

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

In re:

AFH AIR PROS, LLC, *et al.*,¹

Debtors.

Chapter 11

Case No. 25-10356 (PMB)

(Jointly Administered)

Response Deadline: November 8, 2025, at 4:00 p.m. ET

Hearing Date: November 18, 2025 at 1:30 p.m. ET

DEBTORS' AMENDED² OBJECTION TO CLAIM NO. 120
FILED BY RICHARD OUTRAM

(Reclassify)

The above-captioned debtors and debtors in possession (collectively, the “Debtors”) submit this motion (the “Motion”) for entry of an order, substantially in the form attached hereto as **Exhibit A** (the “Proposed Order”), pursuant to sections 105 and 502 of title 11 of the United States Code (the “Bankruptcy Code”), Rule 3007 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and Rule 3007-1 of the Local Rules of the United States Bankruptcy Court for the Northern District of Georgia (the “Local Rules”), (i) reclassifying Claim No. 120 filed by Richard Outram (“Claimant”) as a general unsecured claim, and (ii) granting related relief. In support of this Objection, the Debtors respectfully state as follows:

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 This Amended Objection amends the *Debtors’ Objection to Claim No. 120 Filed by Richard Outram* [Docket No. 749] solely to correct a scrivener’s error in the summary of Claim No. 120 herein.



JURISDICTION AND VENUE

1. The United States Bankruptcy Court for the Northern District of Georgia (the “Court”) has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2).

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

3. The statutory and legal predicates for the relief requested herein are sections 105(a) and 502 of the Bankruptcy Code, Bankruptcy Rule 3007, Local Rule 3007-1, and the *Second Amended and Restated General Order 26-2019, Procedures for Complex Chapter 11 Cases*, dated February 6, 2023 (the “Complex Case Procedures”).

BACKGROUND

A. The Chapter 11 Cases

4. On March 16, 2025 (the “Petition Date”), each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code with this Court.

5. The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

6. On March 31, 2025, the United States Trustee for Region 21 (the “U.S. Trustee”) appointed an official committee of unsecured creditors (the “Committee”) in the above-captioned chapter 11 cases (the “Chapter 11 Cases”). *See Appointment and Notice of Committee of Creditors Holding Unsecured Claims* [Docket No. 111].

7. No request has been made for the appointment of a trustee or an examiner.

8. On April 29, 2025, the Court entered the *Order (I) Fixing Deadlines for Filing Proofs of Claim and (II) Approving the Form and Manner of Notice Thereof* [Docket No. 283] (the “Bar Date Order”). The Bar Date Order (a) established June 23, 2025 at 11:59 p.m. (prevailing Eastern Time) (the “General Bar Date”) as the last day for creditors that are not governmental units

to file proofs of claim, proofs of interest, and requests for payment of administrative expense claims under Bankruptcy Code section 503(b)(9); (b) established September 12, 2025 at 11:59 p.m. (prevailing Eastern Time) (the “Governmental Bar Date”) as the last day for creditors that are governmental units to file proofs of claim, proofs of interest; and (c) approved a form of bar date notice, proof of claim form, and other procedures.

9. Additional information regarding the Debtors’ businesses, capital structure, and the circumstances leading to the filing of these Chapter 11 Cases is set forth in the *Declaration of Andrew D.J. Hede in Support of Chapter 11 Petitions and First Day Pleadings* [Docket No. 8].

B. The Plan

10. On September 4, 2025, the Court entered the *Findings of Fact, Conclusions of Law, and Order (I) Approving the Second Amended Disclosure Statement for the Second Amended Chapter 11 Plan of Liquidation of AFH Air Pros, LLC and Its Debtor Affiliates on a Final Basis; and (II) Confirming Second Amended Chapter 11 Plan of Liquidation of AFH Air Pros, LLC and Its Debtor Affiliates* [Docket No. 691] (the “Confirmation Order”), which confirmed the *Second Amended Plan of Liquidation of AFH Air Pros, LLC and its Debtor Affiliates* [Docket No. 479] (as may be further amended, supplemented, or otherwise modified from time to time, and including all exhibits thereto, the “Plan”).

