

Lori Rifkin, Esq. (CA # 244081)
(*pro hac vice*)
Rifkin Law Office
3630 High St., # 18197
Oakland, CA 94619
Telephone: (510) 414-4132
Email: lrifkin@rifkinlawoffice.com

Dan Stormer, Esq. (CA # 101967)
(*pro hac vice*)
HADSSELL STORMER RENICK & DAI LLP
128 N. Fair Oaks Avenue
Pasadena, California 91103
Telephone: (626) 585-9600
Facsimile: (626) 577-7079
Email: dstormer@hadsellstormer.com

Craig Durham (ISB # 6428)
Deborah Ferguson (ISB # 5333)
FERGUSON DURHAM, PLLC
223 N. 6th Street, Suite 325
Boise, ID 83702
Telephone: 208-345-5183
Facsimile: 208-908-8663
Emails: chd@fergusondurham.com
daf@fergusondurham.com

Amy Whelan, Esq. (CA # 215675)
(*pro hac vice*)
National Center for Lesbian Rights
870 Market Street, Suite 370
San Francisco, CA 94102
Telephone: 415-365-1338
Facsimile: 415-392-8442
Email: AWhelan@NCLRights.org

Attorneys for Plaintiff

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF IDAHO**

ADREE EDMO (a/k/a MASON EDMO),

Plaintiff,

v.

IDAHO DEPARTMENT OF CORRECTION;
JOSH TEWALT, in his official capacity;
BREE DERRICK, in her official capacity; AL
RAMIREZ, in his official capacity;
CORIZON, LLC; and SCOTT ELIASON;
Defendants.

Case No.: 1:17-cv-00151-BLW

**PLAINTIFF'S REQUEST FOR JUDICIAL
NOTICE OF DEFENDANT'S OUTSIDE
FILINGS THREATENING PLAINTIFF'S
JUDGMENT**

Plaintiff files this request pursuant to Federal Rule of Evidence 201, to provide the Court immediate notice of Defendant Corizon's recent and time-sensitive motion in its bankruptcy case that threatens to vitiate Plaintiff's Fee Judgment in the instant case. On February 17, 2023, Corizon filed an emergency motion asking the Bankruptcy Court for the Southern District of Texas to drastically expand the stay effected by Corizon's bankruptcy filing to extend beyond Corizon itself and shield all of Corizon's co-defendants in all lawsuits around the country whom Corizon has privately agreed to indemnify. *See* Exhibit A, attached hereto. Corizon's pending motion explicitly requests that the Bankruptcy Court issue a stay that would enjoin Plaintiff from enforcing this Court's Fee Judgment against IDOC Defendants in the instant case. *See* Exhibit B, attached hereto, at 2-3 ¶¶ 1 & 4. The Bankruptcy Court has scheduled a hearing on Corizon's motion for stay for March 3, 2023. *See* Exhibit C, attached hereto.

In the interest of justice, Plaintiff requests that this Court take judicial notice of the Bankruptcy Court filings attached hereto as Exhibits A-C, and immediately issue Plaintiff's requested Writ of Execution in this case.

BACKGROUND

On September 30, 2022, the Court awarded Plaintiff attorneys' fees and costs for which IDOC and Corizon Defendants are jointly and severally liable. ECF No. 323. On December 28, 2022, the Court ordered Defendants to pay the Fee Judgment or post an appeal bond no later than 14 days after the conclusion of the Ninth Circuit mediation. ECF No. 345. That deadline expired on January 27, 2023. Most recently, IDOC Defendants asked the Court to extend their time for compliance with the December 28 Order, spuriously claiming that completely irrelevant state law provisions prevented them from securing funds to pay and they needed additional time to determine their litigation strategy. ECF Nos. 346-1 & 347. Plaintiff opposed this extension of time and any further stay, and filed an application for a Writ of Execution against IDOC. ECF

Nos. 347 & 348. IDOC Defendants then filed a reply comprised of an entirely new argument, in which they cited completely different state law provisions to claim that IDOC's private indemnification agreement with Corizon forecloses the State from satisfying the Fee Judgment. ECF No. 352. On February 13, 2023, Corizon filed for Chapter 11 Bankruptcy in the Southern District of Texas. ECF No. 355. To date, no Defendant has paid any of Plaintiff's Fee Judgment.

REQUEST FOR JUDICIAL NOTICE

On February 17, 2023 Corizon moved for an emergency stay seeking to halt not only all pending litigation against Corizon itself, but also litigation including enforcement proceedings against any co-defendants that Corizon has privately indemnified. The Bankruptcy Court for the Southern District of Texas scheduled a hearing on Corizon's motion for a stay for March 3, 2023. Plaintiff requests that the Court take judicial notice of these filings, attached hereto as Exhibits A-C. *See* Fed. R. Evid. 201(b) (court may take judicial notice of, and therefore consider, facts that are not subject to reasonable dispute because those facts are (1) "generally known with the trial court's territorial jurisdiction" or (2) "can be accurately and readily determined from sources whose accuracy cannot reasonably be questioned."); *Harris v. Cnty. of Orange*, 682 F.3d 1126, 1132 (9th Cir. 2012) ("We may take judicial notice of undisputed matters of public record . . . including documents on file in federal or state courts."); *United States ex re. Robinson Rancheria Citizens Council v. Borneo*, 971 F.2d 244, 248 (9th Cir. 1992) (finding courts may take judicial notice of proceedings of other federal courts "if those proceedings have a direct relation to matters at issue").

Put together, Corizon and IDOC Defendants are arguing that, by virtue of having entered into a private indemnification contract, the State of Idaho and Corizon can jointly use Corizon's sham bankruptcy to make themselves judgment-proof against the federal court Judgment in this

EXHIBIT A

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:)	
)	Chapter 11
TEHUM CARE SERVICES, INC., ¹)	Case No. 23-90086 (CML)
)	
Debtor.)	

**DEBTOR’S EMERGENCY MOTION TO
EXTEND AND ENFORCE THE AUTOMATIC STAY**

EMERGENCY RELIEF HAS BEEN REQUESTED. RELIEF IS REQUESTED NOT LATER THAN FEBRUARY 21, 2023.

IF YOU OBJECT TO THE RELIEF REQUESTED OR YOU BELIEVE THAT EMERGENCY CONSIDERATION IS NOT WARRANTED, YOU MUST APPEAR AT THE HEARING IF ONE IS SET, OR FILE A WRITTEN RESPONSE PRIOR TO THE DATE THAT RELIEF IS REQUESTED IN THE PRECEDING PARAGRAPH. OTHERWISE, THE COURT MAY TREAT THE PLEADING AS UNOPPOSED AND GRANT THE RELIEF REQUESTED.

Tehum Care Services, Inc., the above-captioned debtor and debtor in possession (the “Debtor”) respectfully states the following in support of this motion (this “Motion”):

Preliminary Statement

1. The Debtor is the sole surviving entity of a combination merger by and between the Debtor and certain non-debtor parties, which became effective in May 2022. Immediately following the merger, the Debtor entered into that certain *Agreement and Plan of Divisional Merger*, dated May 1, 2022, thereby effectuating a divisional merger (the “Divisional Merger”) pursuant to the Texas Business Organizations Code (“TBOC”). Certain assets and liabilities were transferred to CHS TX, Inc. (“CHS”), with other assets and liabilities remaining with the Debtor.

¹ The last four digits of the Debtor’s federal tax identification number is 8853. The Debtor’s service address is: 205 Powell Place, Suite 104, Brentwood, Tennessee 37027.

2. As part of the Divisional Merger, the Debtor entered into and became the payee under that certain Funding Agreement, dated May 5, 2022 (the “Funding Agreement”), under which the Debtor is entitled to receive funds up to an agreed aggregate \$15 million cap to pay the liabilities assumed by the Debtor as part of the Divisional Merger. The Debtor spent the second half of 2022 attempting to wind down its assets and liabilities pursuant to the Divisional Merger, but ongoing litigation and associated costs have made and out-of-court wind down impractical; chapter 11 is the preferred and more efficient method to utilize the Debtor’s limited remaining assets to maximize recoveries for its creditors.

3. Through this chapter 11 process, the Debtor hopes to effectuate a plan of liquidation to maximize and expedite creditor recovery. However, as of the Petition Date, there are several hundred pending lawsuits and arbitrations throughout the country—some of which are attacking or may attack the validity of the Divisional Merger—where the Debtor is one of multiple co-defendants, with many of the Debtor’s co-defendants having contractual indemnity rights against the Debtor for any judgment rendered against them. Therefore, the best way to ensure that creditor recoveries are not diminished by piece-meal litigation in multiple venues across the country is for the Court to extend the automatic stay to protect co-defendants holding an indemnity right against the Debtor, while the Debtor formulates and consummates a plan of liquidation.

4. For example, in one litigation that was pending in Missouri state court (that has been removed to the U.S. Bankruptcy Court for the Western District of Missouri, Central Division (Dow, J.), Adversary No. 23-4005, the plaintiff sought appointment of a receiver over the Debtor and certain other defendants (including CHS, formed in connection with the Divisional Merger), and sought to vest the receiver with the right to pursue an essential unwinding of the Divisional Merger, including through causes of action that are now property of the estate (like fraudulent

conveyance and successor liability). Absent the requested relief, parties other than the Debtor could be vested with, and pursue, causes of action to benefit themselves, notwithstanding that such causes of action are now property of the estate and subject to this Court's exclusive jurisdiction.

