

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

) Chapter 11
In re:)	
)	Case No. 23-90054 (CML)
IEH AUTO PARTS HOLDING LLC, <i>et al.</i> , ¹)	
)	(Jointly Administered)
Debtors.)	
)	Re: Docket No. 976

**DEBTORS’ OBJECTION TO MOTION OF INTERSTATE BATTERIES, INC. FOR
REQUEST FOR PAYMENT OF ADMINISTRATIVE EXPENSE CLAIM**

The above-captioned wind-down debtors (collectively, the “Debtors”) submit this objection (the “Objection”) to the *Motion of Interstate Batteries, Inc. for Request for Payment of Administrative Expense Claim* [Docket No. 976] (the “Motion”). In support of this Objection, the Debtors state as follows:

Preliminary Statement

1. Interstate Batteries, Inc. (“Movant”) seeks to unnecessarily re-assert its 11 U.S.C. § 503(b)(9) claim, which was already timely filed and asserted with Proof of Claim No. 244 in the amount of \$514,337.10 (the “Interstate Claim”). In support of the Interstate Claim, the Movant attached over 8,500 pages of documents including a 106 page “summary” which purports to summarize ~5,000 invoices. The Interstate Claim remains subject to the right of the Debtors to file an objection, so it is not an Allowed Administrative Expense Claim as defined in the Plan (defined herein).

¹ The Debtor entities in these chapter 11 cases, along with the last four digits of each Debtor entity’s federal tax identification number, are: IEH Auto Parts Holding LLC (6529); AP Acquisition Company Clark LLC (4531); AP Acquisition Company Gordon LLC (5666); AP Acquisition Company Massachusetts LLC (7581); AP Acquisition Company Missouri LLC (7840); AP Acquisition Company New York LLC (7361); AP Acquisition Company North Carolina LLC (N/A); AP Acquisition Company Washington LLC (2773); Auto Plus Auto Sales LLC (6921); IEH AIM LLC (2233); IEH Auto Parts LLC (2066); IEH Auto Parts Puerto Rico, Inc. (4539); and IEH BA LLC (1428). The Debtors’ service address is: 112 Townpark Drive NW, Suite 300, Kennesaw, GA 30144.



2. If the Movant is seeking payment for the not-yet-Allowed Interstate Claim, the Motion is an attempt to cut the line in front of over 100 other creditors with similar claims and circumvent a claim reconciliation process clearly provided for by the Bankruptcy Code, the Omnibus Objection Procedures (defined herein), and the Plan. The Motion should be denied to provide the Debtors a reasonable amount of time to let those processes play out.

3. Moreover, the Interstate Claim itself is objectionable, and absent reaching an agreement with the Movant in the near term, it will be objected to in due course. Although it is clear that the Movant provided goods received by the Debtors within 20 days before the date of commencement of these cases, the value of those goods is disputed. The 8,500 pages of documents are not easily decipherable, but at the very least, it seems that the Interstate Claim incorrectly includes purported value of goods received outside the twenty day 503(b)(9) window; it incorrectly includes value of goods that the Debtors have already paid for; it includes prices for goods which were not agreed to by the Debtors; and it is subject to a large credit for battery returns. According to the Debtors records, the actual value of goods received from the Movant in the 20 days before the commencement of the case, after valid offsets, is in the low \$100,000s—significantly lower than the claimed amount.

Jurisdiction and Venue

4. The United States Bankruptcy Court for the Southern District of Texas (the “Court”) has jurisdiction over this matter pursuant to 28 U.S.C. § 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). The Debtors confirm their consent to the entry of a final order by the Court.

5. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

Relevant Factual Background

6. On January 31, 2023 (the “Petition Date”), each of the Debtors commenced a voluntary case under chapter 11 of the Bankruptcy Code (collectively, the “Cases”).