11. As of the filing of this Objection, the Effective Date under the Plan has not yet occurred.

C. Claim No. 120 Filed by Richard Outram

12. On June 10, 2025, Claimant filed a proof of claim, designated Claim No. 120, asserting a claim against Air Pros Solutions, LLC, in the amount of \$15,150.00 for “Severance” and asserts that the full amount of the claim is entitled to priority under section 507(a)(4) of the Bankruptcy Code for wages, salaries, or commissions earned within 180 days before the Petition

Date. In support of the claim, Claimant attaches a copy of that certain Separation and Release Agreement dated June 19, 2024, between Claimant and Air Pros Solutions, LLC (the “Separation Agreement”). Among other things, the Separation Agreement provides for certain “Severance benefits” (as defined therein) commencing June 19, 2024 (the “Termination Date”) and continuing for a period of nine months.

13. For the reasons set forth herein, the Debtors object to Claim No. 120 and request that the claim be reclassified as a general unsecured claim.

RELIEF REQUESTED

14. By this Objection, the Debtors request that the Court enter the Proposed Order, pursuant to section 502(b) of the Bankruptcy Code, Bankruptcy Rule 3007, and Local Rule 3007-1, reclassifying Claim No. 120 in its entirety as a general unsecured claim.

BASIS FOR RELIEF REQUESTED

15. Bankruptcy Code section 502 provides, in pertinent part, that “[a] claim or interest, proof of which is filed under section 501 of [the Bankruptcy Code], is deemed allowed, unless a party in interest . . . objects.” 11 U.S.C. § 502(a). The debtor has a duty to object to the allowance of any claim that is improper. See 11 U.S.C. § 1107(a).

16. When asserting a proof of claim against a bankrupt estate, a claimant must allege facts that, if true, would support a finding that the debtor is legally liable to the claimant. *See In re Allegheny Int’l, Inc.*, 954 F.2d 167, 173 (3d Cir. 1992). Where the claimant alleges sufficient facts to support its claim, its claim is afforded prima facie validity. *See id.*; *see also* Bankruptcy Rule 3001(f) (a properly executed and filed proof of claim “constitute[s] prima facie evidence of the validity and amount of the claim”).

17. A party wishing to dispute a claim’s validity must produce evidence sufficient to negate the claim’s prima facie validity. *See Allegheny*, 954 F.2d at 173–74. Once an objecting

party produces such evidence, the burden shifts back to the claimant to prove the validity of his or her claim by a preponderance of the evidence. *Id.* at 174; *see also Dollinger v. BV Retail, LLC (In re S&Q Shack, LLC)*, Case No. 09-67151, 2015 Bankr. LEXIS 1166, at *6-7 (N.D. Ga. Feb. 13, 2015); *Chambliss v. Oakwood Acceptance Corp. (In re Chambliss)*, 315 B.R. 166, 169 (Bankr. S.D. Ga. 2004). Ultimately, the burden of persuasion is on the claimant. *See In re Moss*, No. 94-11959, 1995 WL 17005342, at *1 (Bankr. S.D. Ga. Sept. 28, 1995).

18. Claim No. 120 filed by Claimant asserts a claim in the amount of \$15,150 on account of Severance Benefits purportedly owed to Claimant under the Separation Agreement and asserts that the full amount of the claim is entitled to priority under section 507(a)(4). Section 507(a)(4) provides priority for “allowed unsecured claims, but only to the extent of \$15,150 for each individual . . . ***earned within 180 days*** before the date of the filing of the petition. . . for (A) wages, salaries, or commissions, including vacation, severance, and sick leave pay ***earned*** by an individual.” 11 U.S.C. § 507(a)(4) (emphasis added). Courts have held that an employee “earns” severance upon termination. *See Matson v. Alarcon*, 651 F.3d 404 (4th Cir. 2011) (holding that a claimant earns severance compensation on the date they became participants in the debtor’s severance plan immediate after termination from employment); *In re ADI Liquidation, Inc.*, 560 B.R. 105 (Bankr. D. Del. 2016) (recognizing that severance is “earned” upon termination of employment and finding that claimant was entitled to priority claim under severance agreement where employee was terminated within 180 days prior to the petition date).

19. Here, Claimant’s Separation Agreement, a copy of which is attached to Claim No. 120, specifically provides that Claimant’s employment was terminated June 14, 2024 – approximately nine months prior to the Petition Date. Therefore, Claimant’s claims for severance were “earned” more than 180 days prior to the Petition Date and Claim No. 120 is not entitled to

priority treatment under section 507(a)(4).³ Accordingly, Claim No. 120 should be reclassified as a general unsecured claim.