5. The requested relief is therefore necessary to (i) protect the Debtor's estate from opportunistic plaintiffs who are seeking or may seek to unwind the Divisional Merger and otherwise end-run the automatic stay to the detriment of the Debtor's other creditors and (ii) protect the Debtor from indemnity claims while it proceeds through chapter 11 and formulates an exit strategy. Consequently, by this Motion, the Debtor seeks an extension and enforcement of the automatic stay in pending state and federal court litigation and other proceedings that will otherwise deplete its bankruptcy estate, greatly jeopardize the success of this chapter 11 proceeding, and otherwise encroach upon—if not entirely upend—this Court's jurisdiction.

6. Following the commencement of this chapter 11 case on February 13, 2023 (the "Petition Date"), the Debtor either has filed, or is in the process of filing, suggestions of bankruptcy in multiple pending state and federal court actions (collectively, the "Lawsuits"). In addition to the Debtor, in many Lawsuits claims are asserted against other parties to whom the Debtor owes indemnification obligations: (a) non-debtor former clients and/or their employees (collectively, the "Indemnified Clients"); (b) former officers and directors (collectively, the "Indemnified D&Os"); and (c) non-debtor affiliates, CHS and YesCare Corp. (collectively, the "Non-Debtor Affiliates," and together with the Indemnified D&Os and the Indemnified Clients, the "Non-Debtor Indemnified Parties").

7. The Lawsuits generally fall into four categories: (a) vendor lawsuits, typically asserting breach of contract claims against the Debtor and certain Indemnified Clients for unpaid invoices; (b) professional liability lawsuits, typically asserting medical malpractice and related

claims against the Debtor, certain Indemnified Clients, certain Indemnified D&Os, and individual former employee medical providers; (c) employment lawsuits, asserting employment discrimination or similar claims against the Debtor, certain Indemnified D&Os, and certain Indemnified Clients; and (d) workers' compensation lawsuits against the Debtor only. In some of the aforementioned Lawsuits, the plaintiffs have asserted claims or equitable remedies that include successor liability, alter ego, veil piercing, and/or fraudulent transfer claims against the Non-Debtor Affiliates.

8. As detailed below, under well-established Fifth Circuit precedent, actions against non-debtor parties may be stayed under section 362 of the Bankruptcy Code where such non-debtor parties share such an identity of interest with the debtor that the debtor is, in effect, the real party defendant, and that a judgment against the non-debtor party will result in claim against the debtor. Furthermore, where claims become property of the debtor's estate upon the commencement of a bankruptcy case, the automatic stay automatically enjoins actions by non-debtors to bring such claims, to prevent non-debtors from exercising control over property of the estate.

9. The Debtor has contractually agreed to indemnify each of the Non-Debtor Indemnified Parties. Accordingly, any claim or final resolution against any of the Non-Debtor Indemnified Parties would result in indemnification liability for the Debtor and indemnification claims asserted against the Debtor in this chapter 11 case. Actions against the Non-Debtor Indemnified Parties should thus be enjoined by section 362(a)(1) as "action[s] or proceeding[s] against the debtor" to recover prepetition claims. *See* 11 U.S.C. § 362(a)(1). Furthermore, all claims asserted against the Non-Debtor Affiliates are property of the Debtor's bankruptcy estate

and are enjoined as acts to “exercise control over property of the [Debtor’s] estate” under section 362(a)(3). *See id.* § 362(a)(3).

10. Permitting the Lawsuits to continue against the Non-Debtor Indemnified Parties notwithstanding the automatic stay would undoubtedly interfere with this chapter 11 proceeding and allow non-debtors to exercise control over and dissipate property of the Debtor’s estate. For these reasons, the plaintiffs’ pursuit of claims against the Non-Debtor Indemnified Parties in the Lawsuits should be prohibited.

Jurisdiction and Venue

11. The Court has jurisdiction over this Motion pursuant to 28 U.S.C. § 1334. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b).

12. Venue in this Court is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

13. The bases for the relief requested herein are sections 105(a) and 362 of title 11 of the United States Code (the “Bankruptcy Code”), rule 9014 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and rule 9013-1 of the Bankruptcy Local Rules for the Southern District of Texas (the “Bankruptcy Local Rules”).

Background

14. Until May 5, 2022, the Debtor (then named Corizon Health, Inc.) was a nationwide provider of correctional healthcare, providing services in multiple states across the United States. In the ordinary course of its business, the Debtor entered into agreements with various (typically governmental) entities under which the Debtor would provide, or arrange for the provision of, healthcare services to certain inmates or detainees of the contract counterparty. These counterparties typically required the Debtor to agree to broad indemnification obligations. Each indemnification provision is substantially similar, albeit with slight variations. One exemplar provision is as follows:

10.3 **Indemnity.** Corizon agrees to indemnify and hold harmless, pay the cost of defense, including reasonable attorney's fees, and save the Sheriff, her officers, appointees, agents, and employees from any claim, action, lawsuit, loss, damage, cost, charge, judgments, liabilities, or expense of any kind whatsoever arising out of any act, action, neglect, omission and/or failure to act by Corizon, including but not limited to, any claims, amounts or injuries covered under the Workers' Compensation laws, except as a third party claim outside Workers' Compensation, resulting or arising from Corizon's obligations and duties under this Agreement, except that neither Corizon nor any of its subcontractors shall be liable for any injury or damage caused by or resulting from the sole or partial negligence of the Sheriff, her officers, agents, and/or employees.

15. By the end of 2021, the Debtor's financial situation was dire. Its financial position had worsened in recent years due to revenue declines, margin compression, and deteriorating liquidity; it was operating in a significant negative working capital position due to its debt obligations; and it faced increased exposure to professional liability claims (indeed, hundreds) to the tune of an estimated \$88 million.

16. Given the Debtor's financial position, and hoping to stave off a bankruptcy filing, in May 2022, the Debtor effectuated the by-the-book Divisional Merger. Under the Divisional Merger, the Debtor continued in existence and was allocated and remained vested with all inactive and expired customer contracts, as well as all liabilities related to such contracts. In return, the Debtor was released from nearly \$100 million of senior secured debt obligations, which were then allocated to a new entity, CHS. Moreover, as part of the Divisional Merger, the Debtor was allocated \$1 million in cash, as well as the right to draw on the \$15 million Funding Agreement with M2 LoanCo, LLC, \$11 million of which was earmarked for the Debtor's creditors.

17. Also as part of the Divisional Merger, CHS was created and allocated certain of the Debtor's former assets. CHS was subsequently acquired by YesCare Corp. The Divisional Merger was approved by the Texas Secretary of State, effective as of May 5, 2022.

18. Under the terms of the Divisional Merger, the Debtor agreed to "indemnify, defend, and hold harmless" CHS "from and against, and reimburse [CHS] for, any and all losses, damages,

costs, expenses, taxes, liabilities, obligations, penalties, fines, claims of any kind (including reasonable attorneys' fees) (collectively, "Losses"), suffered or incurred, or that may be suffered or incurred, by [CHS] to the extent such Losses arise from or relate to" the assets or liabilities allocated to the Debtor in the Divisional Merger.

19. In its company Bylaws, the Debtor also agreed to indemnify its directors and officers under certain circumstances. The Bylaws state, in relevant part:

The [Debtor] shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action or other proceeding (whether civil, criminal, administrative, arbitrative, or investigative). . .by reason of the fact that the person (1) is or was a director or officer of the [Debtor]; or (2) while a director of the [Debtor], is or was serving at the request of the [Debtor] as a partner, director, officer, venturer, proprietor, trustee, employee, administrator, or agent of another entity, organization, or an employee benefit plan. . .against all judgments (including arbitration awards), court costs, penalties, settlements, fines, excise, and other similar taxes and reasonable attorneys' fees. . .actually incurred by the covered person in connection with such proceeding. The right to indemnification in this Section [] shall continue as to a covered person who has ceased to be a director, officer, or delegate and shall inure to his or her heirs, executors, or administrators.

20. The Debtor is actively winding down its business as it is no longer an operating entity with any active contracts or medical service providers. Although the Debtor had hoped to complete an out-of-court wind down of its business, the ongoing litigation has made it impracticable for the Debtor to continue its out-of-court efforts while, at the same time, ensuring the maximum recovery for creditors. This chapter 11 case, and an extension of the automatic stay as requested herein, are necessary to ensure that all creditor recoveries are maximized and placed on a level playing field, without one creditor racing to a courthouse in another state to the detriment of other creditors.

21. On the Petition Date, the Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Debtor is operating as a debtor in possession pursuant to

sections 1107(a) and 1108 of the Bankruptcy Code. No committee has yet been appointed, and no party has requested the appointment of a trustee or examiner in this chapter 11 case.

22. This Motion is supported by the *Declaration of Russell A. Perry in Support of Debtor's Emergency Motion to Extend and Enforce the Automatic Stay*, which is attached as **Exhibit A** incorporated herein by reference.

