

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

In re:)	
)	Chapter 11
)	
AFH AIR PROS, LLC, <i>et al.</i> , ¹)	Case No. 25-10356 (PMB)
)	
Debtors.)	(Jointly Administered)
)	
)	Re: Docket No. 478

STATEMENT OF THE COMMITTEE OF CREDITORS HOLDING
UNSECURED CLAIMS IN SUPPORT OF THE DEBTORS'
SECOND AMENDED PLAN OF REORGANIZATION

The Committee of Creditors Holding Unsecured Claims (the "Committee") of the above-captioned debtors and debtors in possession (the "Debtors"), by and through its undersigned counsel, hereby files this statement (this "Statement") in support of the *Debtors' Second Amended Plan of Reorganization* [Docket No. 478] (the "Plan"). In support of this Statement, the Committee respectfully states as follows:

PRELIMINARY STATEMENT

1. Pursuant to the *Order Setting Continued Hearing to Provide Opportunity to Supplement Record of Hearing to Consider Confirmation of Debtors' Second Amended Plan of Reorganization* [Docket No. 642] (the "Order Setting Hearing") the Court invited certain parties in interest, including the Committee, to supplement the Confirmation Hearing record to more fully address issues raised by the Court at the Confirmation Hearing.²

¹ The last four digits of AFH Air Pros, LLC's tax identification number are 1228. Due to the large number of debtor entities in these chapter 11 cases, a complete list of the debtor entities and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the claims and noticing agent at <https://www.veritaglobal.net/AirPros>. The mailing address for the debtor entities for purposes of these chapter 11 cases is: 150 S. Pine Island Road, Suite 200, Plantation, Florida 33324.

² Terms not defined herein shall have the meaning set forth in the Order Setting Hearing or Plan, as applicable.



2. For the reasons set forth at the Confirmation Hearing and further below, the Committee supports confirmation of the Plan, including the releases set forth therein. The Plan embodies an arms-length settlement between the Committee, the Debtors, and the Lenders that was negotiated in good faith over an extended period of time (the “Committee Settlement”). The Debtors’ assets on hand are presently insufficient to satisfy even the pre-petition secured claims of the Lenders, resulting in an unsecured deficiency claim of approximately \$130 million (the “Deficiency Claim”). In a case where the secured Lenders have a large Deficiency Claim and where the DIP financing is not being paid in full, the Plan contemplates a potential path for general unsecured claims to receive a recovery.

THE COMMITTEE’S INVESTIGATION

3. The Committee conducted its investigation into potential claims against the Lenders, including challenging the perfection and validity of their liens. The Committee determined that the Prepetition Secured Obligations, while generally secured by most of the Debtors’ personal property assets, were not secured by (i) commercial tort claims of the Debtors that existed on the Petition Date (as defined in the Plan, the “Litigation Trust Claims”) and (ii) certain other discrete assets of the Debtors (the “Discrete Assets”).

4. The Committee’s potential challenge against the Lenders was resolved as set forth in the Plan under the Committee Settlement. Specifically, with respect to the Litigation Trust Claims, these unencumbered commercial tort claims are to be contributed to the Litigation Trust for the benefit of allowed general unsecured claim holders under the Plan.

5. Further, with respect to the Discrete Assets, the Committee was able to negotiate for additional funding from the Lenders in the form of the Initial Litigation Trust Funding Cash as part of the Committee Settlement, which is discussed further below.

6. The Committee is in the process of reviewing certain of the Debtors' directors and officers' insurance policies with a view towards submitting a request to the Debtors' applicable insurance carriers of notice and circumstances that may trigger eligible coverage with respect to potential claims against Non-Released D&Os, including with respect to the removal of the Debtors' pre-petition manager as the manager of Solutions, Anthony Perera, as disclosed in the first day declaration. *See Declaration of Andrew D.J. Hede in Support of Chapter 11 Petitions and First Day Pleadings* at ¶25 [Docket No. 8]. Given the limited DIP budget on hand available to the Committee's professionals, the Committee has not conducted a full review of the Litigation Trust Claims and expects that its investigation will continue post confirmation by the Litigation Trustee.

