

In re:) Chapter 11
)
AUTO PLUS AUTO SALES LLC, ¹) Case No. 23-90055 (CML)
)
Wind-Down Debtor.) (Formerly Jointly Administered under
) Lead Case IEH Auto Parts Holding
) LLC, Case No. 23-90054)
)

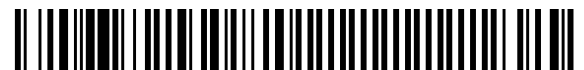
This is an objection to your claim. This objection asks the Court to disallow the claim that you filed in this bankruptcy case. If you do not file a response within 30 days after the objection was served on you, your claim may be disallowed without a hearing.

If you object to the relief requested, you must respond in writing. Unless otherwise directed by the Court, you must file your response electronically at <https://ecf.txsb.uscourts.gov/> within thirty days from the date this objection was filed. If you do not have electronic filing privileges, you must file a written response that is *actually received* by the clerk within thirty days from the date this objection was filed. Otherwise, the Court may treat the pleading as unopposed and grant the relief requested.

A hearing has been set on this matter on May 27, 2025 at 10:00 a.m. in Courtroom 401, 4th floor, 515 Rusk Street, Houston, Texas 77002. Participation at the hearing will only be permitted by an audio and 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

¹ The Wind-Down Debtor's service address is: 5330 Carmel Crest Lane, Charlotte, North Carolina 28226. All pleadings related to these chapter 11 cases may be obtained from the website of the Wind Down Debtor's claims and noticing agent at <https://www.kccllc.net/autoplus>.



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setting.

Hearing appearances must be made electronically in advance of both electronic and in-person hearings. To make your appearance, click the “Electronic Appearance” link on Judge Lopez’s home page. Select the case name, complete the required fields and click “Submit” to complete your appearance.

The above-captioned wind-down debtor (the “Wind-Down Debtor” and prior to the Effective Date,² the “Debtor”) represents as follows in support of this objection (the “Objection”) to the non-general unsecured claim (“Non-GUC”) portion of a claim filed by Interstate Batteries, Inc. (“Interstate”), and submits the *Declaration of Susanne Edwards in Support of the Wind-Down Debtor’s Objection to the Non-GUC Portion of Proof of Claim No. 422 Filed by Interstate Batteries, Inc.* attached hereto as **Exhibit A** (the “Edwards Declaration”):

Relief Requested

1. The Wind-Down Debtor seeks entry of the proposed order (the “Order”), pursuant to § 502(b) of the Bankruptcy Code and Rule 3007 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) disallowing in part and reclassifying in part the Non-GUC portion of Proof of Claim No. 422 filed by Interstate (the Non-GUC portion being the “Objected Claim”). This Objection does not object to any portion of the general unsecured claim filed by Interstate or that may be reclassified to a general unsecured claim due to this Objection, and all rights are reserved by the GUC Trustee to do so on any grounds.

Jurisdiction and Venue

2. 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). Debtors confirms its consent to the entry of a final order by the Court in

² Capitalized terms used but not defined herein have the meanings given to them in the Plan (defined below).

connection with this Objection.

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

4. The bases for the relief requested herein are sections 105(a) and 502(b) of title 11 of the United States Code (the “Bankruptcy Code”), Bankruptcy Rule 3007, and rules 3007-1 and 9013-1 of the Bankruptcy Local Rules for the Southern District of Texas (the “Bankruptcy Local Rules”).

Background

5. On January 31, 2023 (the “Petition Date”), the Debtor and each of its affiliates (collectively, the “Debtors” and after the Effective Date, the “Wind-Down Debtors”) filed their respective voluntary petitions for relief under Chapter 11 of the Bankruptcy Code, commencing the above captioned, jointly administered chapter 11 cases.