Relief Requested

23. By this Motion, the Debtor seeks entry of an order, substantially in the form attached to this Motion, (a) confirming that the automatic stay applies, or extending the automatic stay, to cover the Non-Debtor Indemnified Parties in the Lawsuits, (b) enforcing the protections of sections 362 in each of the Lawsuits, and (c) granting related relief.

Basis for Relief

I. The Automatic Stay Prohibits, or Should be Extended to Prohibit, All of the Claims Asserted Against the Non-Debtor Indemnified Parties in the Lawsuits.

24. Pursuant to section 362 of the Bankruptcy Code, the commencement of this chapter 11 case operated as an immediate stay applicable to all persons (including individuals, partnerships, corporations, and all those acting for or on their behalf) and all governmental units (and all those acting for or on their behalf) of, among other things: “(1) the commencement or continuation, including the issuance or employment of process, of a judicial, administrative, or other action or proceeding against the [D]ebtor that was or could have been commenced before the commencement of the [Debtor’s chapter 11 case], or to recover a claim against the [D]ebtor that arose before the commencement of the [Debtor’s chapter 11 case]; (2) the enforcement, against the [D]ebtor or against property of the estate, of a judgment obtained before the commencement of the [Debtor’s chapter 11 case]; (3) any act to obtain possession of property of the estate or of property from the estate or to exercise control over property of the estate; [or] . . . (6) any act to collect,

assess, or recover a claim against the [D]ebtor that arose before the commencement of the [Debtor's chapter 11 case]. See 11 U.S.C. § 362(a)(1)-(3), (6).

25. The injunction contained in section 362 of the Bankruptcy Code is self-executing, *Campbell v. Countrywide Home Loans, Inc.*, 545 F.3d 348, 355 (5th Cir. 2008), and constitutes a fundamental debtor protection that, together with other provisions of the Bankruptcy Code, provides a debtor with a “breathing spell” that is essential to a successful chapter 11 process. *Halo Wireless, Inc. v. Alenco Commc'ns, Inc. (In re Halo Wireless, Inc.)*, 684 F.3d 581, 586 (5th Cir. 2012) (internal quotations omitted); *S.I. Acquisition, Inc. v. Eastway Delivery Serv., Inc. (In re S.I. Acquisition, Inc.)*, 817 F.2d 1142, 1146 (5th Cir. 1987); see also *Midlantic Nat'l Bank v. N.J. Dep't of Env'tl. Prot.*, 474 U.S. 494, 503 (1986) (“The automatic stay provision of the Bankruptcy Code, § 362(a), has been described as one of the fundamental debtor protections provided by the bankruptcy laws.” (citation and internal quotation marks omitted)).

26. “The purposes of the bankruptcy stay under 11 U.S.C. § 362 ‘are to protect the debtor’s assets, provide temporary relief from creditors, and further equity of distribution among the creditors by forestalling a race to the courthouse.’” *Reliant Energy Servs., Inc. v. Enron Canada Corp.*, 349 F.3d 816, 825 (5th Cir. 2003) (citing *GATX Aircraft Corp. v. M/V Courtney Leigh*), 768 F.2d 711, 716 (5th Cir. 1985)); see *Commonwealth Oil Refining Co. v. EPA (In re Commonwealth Oil Refining Co.)*, 805 F.2d 1175, 1182 (5th Cir. 1986) (“The purpose of the automatic stay is to give the debtor a ‘breathing spell’ from his creditors, and also, to protect creditors by preventing a race for the debtor’s assets.” (citation omitted)). Or, as stated by the Fifth Circuit, the stay “prevent[s] a chaotic and uncontrolled scramble for the debtor’s assets in a variety of uncoordinated proceedings in different courts.” *Hunt v. Bankers Tr. Co.*, 799 F.2d 1060, 1069 (5th Cir. 1986).

the Non-Debtor Indemnified Parties will adversely impact the Debtor's estate, to the detriment of other creditors, and thus should be stayed pursuant to section 362(a) of the Bankruptcy Code.

A. The Debtor and the Non-Debtor Indemnified Parties Share Such Identity by Virtue of the Debtor's Indemnification Obligations that a Judgment Against a Non-Debtor Indemnified Party is in Effect a Judgment Against the Debtor.

30. The claims asserted in the Lawsuits against the Non-Debtor Indemnified Parties have only one purpose or effect: to maximize recovery of prepetition claims held by plaintiffs against the Debtor. Given that the Non-Debtor Indemnified Parties are indemnified by the Debtor, any claim or final resolution against the Non-Debtor Indemnified Parties will automatically result in indemnification liability for the Debtor and indemnification claims asserted against the Debtor in this chapter 11 case. Furthermore, there are no distinct direct claims asserted against the Non-Debtor Affiliates in any of the Lawsuits—each claim is derivative, and inextricably relies upon the Debtor's alleged prepetition acts. Accordingly, each claim against the Non-Debtor Indemnified Parties should be enjoined by section 362(a)(1) as an “action or proceeding against the debtor” to recover prepetition claims.

31. Fifth Circuit precedent has recognized that the automatic stay should be extended when “there is such identity between the debtor and the third-party defendant that the debtor may be said to be the real party defendant and that a judgment against the third-party defendant will in effect be a judgment or finding against the debtor.” *Reliant Energy*, 349 F.3d at 825 (quoting *A.H. Robins Co. v. Piccinin*, 788 F.2d 994, 999 (4th Cir. 1986), *cert. denied*, 479 U.S. 876 (1986)); *Beran v. World Telemetry Inc.*, 747 F. Supp. 2d 719, 722–23 (S.D. Tex. 2010).

32. In one of the seminal cases on stay extension, the Fourth Circuit in *A.H. Robins* explained that an “illustration” of a situation demonstrating the requisite unitary identity is “a suit against a third-party who is entitled to absolute indemnity by the debtor on account of any judgment that might result against them in the case.” 788 F.2d at 999. Indeed, the court continued,

“[t]o refuse application of the statutory stay in that case would defeat the very purpose and intent of the statute.” *Id.* (citing *Plessey Precision Metals, Inc. v. The Metal Center, Inc. (In re Metal Ctr. Inc.)*, 31 B.R. 458, 462 (D. Conn. 1983)); *see also North Star Contracting Corp. v. McSpedon (In re North Star Contracting Corp.)*, 125 B.R. 368, 371 (S.D.N.Y. 1991) (“*Robins* and other courts have recognized that an identity of interest exists between a debtor and a third party non-debtor when a right to indemnification exists. These courts reason that a special circumstance exists because a judgment against the non-debtor will affect directly the debtor’s assets.” (citing cases)).

33. Following *A.H. Robins*, courts both in and outside the Fifth Circuit have found that a debtor’s indemnification obligations warrant the extension of the automatic stay to the indemnified non-debtors. *See, e.g., Nat’l Oilwell Varco, L.P. v. Mud King Prods., Inc.*, No. 4:12-3120, 2013 WL 1948766, at *5 (S.D. Tex. May 9, 2013) (extending the automatic stay to debtors’ employees because there could be “potential corporate indemnity obligations to one or more of the [debtors’ employees] by virtue of a formal indemnity relationship.”); *In re W.R. Grace & Co.*, No. 01-01139, 2004 WL 954772, at *3 (Bankr. D. Del. Apr. 29, 2004) (extending the stay to a non-debtor that was entitled to indemnification by the debtor and explaining that a judgment against the non-debtor would be, in effect, a judgment against the debtor); *In re Lomas Fin. Corp.*, 117 B.R. 64, 68 (S.D.N.Y. 1990) (affirming the bankruptcy court’s decision staying an action against a non-debtor entitled to indemnity by the debtor); *see also Reliant Energy*, 349 F.3d at 825 (“This Court recognized the *A.H. Robins Co.*’s exception in *Arnold [v. Garlock, Inc.]*, 278 F.3d 426 (5th Cir. 2001)], but declined to extend it in that case because no claim of a formal tie or contractual indemnification had been made to create an identity of interests between the debtor and nondebtor.”); *Arnold*, 278 F.3d at 436 (indicating that “a formal tie or contractual indemnification”

can create the requisite identity of interests); *Beran*, 747 F. Supp. 2d at 723 (same); *Am. Honda Fin. Corp. v. Salyer*, No. 3:03-cv-651, 2007 WL 1158114, at *3 (S.D. Miss. Apr. 18, 2007) (“Fifth Circuit precedent . . . allows a court to extend the automatic stay provision of 11 U.S.C. § 362 by applying the ‘identity of interest’ exception in cases in which a contractual indemnification agreement exists between a debtor and non-debtor defendant.”).

34. Here, each Non-Debtor Indemnified Party is a party to an indemnification agreement with the Debtor. While the Debtor reserves all rights, on its face there seems to be little ground (if any) to dispute the Debtor’s indemnification obligations to the Non-Debtor Indemnified Parties. Thus, absent any yet-to-be-discovered defenses to such indemnification obligations, any judgment against any Non-Debtor Indemnified Party would entitle such party to file a claim for indemnification against the Debtor in this chapter 11 case. In effect then, the Debtor and the Non-Debtor Indemnified Parties share such identity of interest that a continuation of any Lawsuit as to the Non-Debtor Indemnified Parties would be a *de facto* proceeding against the Debtor, in frustration of the purposes behind the automatic stay. The Debtor’s indemnity obligations would deplete its assets to the detriment of its creditor body as a whole. Accordingly, actions against the Non-Debtor Indemnified Parties in the Lawsuits should be stayed under section 362(a)(1).