7. On March 13, 2023, the Court entered *the Order (I) Setting Bar Dates for Filing Proofs of Claim, Including Requests for Payment Under Section 503(b)(9), (II) Establishing Amended Schedules Bar Date and Rejection Damages Bar Date, (III) Approving the Form of and Manner for Filing Proofs of Claim, Including Section 503(b)(9) Requests, and (IV) Approving Notice of Bar Dates* [Docket No. 222] (the “Bar Date Order”). The Bar Date Order mandated that Proofs of Claim, including on account of any 503(b)(9) Claims, must be filed so as to be actually received on or before May 1, 2023.

8. On April 24, 2023, the Movant filed Proof of Claim No. 422, asserting the Interstate Claim.

9. On June 16, 2023, the Court entered the *Order Confirming the Third Amended Combined Disclosure Statement and Joint Plan of Liquidation of IEH Auto Parts Holding LLC and its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 749] (the “Plan”).

10. Regarding administrative expense claims, including 503(b)(9) claims, the Plan states in relevant part:

Unless otherwise agreed by the Holder of an Administrative Expense Claim and the Debtors or the Plan Agent, or unless an order of the Bankruptcy Court provides otherwise, each **Holder of an Allowed Administrative Expense Claim will receive, in full and final satisfaction, settlement, and release and in exchange for, its Administrative Expense Claim, Cash equal to the full unpaid amount of such Allowed Administrative Expense Claim, which payments shall be made at the Debtors’ option** (i) in the ordinary course of business or (ii) **on the latest to occur of** (i) the Effective Date (or as soon as reasonably practicable thereafter), (ii) **the date such Claim becomes an Allowed Administrative Expense Claim (or as soon as reasonably practicable thereafter)**, and (iii) such other date as may be agreed upon by the Plan Agent and the Holder of such Claim.

Plan, Article III (A)(1)(a) (emphasis added).

Except with respect to Professional Fee Claims or otherwise as set forth in this Plan, **unless previously Filed**, requests for payment of Administrative Expense Claims must be Filed and served on the Notice Parties pursuant to the procedures specified in the Confirmation Order and the notice of entry of the Confirmation Order, no later than the Administrative Expense Bar Date, which is thirty (30) days after the Effective Date.

Plan, Article III (A)(1)(d) (emphasis added).

Except as otherwise provided in this Plan, and subject to the terms of the Plan Agent Agreement, on or after the Effective Date, **the Plan Agent shall have sole authority to compromise or settle any Non-GUC Claims**, other than any Professional Fee Claims, **without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules** and may pay the charges that it incurs on or after the Effective Date for liquidating expenses, professionals' fees, disbursements, expenses or related support services (including fees relating to the preparation of applications for payment of Professional Fee Claims) **without application to the Bankruptcy Court.**

Plan, Article IV (B) (emphasis added).

11. On August 10, 2023 the Court entered an *Order (I) Approving Omnibus Claims Objection Procedures and (II) Authorizing the Debtors to File Substantive Omnibus Objections to Claims Pursuant to Bankruptcy Rule 3007* [Docket No. 850] (the "Omnibus Procedures") which established procedures for the Debtors to make omnibus objections to claims on certain grounds including that they (1) seek recovery of amounts for which the Debtors are not liable; (2) are satisfied by payment in full; and (3) are incorrectly or improperly classified.

12. On October 6, 2023, the Plan became effective.

Response

13. The Debtors deny the averments in paragraph 1.

14. The Debtors deny the averments in paragraph 2.

15. The Debtors deny the averments in paragraph 3.

16. Paragraph 4 consists of recitations of law which the Debtor is not required to accept or deny. To the extent required, the Debtor denies the averments in paragraph 4.

17. The Debtors deny the averments in paragraph 5.

18. The Debtors deny the averments in paragraph 6.

Objection

19. All 503(b)(9) claims were due to be filed by a bar date on May 1, 2023. Over 100 claims were filed totaling over \$20 million of asserted claims. Since that date, the Debtors have made massive strides in reconciling those claims with its own books and records. That process is ongoing. To say that the administrative claim reconciliation process involves a complicated review of voluminous records is an understatement. The Movant in particular attached over 8,500 pages of documents including a 106 page “summary” which purports to summarize ~5,000 invoices.