20. Failure to reclassify Claim No. 120 as a general unsecured claim would result in the claimant receiving a greater distribution than that to which it is entitled, to the detriment of other similarly-situated creditors. Accordingly, the Debtors respectfully request that the Court enter the Proposed Order reclassifying Claim No. 120 as a general unsecured claim.

RESERVATION OF RIGHTS

21. The Debtors reserve all rights to amend, modify, or supplement this Objection and the Proposed Order, and to file additional objections to any claims filed in these Chapter 11 Cases. The Debtors further reserve all rights, claims, and defenses with respect to all claims, including the claim addressed herein. Nothing in this Objection or the Proposed Order shall be deemed to impair, waive, or otherwise limit any such rights, claims, or defenses, all of which are expressly preserved.

NOTICE

22. The Debtors will provide notice of this Motion to the following parties or their respective counsel, if known: (a) the Office of the U.S. Trustee for the Northern District of Georgia, (b) the Committee; (c) the Debtors' prepetition and postpetition lenders and collateral agent; (d) the Limited Service List; (e) Richard Outram; and (f) any party that has requested notice pursuant to Bankruptcy Rule 2002. The Debtors submit that, in light of the nature of the relief requested, no other or further notice need be given.

³ Some courts have found that severance pay is earned over the course of the employee's employment as a component of compensation. *See, e.g., In re Ellipsat, Inc.*, 480 B.R. 1 (Bank. D.D.C. 2012) (collecting authorities). Whether severance is earned over the course of employment or only upon termination of employment, in either case, Claimant's claim on account of severance was "earned" more than 180 days prior to the Petition Date.

CONCLUSION

WHEREFORE, the Debtors request that the Court enter the Proposed Order granting the relief requested herein and such other relief as is just and proper under the circumstances.

Dated: October 9, 2025

Respectfully submitted,

GREENBERG TRAURIG, LLP

/s/ David B. Kurzweil

David B. Kurzweil (Ga. Bar No. 430492)

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Counsel for the Debtors and Debtors in Possession

Exhibit A

Proposed Order

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

In re:

AFH AIR PROS, LLC, *et al.*,¹

Debtors.

Chapter 11

Case No. 25-10356 (PMB)

(Jointly Administered)

Re: Docket No. __

**ORDER SUSTAINING DEBTORS' OBJECTION TO
CLAIM NO. 120 FILED BY RICHARD OUTRAM**

Upon the *Debtors' Objection to Claim No. 120 filed by Richard Outram*, dated October 8, 2025 [Docket No. •] (as amended at Docket No. [•], the "Objection")² filed by the above-captioned debtors and debtors in possession (collectively, the "Debtors"), for entry of an order (this "Order") reclassifying Claim No. 120; and the Court having jurisdiction over this matter pursuant to 28

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² Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Objection.

U.S.C. §§ 157 and 1334; and the matter being a core proceeding within the meaning of 28 U.S.C. § 157(b)(2); and venue of this proceeding and the Motion in this District being proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court being able to issue a final order consistent with Article III of the United States Constitution; and it appearing that due and adequate notice of the Objection has been given under the circumstances; and the Court having reviewed the Objection and having heard the statements in support of the relief requested therein at a hearing before this Court (the “Hearing”); and the Court having determined that the legal and factual bases set forth in the Objection and at the Hearing establish just cause for the relief granted herein; and upon the record of the Hearing, this Court having determined that there is good and sufficient cause for the relief set forth in this Order; and after due deliberation thereon, it is hereby **ORDERED** that:

1. The Objection is SUSTAINED, as set forth herein.
2. Claim No. 120 filed by Richard Outram is reclassified in its entirety as a general unsecured claim.
3. Nothing set forth in this Order shall be construed as, or shall in any way constitute, a waiver of the Debtors’ or any successor’s rights to assert objections to the Claim No. 120 on any additional grounds whatsoever.
4. Debtors’ counsel will promptly cause a copy of this Order to be served on the parties listed on the Debtors’ Limited Service List for these chapter 11 cases and any parties that were served with the Objection. Debtors’ counsel shall cause a Certificate of Service evidencing such service to be filed within three days of service.
5. The Debtors and their claims and noticing agent, Kurtzman Carson Consultants, LLC d/b/a Verita, as well as the Clerk of the Court, are authorized to take all such actions as are necessary and appropriate to effectuate the terms of this Order.

6. This Court shall retain jurisdiction with respect to all matters arising from or related to the implementation, interpretation, or enforcement of this Order.