B. Actions Against the Non-Debtor Affiliates Are Property of the Debtor’s Estate and Automatically Stayed.

35. The Lawsuits against the Non-Debtor Affiliates assert some variation of alter ego/veil piercing, successor liability, and/or fraudulent transfer claims. Each such claim is property of the Debtor’s estate and thus subject to the automatic stay.

36. Section 541 of the Bankruptcy Code establishes that the filing of a bankruptcy case creates an “estate.” 11 U.S.C. § 541(a). That estate includes “all legal or equitable interests of the debtor in property as of the commencement of the case,” wherever located and by whomever held.

Id. § 541(a)(1). Thus, the estate includes all state and federal legal rights and causes of action held by the debtor at the commencement of the bankruptcy case. *See S.I. Acquisition, Inc. v. Eastway Delivery Serv., Inc. (In re S.I. Acquisition, Inc.)*, 817 F.2d 1142, 1149 (5th Cir. 1987) (citing *Am. Nat'l Bank of Austin v. MortgageAmerica Corp. (In re MortgageAmerica Corp.)*, 714 F.2d 1266, 1274 (5th Cir.1983)).

37. Alter ego/veil piercing claims are derivative claims that are property of the debtor's bankruptcy estate. *See, e.g., In re S.I. Acquisition, Inc.*, 817 F.2d at 1153 (holding that alter ego claims are property of a debtor's estate and staying a third party action under section 362(a)(3)); *Schimmelpenninck v. Byrne (In re Schimmelpenninck)*, 183 F.3d 347, 365–66 (5th Cir. 1999) (holding that reverse veil piercing claims are property of the debtor's estate and enjoining a third party action). Similarly, it is well-established that fraudulent transfer claims are property of a debtor's bankruptcy estate. *See, e.g., In re MortgageAmerica Corp.*, 714 F.2d at 1275; *In re S.I. Acquisition, Inc.*, 817 F.2d at 1150; *Schertz-Cibolo—Universal City, Indep. Sch. Dist. (In re Educators Grp. Health Tr.)*, 25 F.3d 1281, 1284–86 (5th Cir. 1994); *The Cadle Co. v. Mims (In re Moore)*, 608 F.3d 253, 261 (5th Cir. 2010).

38. When claims against a non-debtor are property of the estate, only the debtor has standing to pursue them and the pursuit of such claims by a non-debtor is a violation of 11 U.S.C. § 362(a)(3). *See In re S.I. Acquisition, Inc.*, 817 F.2d at 1150 (“[A] section 362(a)(3) stay applies to a cause of action that under state (or federal) law belongs to the debtor [or] that seeks to recover property of the estate where the property is held or controlled by a person or entity other than the debtor.”); *In re Educators Grp. Health Tr.*, 25 F.3d at 1284 (“If a cause of action belongs to the estate, then the trustee has exclusive standing to assert the claim.”). This is true even if outside the bankruptcy proceeding, a non-debtor was otherwise entitled to assert such

claims. *See In re Moore*, 608 F.3d at 261 (“The right to recoup a fraudulent conveyance, which outside of bankruptcy may be invoked by a creditor, is property of the estate that only a trustee or debtor in possession may pursue once a bankruptcy is under way.” (citation omitted)). Thus, any actions based on alter ego/veil piercing or fraudulent transfer theories are automatically stayed by section 362(a)(3) and plaintiffs asserting any such claims are automatically divested of standing to pursue such claims as they became property of the Debtor’s estate on the Petition Date.

39. All causes of action against the Non-Debtor Affiliates are based on alter ego/veil piercing or fraudulent transfer-type theories. Such claims are property of the Debtor’s estate, and thus the Debtor alone has standing to bring such claims, and each such cause of action was automatically stayed under 11 U.S.C. § 362(a)(3) upon the Debtor’s chapter 11 filing.

II. This Court Should Exercise Its Broad Equitable Powers to Extend and Enforce the Automatic Stay.

40. This Court also has authority under section 105(a) of the Bankruptcy Code to grant the relief requested herein. Section 105(a) of the Bankruptcy Code empowers the Court to “issue any order, process, or judgment that is necessary to carry out the provisions of this title.” 11 U.S.C. § 105(a). As explained in the legislative history, section 105 specifically provides the Court authority to stay actions that are not directly subject to the automatic stay:

The court has ample . . . powers to stay actions not covered by the automatic stay. Section 105 . . . grants the power to issue orders necessary or appropriate to carry out the provisions of title 11. The district court and the bankruptcy court as its adjunct have all the traditional injunctive powers of a court of equity.

S. Rep. No. 95-989, at 51; H. Rep. No. 95-595, at 341-42 (emphasis added).

41. Granting the relief requested herein is justified under section 105(a) of the Bankruptcy Code. Indeed, the Fifth Circuit has confirmed that “beyond the automatic stay provisions of section 362(a)(1) and (3), the bankruptcy court may affirmatively stay proceedings

pursuant to its broad discretionary powers embodied in 11 U.S.C. § 105. . . . Section 105 does empower the bankruptcy court to stay proceedings against nonbankrupt entities.” *In re S.I. Acquisition, Inc.*, 817 F.2d at 1146 n.3.

42. The relief requested in this Motion is fully consistent with the terms of the Bankruptcy Code and will protect and preserve the Debtor’s assets and the value thereof for the benefit of all stakeholders. It is manifestly appropriate for the Court to extend and enforce the automatic stay to claims against the Non-Debtor Indemnified Parties in the Lawsuits because, as stated previously, any judgment against the Non-Debtor Indemnified Parties is effectively a judgment against the Debtor. Allowing the continued assertion of claims against the Non-Debtor Indemnified Parties would thus permit indirectly what is expressly prohibited by the Bankruptcy Code. Furthermore, also as stated above, the claims against the Non-Debtor Affiliates are property of the Debtor’s bankruptcy estate—prohibiting third parties from asserting such claims not only comports with the goals of protecting the Debtor’s assets and maximizing the value of the Debtor’s estate, but is mandatory to protect property of the Debtor’s estate and this Court’s exclusive jurisdiction over the same.

43. Notwithstanding the self-executing and global nature of the automatic stay, not all parties affected or potentially affected by the commencement of this chapter 11 case are aware of this statutory provision or its significance and impact, and some have disregarded, or may even affirmatively disregard the same. Debtors often must advise third parties of the existence, reach, and effects of the automatic stay, especially—as is the case here—where the Debtor is a party in hundreds of Lawsuits across the Nation. To avoid any confusion in the future, and in an effort to provide notice to parties unfamiliar with the Bankruptcy Code of the existence, scope, and effect of 11 U.S.C. § 362, it is prudent and particularly appropriate in this chapter 11 case to obtain an

order confirming and reinforcing the legal tenets discussed herein. An order providing notice of and enforcing the protections provided by the automatic stay will help to protect the Debtor from unintentional stay violations and will also conserve resources by preventing the Debtor from having to commence additional proceedings to enforce the stay on an ad hoc basis.

44. Most fundamentally, the relief requested in this Motion is necessary to ensure that the Debtor receives the full and complete benefit of the much needed “breathing spell” that is intended by the automatic stay under 11 U.S.C. § 362(a). Such a breathing spell will provide the Debtor and its professionals the necessary time required to formulate a plan to maximize creditor recoveries through this chapter 11 case.

45. Based on the foregoing, the Debtor respectfully requests that this Court exercise its broad equitable powers to stay all claims in the Lawsuits against the Non-Debtor Indemnified Parties and enforce the automatic stay with respect to such claims.

Emergency Consideration

46. Pursuant to Bankruptcy Local Rule 9013-1(i), the Debtor respectfully requests emergency consideration of this Motion. Emergency relief is necessary in order to prevent the continuation of existing Lawsuits or commencement of new Lawsuits against the Non-Debtor Indemnified Parties, which would adversely affect the Debtor’s estate as described above either because (a) plaintiffs are asserting claims that are property of the estate or (b) plaintiffs seek judgment against parties with indemnification rights against the Debtor.

Reservation of Rights

47. Nothing contained herein or any actions taken pursuant to such relief requested is intended or shall be construed as: (a) an admission as to the amount of, basis for, or validity of any claim against a Debtor entity under the Bankruptcy Code or other applicable nonbankruptcy

law; (b) a waiver of the Debtor's or any other party in interest's right to dispute any claim on any grounds; (c) a promise or requirement to pay any claim; (d) an implication or admission that any particular claim is of a type specified or defined in this Motion or any order granting the relief requested by this Motion or a finding that any particular claim is an administrative expense claim or other priority claim; (e) a request or authorization to assume, adopt, or reject any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) an admission as to the validity, priority, enforceability, or perfection of any lien on, security interest in, or other encumbrance on property of the Debtor's estate; (g) a waiver or limitation of the Debtor's, or any other party in interest's, rights under the Bankruptcy Code or any other applicable law; or (h) a concession by the Debtor that any liens or claims (contractual, common law, statutory, or otherwise) that may be satisfied pursuant to the relief requested in this Motion are valid, and the rights of all parties in interest are expressly reserved to contest the extent, validity, or perfection or seek avoidance of all such liens and claims.