20. Besides the 503(b)(9) bar date, the Plan also set a separate Administrative Expense Bar Date which mandated that other administrative expenses be filed within 30 days of the Effective Date. The Movant unnecessarily reasserted its 503(b)(9) claim with the Motion prior to the Administrative Expense Bar Date. It is unclear if the Movant is only seeking to reassert its 503(b)(9) claim subject to a future claim objection, or if it is also seeking payment of such claim as the Motion’s title would suggest. If the Movant is seeking payment, such a request would be improper since it does not yet hold an Allowed Administrative Expense Claim in any amount.

21. The Plan provides that administrative claims, including 503(b)(9) claims, shall be paid in full on the “date such Claim becomes an Allowed Administrative Expense Claim (or as soon as reasonably practicable thereafter).” Plan, Article III (A)(1)(a). A claim “shall be considered Allowed only if and to the extent that no objection to the allowance thereof has been filed or such an objection has been filed and the Claim thereafter has been Allowed by a Final Order.” *Id.* at Article I (A). Further, “the Plan Agent shall have sole authority to compromise or settle any Non-GUC Claims.” *Id.* at Article IV (B). The Omnibus Procedures specifically identify procedures for the Debtors to object to the claims on certain grounds including that they (1) seek recovery of amounts for which the Debtors are not liable; (2) are satisfied by payment in full; and (3) are incorrectly or improperly classified. *See Omnibus Procedures ¶ 1.*

22. Neither the Plan nor the Omnibus Procedures set a deadline for the Debtors to object to claims. Although the Debtors do not believe the runway to file claim objections is unlimited, the Debtors should be allowed a reasonable amount of time under the circumstances to complete the reconciliation of the voluminous 503(b)(9) claim related records. In any event, the Debtors suspect it will be able to start filing claim objections in the next two weeks.

23. Absent agreement with the Movant on what is owed, the Interstate Claim will be objected to, making this Motion moot. Although it is clear that the Movant provided goods received by the Debtors within 20 days before the date of commencement of these cases, the value of those goods is disputed. It seems that the Interstate Claim incorrectly includes purported value of goods received outside the twenty day 503(b)(9) window, it incorrectly includes value of goods that the Debtors have already paid for, it includes prices for goods which were not agreed to by the Debtors, and it is subject to a large credit for battery returns totaling \$113,370.80.

24. According to the Debtors records—which are kept in an article-by-article level as items are scanned in from deliveries—the value of goods received from the Movant in the 20 days before the commencement of the case, after valid offsets, is in the low \$100,000s.

25. Both the Debtors' article level listing of goods received and the itemized backup for the battery returns have been provided to the Movant. The Debtors are currently working with the Movant to reconcile the voluminous records and divergent positions, but the Movant is not yet a holder of an Allowed Administrative Expense Claim, and remains subject to a future claim objection on numerous grounds. Therefore the Movant cannot yet be paid pursuant to the Interstate Claim or the mere filing of this Motion.

Reservation of Rights

26. 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 Debtors' 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 Debtors; (g) a waiver or limitation of the Debtors', or any other party in interest's, rights under the Bankruptcy Code or any other applicable law; or (h) a concession by the Debtors that any liens (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.

6. The Debtors reserve all rights to supplement or add to the legal and factual arguments raised in this objection, on any bases whatsoever, at a future date.

WHEREFORE, for the reasons set forth herein, the Debtors respectfully request that the Court deny the Interstate Batteries, Inc.'s Motion.

Houston, Texas
Dated: December 1, 2023

/s/ Zachary McKay

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Certificate of Service

I certify that on December 1, 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.

/s/ Zachary McKay

Zachary McKay