THE COMMITTEE SETTLEMENT

7. The Committee Settlement is significant because it provides for:
- a separate and independent post-confirmation Litigation Trust to be established with a fiduciary selected by the Committee to review, reconcile, and resolve general unsecured claims (other than the Deficiency Claim) and to continue the investigation commenced by the Committee and pursue the Litigation Trust Claims after confirmation of the Plan;
 - a reservation of the Litigation Trust Claims against the Non-Released Debtor D&Os and any other Person that is not a Released Party. The Litigation Trust Claims are extremely broad in scope and generally carve out all Causes of Action against all current or former insiders of the Debtors (excluding the Released Debtor D&Os, which are narrowly defined, or any other Released Party);
 - a dedicated pot of cash to be used to fund the Litigation Trust Expenses in the amount of \$1,000,000 (the "Initial Litigation Trust Funding Cash"), which the

Committee views to be a reasonable and fair settlement. The Committee notes that the Initial Litigation Trust Funding Cash amount is subject to reduction by the Committee Professionals Excess Amount (the amount by which the allowed Committee's professional fees exceed the DIP Budget).³

ORDER SETTING HEARING

8. With respect to the areas of inquiry set forth in the Order Setting Hearing, the Committee provides the following information:

9. The nature, extent, validity and collectability of the Litigation Trust Claims. As set forth above, the Committee has not conducted a full investigation into the Litigation Trust Claims, given the DIP Budget limitation. Post-confirmation, the Committee expects that the Litigation Trust will continue the review and investigation into the Litigation Trust Claims. To the extent that the Initial Litigation Trust Funding Cash is insufficient to fund such investigation, the Litigation Trust Agreement contemplates that the Trust may seek contingency fee counsel or some other funding mechanism to investigate further the Litigation Trust Claims to the extent the Litigation Trustee determines that such claims are colorable.

10. The nature, extent, validity, and collectability of any known or suspected claims or causes of action against the Released Parties that would be released through the Release. The Committee Settlement embodied in the Plan represents a global settlement between the Committee, the Lenders, and the Debtors that resolves the Committee's potential challenge against the Lenders in these cases. The Committee Settlement provides that certain unencumbered assets against which the Lenders do not have a lien on (*i.e.*, the Litigation Trust Claims) will be contributed to the Trust for the benefit of all allowed general unsecured claims.

³ Through July 31, 2025, the Committee Professionals Excess Amount is approximately \$315,000 and such amount is anticipated to increase as it does not include estimated time or expenses for August 2025.

Significantly, although unsecured creditors are not entitled to any distribution given the absolute priority waterfall and the economics of the case, the Committee was able to negotiate for an additional \$1,000,000 pool of cash, a portion of which will be used to fund expenses of the Litigation Trust to pursue the Litigation Claims. Significantly, the Lenders are agreeing to subordinate their outstanding DIP obligations of approximately \$16,900,000 to be *pari passu* with general unsecured claims (rather than seeking recovery as a superpriority administrative claim) under the Plan in order to allow for the funding of the Initial Litigation Trust Funding Cash. The Committee is unaware of any claims against the three released Debtor D&Os, who the Committee believes would be likely entitled to exculpation in any event as current officers or directors.

11. The analysis pursuant to which the Committee determined that the settlement embodied in the Creditors' Committee Settlement, including the Release, is in the best interests of the Holders of General Unsecured Claims. The DIP loan in these cases is not being re-paid in full and the Lenders are receiving substantially less than full value on their secured claim. The Committee focused on developing a path to potentially generate value for what it hopes is meaningful value, which is preserving the right to pursue Mr. Perera for various claims under the applicable policies of insurance. Given the size of the secured debt and the Deficiency Claim in these cases, absent a settlement with the Lenders to fund an investigation into the Litigation Trust Claims, general unsecured claim holders would have no path to a meaningful recovery. The Plan provides for the general unsecured creditors a viable path for the continued investigation into, and prosecution of, the Litigation Trust Claims.

WHEREFORE, for the foregoing reasons and as set forth on the record at the Confirmation Hearing, the Committee supports entry of an order confirming the Plan.

Dated: August 18, 2025

PACHULSKI STANG ZIEHL & JONES LLP

/s/ Bradford J. Sandler

Signed w/express permission by Anna M. Humnicky

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Creditors Holding Unsecured Claims***

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF GEORGIA
NEWNAN DIVISION

IN RE:

AFH AIR PROS, LLC, *et. al.*,

DEBTORS.

CHAPTER 11

CASE NO. 25-10356-PMB

(Jointly Administered)

CERTIFICATE OF SERVICE

I, Anna M. Humnicky, certify that I am over the age of 18 and that on August 18, 2025, I filed and served copies of the STATEMENT OF THE COMMITTEE OF CREDITORS HOLDING UNSECURED CLAIMS IN SUPPORT OF THE DEBTORS' SECOND AMENDED PLAN OF REORGANIZATION on behalf of the Committee, by using the Bankruptcy Court's Electronic Case Filing program which sends a notice of the above-listed document and an accompanying link to the document to the parties who have appeared in this case under the Bankruptcy Court's Electronic Case Filing program, as indicated in Exhibit "A."

This 18th day of August 2025.

By: /s/ Anna M. Humnicky
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EXHIBIT A

Via CM/ECF –

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