END OF DOCUMENT

Prepared and presented by:

GREENBERG TRAURIG, LLP

/s/ David B. Kurzweil

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Counsel for the Debtors and Debtors in Possession

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

In re:

AFH AIR PROS, LLC, *et al.*,¹

Debtors.

Chapter 11

Case No. 25-10356 (PMB)

(Jointly Administered)

Response Deadline: November 8, 2025, at 4:00 p.m. ET

Hearing Date: November 18, 2025 at 1:30 p.m. ET

NOTICE OF DEBTORS' AMENDED OBJECTION TO
CLAIM NO. 120 FILED BY RICHARD OUTRAM,
DEADLINE TO RESPOND AND HEARING

On October 8, 2025, the above-captioned debtors and debtors in possession (collectively the "Debtors") filed the *Debtors' Objection to Claim No. 120 Filed by Richard Outram* (the "Objection") with the Court, which was subsequently amended on October 9, 2025, by the *Debtors' Amended Objection to Claim No. 120 Filed by Richard Outram* to correct a scrivener's error in the Objection.

Pursuant to the Fifth Amended and Restated General Order No. 24-2018, the Court may consider this matter without further notice or a hearing if no party-in-interest files a response or objection within 30 days from the date of service of this notice. **If you object to the relief requested in this pleading, you must timely file your objection with the Bankruptcy Clerk at the United States Bankruptcy Court for the Northern District of Georgia, Newnan Division, 18 Greenville Street, Newnan, Georgia 30263, and serve a copy of your response on counsel for the Debtors, Greenberg Traurig, LLP, Terminus 200, 3333 Piedmont Road, NE, Suite 2500, Atlanta, Georgia 30305, Attn: David B. Kurzweil, Esq. (KurzweilD@gtlaw.com) and Matthew A. Petrie (PetrieM@gtlaw.com) and any other appropriate persons by the objection deadline. The response or objection must explain your position and be actually received by the Bankruptcy Clerk on or prior to November 8, 2025, at 4:00 p.m. (prevailing Eastern Time).**

A hearing on the Objection has been scheduled for **November 18, 2025, at 1:30 p.m. (prevailing Eastern Time)** in **Courtroom 1202, United States Courthouse, 75 Ted Turner Drive, SW, Atlanta, Georgia 30303**, which may be attended in person or via the Court's Virtual Hearing Room. The link for the Virtual Hearing Room can be found on Judge Baisier's webpage

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at <https://www.ganb.uscourts.gov/content/honorable-paul-m-baisier> and is best used on a desktop or laptop computer but may be used on a phone or tablet. Participants' devices must have a camera and audio. You may also join the Virtual Hearing Room through the "Dial-In and Virtual Bankruptcy Hearing Information" link at the top of the homepage of the Court's website, www.ganb.uscourts.gov. Please review "Instructions for Appearing by Telephone and Video Conference" located under the "Hearing Information" tab on the judge's webpage prior to the hearing. You should be prepared to appear at the hearing via video, but you may leave your camera in the off position unless you are speaking or until the Court instructs otherwise. Unrepresented persons who do not have video capability may use the telephone dial-in information on the judge's webpage.

If a response to the Objection is timely filed and served, the hearing will proceed as scheduled. **If you do not file a response within the time permitted, the Court may grant the relief requested without further notice and without holding the scheduled hearing** provided that an order approving the relief requested is entered at least one business day prior to the scheduled hearing. If no response is timely filed, but no order is entered granting the relief requested at least one business day prior to the scheduled hearing, the hearing will be held as scheduled.

Your rights may be affected. You should read these papers carefully and discuss them with your attorney, if you have one in this bankruptcy case. If you do not have an attorney, you may wish to consult one.

Dated: October 9, 2025

Respectfully submitted,

GREENBERG TRAURIG, LLP

/s/ David B. Kurzweil

David B. Kurzweil (Ga. Bar No. 430492)

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Counsel for the Debtors and Debtors in Possession

CERTIFICATE OF SERVICE

I hereby certify that all ECF participants registered in these cases were served electronically with the foregoing Objection through the Court's ECF system at their respective email addresses registered with this Court. The Debtors' claims and noticing agent will be filing a supplemental certificate of service on the docket to reflect any additional service of the foregoing document via first-class mail, including the notice parties enumerated in the Objection.

Dated: October 9, 2025

GREENBERG TRAURIG, LLP

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