No Prior Request

48. No prior application for the relief requested herein has been made to this or any other court.

[Remainder of page intentionally left blank]

WHEREFORE, the Debtor respectfully requests that the Court enter the Order, granting the relief requested herein and such other relief as the Court deems appropriate under the circumstances.

Respectfully submitted this 17th day of February, 2023.

GRAY REED

By: /s/ Jason S. Brookner

Jason S. Brookner
Texas Bar No. 24033684
Aaron M. Kaufman
Texas Bar No. 24060067
Lydia R. Webb
Texas Bar No. 24083758
Amber M. Carson
Texas Bar No. 24075610

1300 Post Oak Boulevard, Suite 2000
Houston, Texas 77056

Telephone: (713) 986-7127

Facsimile: (713) 986-5966

Email: jbrookner@grayreed.com
akaufman@grayreed.com
lwebb@grayreed.com
acarson@grayreed.com

*Proposed Counsel to the Debtor
and Debtor in Possession*

CERTIFICATE OF SERVICE

I certify that on February 17, 2023, I caused a copy of the foregoing document to be served by the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas to all parties authorized to receive electronic notice in this case.

/s/ Jason S. Brookner

Jason S. Brookner

Exhibit A

Perry Declaration

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

)	
In re:)	Chapter 11
)	
TEHUM CARE SERVICES, INC., ¹)	Case No. 23-90086 (CML)
)	
Debtor.)	
)	

**DECLARATION OF RUSSELL A. PERRY IN SUPPORT OF DEBTOR’S
EMERGENCY MOTION TO EXTEND AND ENFORCE THE AUTOMATIC STAY**

Russell A. Perry declares under penalty of perjury, pursuant to 28 U.S.C. § 1746, as follows:

1. I am the Chief Restructuring Officer of Tehum Care Services, Inc., the above-captioned debtor and debtor in possession (the “Debtor”). I am also a Senior Managing Director of Ankura Consulting Group, LLC (“Ankura”). I was retained by the Debtor as Chief Restructuring Officer on February 13, 2023 (the “Petition Date”), shortly before the Debtor’s chapter 11 petition was filed. I submit this declaration (this “Declaration”) in support of the *Debtor’s Emergency Motion to Extend and Enforce the Automatic Stay* (the “Stay Extension Motion”).² Except as otherwise indicated, all facts set forth in this Declaration are based upon: (a) my personal knowledge of the Debtor’s operations and finances, which is somewhat limited given that I have only been retained for four days; (b) my review of certain relevant documents; (c) information provided to me by Ankura professionals working under my direction and supervision; (d) information provided to me by members of the Debtor’s management, professionals and others

¹ The last four digits of the Debtor’s federal tax identification number is 8853. The Debtor’s service address is: 205 Powell Place, Suite 104, Brentwood, Tennessee 37027.

² Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Stay Extension Motion.

working for the Debtors, or their respective other advisors; or (e) my opinion based upon my experience and knowledge. I am over the age of 18, and I am authorized to submit this Declaration on behalf of the Debtor. If called upon to testify, I could and would testify competently to the facts set forth in this Declaration.

2. I hold a bachelor's degree in agribusiness, an MBA degree from Texas A&M University, and am a CFA® charterholder. I have more than fifteen years of restructuring and bankruptcy-related experience, with a focus on the U.S. healthcare market. During that time, I have advised and assisted distressed companies across various complex financial, operational, and strategic situations, including serving in interim management, Chief Transformation Officer, Chief Restructuring Officer, Strategic Restructuring Advisor, and Independent Manager positions. My experience includes financial statement analysis, financial projection development, liquidity and cash management, M&A support, stakeholder negotiations, balance sheet recapitalization and restructuring, postpetition financing and sourcing, and bankruptcy preparation and administration.

3. I have played a key role in many successful chapter 11 restructurings in this District and others, including *In re Pipeline Health System, LLC*, No. 22-90291 (MI) (Bankr. S.D. Tex. Oct. 2, 2022); *In re SQLC Senior Living Ctr. at Corpus Christi Inc.*, No. 2:19-bk-20063 (DRJ) (Bankr. S.D. Tex. Feb. 8, 2019); *In re Tarrant County Senior Living Ctr., Inc. d/b/a The Stayton at Museum Way*, No. 19-33756 (SGJ) (Bankr. N.D. Tex. Nov. 5, 2019); *In re Trident Holding Co., LLC*, No. 19-10384 (SHL) (Bankr. S.D.N.Y. Feb. 10, 2019); *In re Virginia United Methodist Homes of Williamsburg, Inc.*, No. 13-31098 (KRH) (Bankr. E.D. Va. Mar. 1, 2013); *In re Franciscan Cmty. St. Mary of the Woods*, No. 1:11-bk-19865 (JPS) (Bankr. N.D. Ohio Nov. 21, 2011); *In re the Clare at Water Tower*, No. 11-46151 (TAB) (Bankr. N.D. Ill. Nov. 14, 2011); *In re Fairview Village* No. 1:11-bk-04392 (TAB) (Bankr. N.D. Ill. Feb. 4, 2011); and *In re Forum*

Health, No. 9-40795 (KW) (Bankr. N.D. Ohio Mar. 16, 2009). I have also served as Strategic Restructuring Advisor, as a member of interim management, and as independent manager in other confidential, out-of-court matters.

A. Company Background and Divisional Merger

4. Until May 5, 2022, the Debtor (then named Corizon Health, Inc.) was a nationwide provider of correctional healthcare, providing services in multiple states across the United States. In the ordinary course of its business, the Debtor entered into agreements with various (typically governmental) entities under which the Debtor would provide, or arrange for the provision of, healthcare services to certain inmates or detainees of the contract counterparty. To the best of my knowledge, and upon information and belief, under all or substantially all of the Debtor’s customer agreements, the Debtor agreed to provide broad indemnification for its customers and their employees, agents, and representatives. To the best of my knowledge, information and belief, each indemnification provision is substantially similar, albeit with slight variations in form.

5. By the end of 2021, the Debtor’s financial situation was dire. Its financial position had worsened in recent years due to revenue declines, margin compression, and deteriorating liquidity; it was operating in a significant negative working capital position due to its debt obligations; and it faced increased exposure to professional liability claims (indeed, hundreds) to the tune of an estimated \$88 million.

6. Hoping to stave off a bankruptcy filing to address the Debtor’s secured debt obligations, in early 2022, the Debtor’s Board, with the help of counsel, began considering restructuring alternatives other than bankruptcy. One restructuring alternative was a divisional merger under the Texas Business Organizations Code (the “TBOC”)—a decades-old statutory framework that allows one or more corporate entities to merge into one or more surviving or new

legal entities and re-allocate assets and liabilities among the resulting entities in a manner that is binding on creditors.

7. To ensure that a divisional merger was a viable and fair path forward, on February 8, 2022, the Debtor engaged independent financial firm, FTI Capital Advisors, LLC (“FTI”), to render a fairness opinion on the proposed divisional merger. FTI conducted widescale due diligence, including a review and analysis of Corizon’s financial history and contingent liabilities. Ultimately, the conclusion was reached that the proposed divisional merger provided Corizon’s unsecured creditors with access to equal or greater value than not completing the merger, supported by, among other things, the availability of \$15,000,000 from M2 LoanCo, LLC pursuant to a funding agreement (the “Funding Agreement”). FTI confirmed the fairness of the divisional merger in a May 1, 2022, fairness opinion sent to the Debtor’s Board of Directors.

8. Convinced that a divisional merger was the most prudent path forward and the best path to repay its creditors as a whole, in May 2022, the Debtor and several of its affiliates, including Corizon, LLC, Valitas Health Services, Inc., and Corizon Health of New Jersey, LLC (collectively, the “Merger Entities”) executed a corporate reorganization effectuated through two merger transactions under the TBOC: a combination merger and a divisional merger. The following steps comprised the combination merger:

- a. On April 28, 2022, the Debtor (previously incorporated in Delaware) converted to a Texas corporation.
- b. The Debtor and each Merger Entity merged pursuant to a plan of combination merger under Texas law (the “Combination Merger”).
- c. The Debtor filed the Certificate of Combination Merger with the Texas Secretary of State on May 2, 2022, and the Combination Merger became effective on May 5, 2022.
- d. The Debtor was the sole survivor of the Combination Merger and was vested with all assets and liabilities of the Merger Entities. The Merger Entities ceased to exist.

