creditors' committee and providing that it "shall have the exclusive right, without further order of the Court, to move for authority, pursuant to Bankruptcy Rule 9019, to compromise any of the Estate Claims" and "Debtors shall not undertake to compromise any of the Estate Claims, whether under Bankruptcy Rule 9019 or otherwise").

28. For the foregoing reasons, the Committee respectfully requests that the Court grant it derivative standing to assert and pursue the proposed Causes of Action on behalf of the Debtors' estates.

NOTICE

29. The Committee will provide notice of this Motion to the following parties: (a) the Office of the United States Trustee for the Western District of Pennsylvania; (b) the Debtors, and (c) all other parties that have formally requested notice in these proceedings pursuant to Federal Rule of Bankruptcy Procedure 2002 via the Court's CM/ECF system.

30. The Committee respectfully submits that, in light of the nature of the relief requested, no further notice is necessary or required.

NO PRIOR REQUEST

31. No prior request for the relief requested in this Motion has been made to this Court or any other court.

RESERVATION OF RIGHTS

32. The Committee expressly reserves all rights, claims, arguments, defenses, and remedies with respect to this Motion or any other issue in these Chapter 11 Cases, and to supplement, modify, and amend this Motion, to seek discovery, and to take testimony and/or request additional authority to assert additional causes of action in writing or orally at any hearing on the Motion.

CONCLUSION

WHEREFORE, the Committee respectfully requests entry of an order, substantially in the form attached hereto as **Exhibit A**, granting (i) the Committee leave, standing and authority to commence, prosecute, and, if appropriate, settle Causes of Action on behalf of the Debtors' estates, and to exercise, enforce, and prosecute any rights of the Debtors' estates with respect thereto (with any and all recoveries to be for the benefit of the Debtors' estates); and (ii) such other and further relief as the Court deems just and proper, consistent with the relief raised herein.

Dated: April 30, 2026

Respectfully submitted,

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EXHIBIT A

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF PENNSYLVANIA

In re: POTTSVILLE OPERATIONS, LLC, *et al.*,[1] Debtors.	Case No.: 24-70418-JAD Chapter 11 (Jointly Administered)
THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS OF POTTSVILLE OPERATIONS, LLC, *et al.*, Movant, -vs- No Respondent.	Related to Document No. _____ Response Deadline: May 18, 2026 Omnibus Hearing Date: May 26, 2026 at 10:00 A.M. (EST)

ORDER GRANTING OFFICIAL COMMITTEE OF UNSECURED CREDITORS' MOTION FOR AN ORDER GRANTING DERIVATIVE STANDING AND AUTHORITY TO PROSECUTE AND SETTLE CLAIMS ON BEHALF OF THE DEBTORS' ESTATE

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number are: Pottsville Operations, LLC (9467); Pottsville Propco, LLC (8685); Hampton House Operations, LLC (8969); Hampton House Propco, LLC (7258); Kingston Operations, LLC (1787); Kingston Propco, LLC (8562); Williamsport North Operations, LLC (9927); Williamsport Propco, LLC (2039); Williamsport South Operations, LLC (0298); Yeadon Operations, LLC (9296); and Yeadon Propco, LLC (5785) (collectively, the "Pottsville Debtors" and the Pottsville Debtors' chapter 11 cases are collectively referred to as the "Pottsville Cases") and Bedrock Care, LLC (9115). The relief requested in this Motion applies only to the Pottsville Debtors. The remaining debtors, are Care Pavilion Operating, LLC (7149); Cliveden Operating, LLC (6546); MAPA Operating, LLC (3750); Maplewood Operating, LLC (0850); Milton Operating, LLC (5523); Parkhouse Operating, LLC (0140); Tucker Operating, LLC (4305); Watsontown Operating, LLC (0236); and York Operating, LLC (2571) (collectively the "Care Pavilion Debtors" and the Care Pavilion Debtors' chapter 11 cases are collectively referred to as the "Care Pavilion Cases"). The Debtors' mailing address is 425 West New England Avenue, Suite 300, Winter Park, Florida 32789.

Upon the Motion [Docket No. _____] (the "Motion")[2] of the Official Committee of Unsecured Creditors (the "Committee") for an Order Granting the Committee Derivative Standing and Authority to Prosecute and Settle Certain Claims on Behalf of the Debtors' Estates; and upon consideration of the Motion and any objection to the Motion; and the Court having held a hearing with respect to the Motion and objections thereto; and due and proper notice of the Motion having been given; and it appearing that no other or further notice is required; and it appearing that the Court has jurisdiction to consider the Motion in accordance with 28 U.S.C. §§ 157 and 1334; and it appearing that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and it appearing that the relief requested is in the best interest of the Committee, the Debtors, their estates and creditors; and after due deliberation, and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED.

2. The Committee is granted derivative standing to pursue the Causes of Action.

3. The Committee shall have the exclusive right and authority to negotiate and enter into settlements on behalf of the Debtors' estates with respect to the Causes of Action.

4. The Court shall retain jurisdiction with respect to all matters arising from and related to the implementation of this Order.

Dated: ________________

____
Jeffery A. Deller
United States Bankruptcy Judge

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[2] Capitalized terms used herein and not otherwise defined shall have the meaning ascribed to such term on the Motion.