9. The Debtor then effectuated a by-the-book divisional merger (the “Divisional Merger”), as follows:

- a. The Debtor drafted the Plan of Merger, which provided that CHS TX, Inc. (“CHS”) would be formed and documented which assets and liabilities were to remain with the Debtor and which were to be allocated to CHS.
- b. The approved Plan of Merger was in writing and included all information required by the TBOC.
- c. The Debtor filed the Certificate of Merger and Certificate of Formation for CHS. with the Texas Secretary of State on May 3, 2022, and the Divisional Merger became effective on May 5, 2022.
- d. On May 11, 2022, the Texas Secretary of State approved and accepted the Certificate of Merger and Certificate of Formation for CHS, effective as of May 5, 2022.

10. Under the Divisional Merger, the Debtor remained in existence and was allocated and remained vested with all inactive and expired customer contracts, as well as all liabilities related to such contracts. In return, the Debtor was released from nearly \$100 million of senior secured debt obligations, which were allocated to CHS. Moreover, as part of the Divisional Merger, the Debtor was allocated \$1 million in cash, as well as the right to draw on the \$15 million Funding Agreement, \$11 million of which was earmarked for the Debtor’s creditors.

11. CHS was subsequently acquired by YesCare Corp. The Divisional Merger was approved by the Texas Secretary of State, effective as of May 5, 2022.

12. Under the terms of the Divisional Merger, the Debtor agreed to “indemnify, defend, and hold harmless” CHS “from and against, and reimburse [CHS] for, any and all losses, damages, costs, expenses, taxes, liabilities, obligations, penalties, fines, claims of any kind (including reasonable attorneys’ fees) (collectively, “Losses”), suffered or incurred, or that may be suffered or incurred, by [CHS] to the extent such Losses arise from or relate to” the assets or liabilities allocated to the Debtor in the Divisional Merger.

13. The Debtor is actively winding down its business as it is no longer an operating entity with any active contracts or medical service providers. Although the Debtor had hoped to complete an out-of-court wind down of its business while, at the same time, maximizing value for creditors, ongoing litigation has made that effort impracticable. Through this chapter 11 process, the Debtor hopes to effectuate a plan of liquidation to maximize and expedite creditor recovery.

B. The Prepetition Lawsuits

14. Since the Petition Date, it is my understanding that the Debtor either has filed, or is in the process of filing, suggestions of bankruptcy in multiple pending state and federal court actions (collectively, the “Lawsuits”). In the Lawsuits, the plaintiffs assert causes of action against the Debtor, as well as (a) certain non-debtor former clients (collectively, the “Indemnified Clients”) and (b) the Debtor’s non-debtor affiliates, CHS and YesCare Corp. (collectively, the “Non-Debtor Affiliates,” and together with the Indemnified Clients, the “Non-Debtor Indemnified Parties”) to whom the Debtor also owes indemnification obligations.

15. To the best of my knowledge, information and belief, the Lawsuits generally fall into four categories: (a) vendor lawsuits, typically asserting breach of contract claims against the Debtor and certain Indemnified Clients for unpaid invoices; (b) professional liability lawsuits, typically asserting medical malpractice and related claims against the Debtor, certain Indemnified Clients, and individual former employee medical providers; (c) employment lawsuits, asserting employment discrimination or similar claims against the Debtor and Indemnified Clients; and (d) workers’ compensation lawsuits against the Debtor only.

16. In some of the aforementioned Lawsuits, the plaintiffs have asserted claims or equitable remedies that include successor liability, alter ego, veil piercing, and/or fraudulent transfer claims against the Non-Debtor Affiliates. For example, in one litigation that was pending

in Missouri state court (that has been removed to the U.S. Bankruptcy Court for the Western District of Missouri, Central Division (Dow, J.)), Adversary No. 23-4005-drd, the plaintiff sought appointment of a receiver over the Debtor and certain other defendants (including CHS), and sought to vest the receiver with the right to pursue an essential unwinding of the Divisional Merger, including through causes of action that are now property of the estate (like fraudulent conveyance and successor liability). To the best of my knowledge, there have been no distinct direct claims asserted against the Non-Debtor Affiliates in any of the Lawsuits—each claim appears to be derivative, and inextricably relies upon, the Debtor’s alleged prepetition acts.

17. To the best of my knowledge, information and belief, each Non-Debtor Indemnified Party is a party to an indemnification agreement with the Debtor. While the Debtor reserves all rights, there seems to be little ground (if any) to dispute the Debtor’s indemnification obligations to the Non-Debtor Indemnified Parties. Thus, absent any yet-to-be-discovered defenses to such indemnification obligations, any judgment against any Non-Debtor Indemnified Party would entitle such party to file a claim for indemnification against the Debtor in this chapter 11 case. In effect then, a continuation of any Lawsuit as to the Non-Debtor Indemnified Parties would be a *de facto* proceeding against the Debtor, in frustration of the purposes behind the automatic stay. I believe the Debtor’s indemnity obligations would deplete its assets to the detriment of its creditor body as a whole.

18. I believe that not all parties affected or potentially affected by the commencement of this chapter 11 case are aware of the automatic stay or its significance and impact, and some have disregarded, or may even affirmatively disregard, the same. An order providing notice of and enforcing the protections provided by the automatic stay will help to protect the Debtor from both

purposeful and unintentional stay violations, and will also conserve resources by preventing the Debtor from having to commence additional proceedings to enforce the stay on an ad hoc basis.

19. I believe that an extension of the automatic stay to cover the Non-Debtor Indemnified Parties is necessary to (a) protect the Debtor's estate from opportunistic plaintiffs who are seeking or may seek to unwind the Divisional Merger and otherwise attempt to end-run the automatic stay to the detriment of the Debtor's other creditors and (b) protect the Debtor from indemnity claims while it proceeds through chapter 11 and formulates an exit strategy. Without such relief, I believe that the pending Lawsuits will deplete the Debtor's bankruptcy estate and greatly jeopardize the Debtor's ability to propose and obtain confirmation of a chapter 11 plan of liquidation. Conversely, I believe that an extension of the automatic stay as requested in the Stay Extension Motion is necessary to ensure that all creditor recoveries are maximized and placed on a level playing field, without one creditor racing to a courthouse in another state to the detriment of other creditors. Accordingly, I believe the Stay Extension Motion should be granted.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information, and belief.

Executed this 17th day of February, 2023

/s/ Russell A. Perry
Russell A. Perry
Chief Restructuring Officer

EXHIBIT B

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:)	
)	Chapter 11
)	
TEHUM CARE SERVICES, INC., ¹)	Case No. 23-90086 (CML)
)	
Debtor.)	Re: Docket No. __

**ORDER GRANTING DEBTOR’S
EMERGENCY MOTION TO EXTEND AND ENFORCE THE AUTOMATIC STAY**

Upon the motion (the “Motion”)² of Tehum Care Services, Inc., the above-captioned debtor and debtor in possession (the “Debtor”) for entry of an order (this “Order”), (a) confirming that the automatic stay applies, or extending the automatic stay, to cover the Non-Debtor Indemnified Parties in the Lawsuits, (b) enforcing the protections of sections 362 in each of the Lawsuits, and (c) granting related relief, all as more fully set forth in the Motion; and upon the *Declaration of Russell A. Perry in Support of Debtor’s Emergency Motion to Extend and Enforce the Automatic Stay*; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. § 1334; and this Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and this Court having found that it may enter a final order consistent with Article III of the United States Constitution; and this Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the relief requested in the Motion is in the best interests of the Debtor’s estate, its creditors, and other parties in interest; and this Court having found that the Debtor’s notice of the Motion and

¹ The last four digits of the Debtor’s federal tax identification number is 8853. The Debtor’s service address is: 205 Powell Place, Suite 104, Brentwood, Tennessee 37027.

² Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Motion.

opportunity for a hearing on the Motion were appropriate under the circumstances and no other notice need be provided; and this Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before this Court (the "Hearing"); and this Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before this Court; and after due deliberation and sufficient cause appearing therefor, it is HEREBY ORDERED THAT:

1. Pursuant to sections 105 and 362 of the Bankruptcy Code, the automatic stay of section 362(a) of the Bankruptcy Code is hereby extended to cover, and now applies to protect, the Non-Debtor Indemnified Parties, effective immediately.

2. All claims seeking to hold CHS TX, Inc. and YesCare Corp. liable for claims against the Debtor, including, but not limited to, claims for successor liability, alter ego, piercing the corporate veil, and fraudulent transfer claims, are automatically stayed pursuant to section 362(a) of the Bankruptcy Code.

3. All claims asserted in the Lawsuits against entities holding contractual indemnity rights against the Debtor are stayed pursuant to section 362(a) of the Bankruptcy Code, effective immediately.

4. Unless otherwise ordered by the Court, pursuant to the express terms of Section 362(a) of the Bankruptcy Code, subject to sections 362(b), 555, 556, and 560 of the Bankruptcy Code, all persons (including individuals, partnerships, corporations, and other entities and all those acting on their behalf) and governmental units, whether of the United States, any state or locality therein or any territory or possession thereof, or any foreign country (including any division,

department, agency, instrumentality or service thereof and those acting on their behalf), are hereby stayed, restrained and enjoined from:

- a) Commencing or continuing (including the issuance or employment of process) any judicial, administrative, or other action or proceeding against the Debtor or any Non-Debtor Indemnified Party that was or could have been commenced before the commencement of the Debtor's chapter 11 case or recovering a claim against the Debtor or any Non-Debtor Indemnified Party that arose before the commencement of the Debtor's chapter 11 case;
- b) Enforcing against (i) the Debtor or against property of its estate, or (ii) any Non-Debtor Indemnified Party or such party's property, any judgment or order obtained before the commencement of the Debtor's chapter 11 case;
- c) Taking any action to obtain possession of property of the Debtor's estate or property of any Non-Debtor Indemnified Party, or to exercise control over property of the estate or property of a Non-Debtor Indemnified Party or interfere in any way with the conduct by the Debtor of its business;
- d) Taking any action to create, perfect, or enforce any lien against property of the Debtor's estate or of any Non-Debtor Indemnified Party;
- e) Taking any action to create, perfect, or enforce against property of the Debtor or any Non-Debtor Indemnified Party any lien to the extent that such lien secures a claim that arose prior to the commencement of the Debtor's chapter 11 case;
- f) Taking any action to collect, assess, or recover from the Debtor or any Non-Debtor Indemnified Party a claim against the Debtor or such Non-Debtor Indemnified Party that arose prior to the commencement of the Debtor's chapter 11 case; or
- g) Offsetting any debt owing to the Debtor that arose before the commencement of the Debtor's chapter 11 case against any claim against the Debtor.

5. This Order shall not affect the exceptions to the automatic stay contained in sections 362(b) and 362(f) of the Bankruptcy Code or the right of any party in interest to seek relief from the automatic stay in accordance with section 362(d) of the Bankruptcy Code.

6. This Order is intended to be declarative of and coterminous with, and shall neither abridge, enlarge, nor modify the rights and obligations of any party under section 362, 365, 525, and 541(c) of the Bankruptcy Code.

7. The Debtor is authorized to take all actions necessary to effectuate the relief granted in this Order in accordance with the Motion.

8. This Court retains exclusive jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Order.

Signed: _____, 2023

Christopher M. Lopez
United States Bankruptcy Judge

EXHIBIT C

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:)	
)	Chapter 11
TEHUM CARE SERVICES, INC., ¹)	Case No. 23-90086 (CML)
Debtor.)	

NOTICE OF HEARING

PLEASE TAKE NOTICE that a hybrid hearing to consider the *Debtor’s Emergency Motion to Extend and Enforce the Automatic Stay* [Docket No. 7] has been scheduled for **Friday, March 3, 2023, at 1:00 p.m. (Central Time)** Courtroom 401, 515 Rusk, Houston, TX 77002 before the Hon. Christopher M. Lopez, United States Bankruptcy Judge for the Southern District of Texas, Houston Division.

PLEASE TAKE FURTHER NOTICE that parties may attend the hearing either in person or by an audio/video connection. Audio communication will be by use of the Court’s dial-in facility. You may access the facility at (832) 917-1510. Once connected, you will be asked to enter the conference room number. Judge Lopez’s conference room number is 590153. Video communication will be by use of the GoToMeeting platform. Connect via the free GoToMeeting application or click the link on Judge Lopez’s home page. The meeting code is “judgelopez”. Click the settings icon in the upper right corner and enter your name under the personal information setting.

PLEASE TAKE FURTHER NOTICE hearing appearances must be made electronically in advance of both electronic and in-person hearings. To make your appearance, click the

¹ The last four digits of the Debtor’s federal tax identification number is 8853. The Debtor’s service address is: 205 Powell Place, Suite 104, Brentwood, Tennessee 37027.

“Electronic Appearance” link on Judge Lopez’s home page. Select the case name, complete the required fields and click “submit” to complete your appearance.

Respectfully submitted this 20th day of February, 2023.

GRAY REED

By: /s/ Jason S. Brookner

Jason S. Brookner
Texas Bar No. 24033684
Aaron M. Kaufman
Texas Bar No. 24060067
Lydia R. Webb
Texas Bar No. 24083758
Amber M. Carson
Texas Bar No. 24075610

1300 Post Oak Boulevard, Suite 2000
Houston, Texas 77056

Telephone: (713) 986-7127

Facsimile: (713) 986-5966

Email: jbrookner@grayreed.com
akaufman@grayreed.com
lwebb@grayreed.com
acarson@grayreed.com

*Proposed Counsel to the Debtor
and Debtor in Possession*

CERTIFICATE OF SERVICE

I certify that on February 20, 2023, I caused a copy of the foregoing document to be served (a) by the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas to all parties authorized to receive electronic notice in this case, and (b) via electronic mail (where available) and via U.S. First Class Mail on the parties listed on the attached service list.

/s/ Jason S. Brookner

Jason S. Brookner

Service List

Ha Minh Nguyen

Office of the United States Trustee
515 Rusk St
Ste 3516
Houston, TX 77002
202-590-7962
Email: ha.nguyen@usdoj.gov

Tehum Care Services, Inc.

Russell Perry, Chief Restructuring Officer
Ankura Consulting Group, LLC
2021 McKinney Ave., Ste. 340
Dallas, TX 75201
Email: russell.perry@ankura.com

Counsel - Tehum Care Services, Inc.

Gray Reed
1300 Post Oak Boulevard, Suite 2000
Houston, Texas 77056
Email: jbrookner@grayreed.com,
akaufman@grayreed.com,
lwebb@grayreed.com,
acarson@grayreed.com

Andrew Jimenez

U.S. Department of Justice
Office of the U.S. Trustee
606 N Carancahua St
Ste 1107
Corpus Christi, TX 78401
361-888-3261
Email: andrew.jimenez@usdoj.gov

YesCare Corp. and CHS TX

White & Case LLP
1221 Avenue of the Americas
New York, NY 10020
Attn: Samuel P. Hershey
sam.hershey@whitecase.com

YesCare Corp. and CHS TX

Dowd Bennett LLP
7733 Forsyth Blvd., Suite 1900
St. Louis, MO 63105
Attn: Philip A. Cantwell & Robyn
Parkinson
pcantwell@dowdbennett.com
rparkinson@dowdbennett.com

GOVERNMENTAL AGENCIES

Florida Attorney General

Ashley Moody
Office of the Attorney General
The Capitol
PL-01
Tallahassee FL 32399-1050

Kansas Attorney General

Kris W Kobach
120 SW 10th Ave
2nd Fl
Topeka KS 66612-1597

Kentucky Attorney General

Daniel Cameron
700 Capitol Ave
Capital Bldg Ste 118
Frankfort KY 40601

Maryland Attorney General

Anthony G Brown
200 St Paul Pl
Baltimore MD 21202-2022
oag@oag.state.md.us

Michigan Attorney General

Dana Nessel
PO Box 30212
525 W Ottawa ST
Lansing MI 48909-0212
miag@mi.gov

Missouri Attorney General

Andrew Bailey
Supreme Ct Bldg
207 W High ST
Jefferson City MO 65101

New Jersey Attorney General

Matthew J Platkin
Richard J Hughes Justice Complex
25 Market St 8th Fl West Wing
Trenton NJ 08625

New Mexico Attorney General

Raul Torrez
408 Glisteo St
Villagra Bldg
Santa Fe NM 87501

New York Attorney General

Letitia James
Dept. of Law
The Capitol, 2ND Floor
Albany, NY 12224-0341

Pennsylvania Attorney General

Michelle Henry
1600 Strawberry Square
16th Fl
Harrisburg PA 17120
press@attorneygeneral.gov

Virginia Attorney General

Jason Miyares
202 North Ninth St
Richmond VA 23219

Wyoming Attorney General

Bridget Hill
200 W 24th St
State Capitol Bldg Rm 123
Cheyenne WY 82002

Internal Revenue Svc

Centralized Insolvency Operation
PO Box 7346
Philadelphia PA 19101-7346

Internal Revenue Svc

Centralized Insolvency Operation
2970 Market St
Mail Stop 5 Q30 133
Philadelphia PA 19104-5016

Franchise Tax Board

Bankruptcy Section, MS: A-340
PO Box 2952
Sacramento CA 95812-2952

United States Attorney
Southern District of Texas
1000 Louisiana Ste 2300
Houston TX 77002
usatxs.atty@usdoj.gov

TOP 30 UNSECURED CREDITORS

St. Adolphus
1055 North Curtis Road
Boise, ID 83706-1309
Attn: Keely Duke
ked@dukeevett.com

St. Luke's
190 E. Bannock
Boise, ID 83712-6241
Attn: Wendy Olson, Stoel Rives, LLP
Wendy.olson@stoelrives.com

**Capital Region Medical Center /
Curators of the University of MO**
1125 Madison Street
Jefferson City, MO 65102-1128
Attn: Patrick Stueve
stueve@stuevesiegel.com

Maxim Healthcare
12558 Collections Center Drive
Chicago, IL 60693
Attn: Erno Lindner
elindner@bakerdonelson.com

Blue Cross Blue Shield of MI
600 East Lafayette Boulevard
Detroit, MI 48226-2996
Attn: Paul Wilk, Jr.
Paul.wilk@kitch.com

**GHR General Healthcare
Resources**
2250 Hickory Road, Ste. 240
Plymouth Meeting, PA 19462
Attn: Jessica Glatzer Mason
jmason@foley.com

Rifkin Law Office
3630 High Str. Ste. 18917
Oakland, CA 94619
Attn: Lori Rifkin
lrifkin@rifkinlawoffice.com

Arizona DOC
Struck Love Bojanowski & Acedo, PLC
3100 W. Ray Rd, Ste 300
Chandler, AZ 85226
Attn: Tim Bojanowski
bojanowski@strucklove.com

Highwoods Properties
P.O. Box 409355
Atlanta, GA 30384
Attn: Ronn Steen
Ronn.steen@thompsonburton.com

Cameron Regional Medical Center
1600 East Evergreen
Cameron, MO 64429
Attn: Mark Cole
mcole@spencerfane.com

Mercy Hospital (MO)
1400 US Highway 61
Festus, MO 63028-4100
Attn: Lisa Manziel
info@manziel.com

HCA Health Services of FL
2020 59th Street West
Bradenton, FL 34209-4604
Attn: David Tassa
dtassa@kslaw.com

Capitol Eye et al.
1705 Christy Drive, #101
Jefferson City, MO 65101
Attn: Blake Marcus
Blake.m@carsoncoil.com

Microsoft
P. O. Box 844510
Dallas, TX 75284-4510
Attn: Amy Scoville
amdevi@microsoft.com

Supplemental Healthcare
P.O. Box 27124
Salt Lake City, UT 84127-0124
Attn: Fariha Haider
fhaider@shccares.com

Alight
P.O. Box 95135
Chicago, IL 60694-5135
Attn: Jessica Lazenby
Jessica.lazenby@alight.com

Halo Branded Solutions
3182 Momentum Place
Chicago, IL 60689-5331
Attn: Scott Schaefer
Scott@schaeferlaw.com

BDO
P.O. Box 642743
Pittsburgh, PA 15264-274
Attn: Randy Wise
Randy.wise@abc-amega.com

Truman Medical
University Health
Office of General Counsel
2301 Holmes Street
Kansas City, MO 64108
Attn: Claire Hillman

Cell Staff
1715 N Westshore Boulevard
Tampa, FL 33607
Attn: Mike Landon
mlandon@cellstaff.com

Vang, Ka et al
c/o Webb Law Group
466 W. Fallbrook Ave., #102 Fresno,
CA 93711
Attn: Lenden Webb
lwebb@webblawgroup.com

Dell Financial Services, LLC
P.O. BOX 6547
Carol Stream, IL 60197-6547
Attn: Richard Villa
collections@slollp.com

Liftforward / Hitachi / Mitsubishi
P.O. BOX 1880
Minneapolis, MN 55480-1880
Attn: Mark Magnozzi
mmagnozzi@magnozzilaw.com

**Nephrology and Hypertension
Associates L.L.P.**
1205 West Broadway
Columbia, MO 65203
Attn: Thomas Riley

triley@rsb.com

Canon Financial

14904 Collections Drive Chicago, IL
60693-0149
Attn: Brian Fleischer
bfleischer@fleischerlaw.com

Newman, Kathleen

c/o TGH Litigation LLC
28 N. 8th Street, Suite 317
Columbia, MO 65201
Attn: J. Andrew Hirth
andy@tghlitigation.com

Willis Towers Watson

29754 Network Place
Chicago, IL 60673-1297
RMS LLC

Bio-Rad Laboratories, Inc.

1000 Alfred Nobel Drive
Hercules, CA 94547
Attn: Thomas Burg
thomas@bbslaw.com

WhiteGlove Placement

89 Bartlett Street
Brooklyn, NY 11206
Attn: Linda Markowitz
lmarkowitz@whiteglovecare.net

Pike County Memorial Hospital

2305 West Georgia St.
Louisiana, MO 63353
Attn: Jonathan Shoener
fandblegal@gmail.com

PLAINTIFFS

Sean Deloatch

1500 JFK Blvd., Ste 620
Philadelphia, PA 19102
Attn: Brian Zeiger
zeiger@levinzeiger.com

Curtis Lee

c/o Rania Major, P.C
2915 North 5th St.
Philadelphia, PA 19133
allcourts@comcast.net

Andrew Lyles

Margolis Gallagher & Cross
214 South Main St Ste 200
Ann Arbor, MI 48104
Attn: Larry Margolis
larry@lawinannarbor.com

Gregory Barrow

1500 JFK Blvd., Ste 620
Philadelphia, PA 19102
Attn: Brian Zeiger
zeiger@levinzeiger.com

James Hyman

Kay Griffin
222 Second Ave North Ste 340-M
Nashville TN 37201
Attn: Michael A. Johnson
mjohnson@kaygriffin.com

Kohchise Jackson

Margolis Gallagher & Cross
214 South Main St Ste 200
Ann Arbor, MI 48104
Attn: Larry Margolis
larry@lawinannarbor.com

Leona Miotke

Dunn Carney Allen Higgins & Tongue,
LLP
851 SW 6th Ave., Ste. 1500,
Portland, OR 97204
Attn: Anne D. Foster, Samuel T. Smith
ssmith@dunnearney.com

William Kelly

Margolis Gallagher & Cross
214 South Main St Ste 200
Ann Arbor, MI 48104
Attn: Larry Margolis
larry@lawinannarbor.com

Phillip Buchanan

St. Louis University Legal Clinic
100 N. Tucker Blvd
St. Louis, MO 63101
Attn: Matt Vigil
matt.vigil@slu.edu

Susan Szkalos

Law offices of Oscar Syger
2255 Glades Rd, Ste 324A
Boca Raton FL 33431
Attn: Oscar Syger
oscarsyger1218@gmail.com

Waheed Nelson

Law Office of James Cook
314 Jefferson St.
Tallahassee, FL 32301
Attn: James V. Cook
cookjv@gmail.com

Adree Edmo

Ferguson Durham PLLC
223 N. 6th St., Suite 325
Boise, ID 83702
Attn: Deborah Ferguson
daf@fergusondurham.com

Frederick Carr

Marie A. Mattox, PA
203 North Gadsden St.
Tallahassee, FL 32301
Attn: Marie Mattox
marie@mattoxlaw.com

Antonio Reali

Coyte Law, PC
3800 Osuna Road NE, Suite 2
Albuquerque, NM 87109
Attn: Matt Coyte
mcoyte@me.com

Hector Garcia, Jr.

Coyte Law, PC
3800 Osuna Road NE, Suite 2
Albuquerque, NM 87109
Attn: Matt Coyte
mcoyte@me.com

Joseph P. Hunter

Ralson Pope & Diehl LLC
2913 SW Maupin Lane
Topeka, Kansas 66614
Attn: Ronald Pope

Drew Daddano

HDR LLC
44 Broad Street NW, Suite 200
Atlanta, GA 30303
Attn: Dallas LePierre

Robert Gamez, Jr.

601 S. California Ave., Ste 100
Palo Alto, CA 94304
Attn: Anne M. Voigts
avoigts@kslaw.com

ron@ralstonpope.com

Christopher Brightly
c/o Stacy Scheff
PO Box 40611
Tucson, AZ 85717
stacy.scheff@gmail.com

Isaac Bernstein
c/o Thomas SanFilippo
211 N. Broadway, Ste 2323
St. Louis, MO 63102
thomas@tsalawoffice.com

Chester Bird #18008
Wyoming Medium Corr. Inst.
7076 Road 55 F
Torrington WY 82240

Richard Dague #30592
Wyoming Medium Corr. Inst.
7076 Road 55 F
Torrington WY 82240

Ryan Brown #30488
Wyoming Medium Corr. Inst. 7076
Road 55 F
Torrington WY 82240

Kerrie Milkiewicz
PR of the Estate of Milkiewicz
c/o Gina Puzzuoli
Fieger Law 19390 W 10 Mile Rd.
Southfield, MI 48075

dlepierre@hdrattoneys.com

Angela Branum & Estate of Justin Branum
c/o Joy Bertrand
PO Box 2734
Scottsdale, AZ 85252
joyous@mailbag.com

Wilbur Hasty
c/o Khazaeli Wyrsh, LLC
911 Washington Ave, Suite 211
St. Louis, MO 63101
Attn: James Wyrsh
james.wyrsh@kwlawstl.com

Andrew Wolf #35408
Idaho State Correctional Center
PO Box 70010
Boise, ID 83707

Camron Belcher #91436
Idaho Maximum Security Inst.
PO Box 51
Boise, ID 83707

Jeremy Wilkinson, #47239
Idaho State Correctional Center
P.O. Box 70010
Boise, ID 83707

Martin Olsen #18706
Wyoming Medium Corr. Inst.
7076 Road 55 F
Torrington WY 82240

Kimberly Briggs for Estate of Sean Parks
c/o Nathan Cohen
210 South Bemiston Ave
St. Louis, MO 63105
nathan@nathanscohen.com

Noah Schroder #72050
Treasue Valley Comm. Reentry Center
PO Box 8509
Boise, ID 83707

Dennis Mintun #69558
Idaho State Correctional Center
PO Box 14
Boise ID 83707

Alex Scott #98450
Idaho Maximum Security Inst
PO Box 51
Boise, ID 83707

Michael Chapman #271129
Elmore Correctional Facility
3520 Marion Spillway Road
Elmore, AL 36025