6. On March 13, 2023, the Court entered its *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]³ (the “Bar Date Order”), establishing the following deadlines: (i) May 1, 2023, as the deadline for filing proofs of claim (the “General Bar Date”); and (ii) July 31, 2023, as the deadline for claims asserted by governmental units (the “Governmental Bar Date” and together with the General Bar Date, the “Bar Date”). Written notice of the Bar Dates was mailed to, among others, to all creditor and other known holders of claims against the Debtors, to all parties requesting notice in these bankruptcy cases, and all entities that filed a Proof of Claim

³ Unless otherwise indicated, all docket references in this Objection refer to the docket of *In re IEH Auto Parts Holding, LLC*, et al., Case No. 23-90054 (Jointly Administered) (Bankr. S.D. Tex.) (CML).

in these cases as of the date of the Bar Date Order.

7. On March 31, 2023, each of the Debtors filed its respective *Schedule of Assets and Liabilities and Statement of Financial Affairs*, as each may have been amended from time to time [Docket Nos. 292–318].

8. 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* (the “Confirmation Order”) [Docket No. 749], confirming the Debtors’ *Amended Chapter 11 Plan* (the “Plan”) [Docket No. 738]. On October 6, 2023, the Plan went effective (the “Effective Date”).

9. The Plan bifurcated the claim reconciliation process. On the one hand, the GUC Trustee was appointed to oversee the GUC Claim Reconciliation in accordance with the Plan. *See* Plan, Art. VII. On the other hand, the Plan Agent was appointed to serve as the trustee and administrator overseeing the wind down and dissolution of the Debtors and their Estates, including overseeing the reconciliation of Non-GUC Claims. *See id.* Non-GUC Claims means all claims other than General Unsecured Claims, including 503(b)(9) claims. *See id.* at Art. I. 88. So, pursuant to the Plan, the Debtors shall continue in existence for the purpose of resolving Claims that are not General Unsecured Claims and otherwise administering the Plan. *See id.* at Art. IV.A.2.

10. In the ordinary course of business, the Debtors maintained books and records that reflect the Debtors’ liabilities and amounts owed to their creditors. The books and records were subsequently maintained after the commencement of these cases. The Debtors and their financial advisors (collectively, the “Reviewing Parties”) analyzed their books and records to determine the validity of the proofs of claim. In addition to reviewing the Debtors’ books and records, the Reviewing Parties have been working diligently to review the proofs of claim, including any

supporting documentation.

11. Based on examination of the claims, their supporting documentation, and the Claims Register, the Wind-Down Debtor believes the Objected Claim described in this Objection should be disallowed in part and reclassified in part as set forth herein.

A. The Interstate Claim.

12. On April 24, 2023, Interstate filed the Objected Claim against IEH Auto Parts, LLC. The Objected Claim asserts a Non-GUC amount of \$514,337.30 for the alleged value of goods received by the debtor within 20 days before the commencement of the Debtors' cases, in which the goods had been sold to the Debtors in the ordinary course of the Debtors' business pursuant to 11 U.S.C. § 503(b)(9). The Objected Claim was filed with over 8,500 pages of support and invoice data. *See* Proof of Claim No. 422. A copy of the Objected Claim is attached hereto as **Exhibit B**.

B. The Objected Claim Review and Reconciliation Process.

13. There were approximately 130 Non-GUC proofs of claim filed by the Bar Date. Most of those claims contained § 503(b)(9) administrative claim designations. Since the Effective Date, the Wind-Down Debtor has diligently reviewed all aspects the Non-GUC proofs of claim. Those efforts included confirming dates of goods receipt, what goods were received, the value of those goods, whether the Debtors physically received those goods, and whether there are any just offsets that should be applied. This included an in-depth review of the Objected Claim by the Reviewing Parties. Because the Objected Claim contained over 8,500 pages of support, including at least 930 invoices related to goods allegedly received by the Debtor in the 20-day § 503(b)(9) window, the Reviewing Parties used a sampling approach to check the validity of the Objected Claim.

14. The Reviewing Parties reviewed 151 invoices totaling \$189,111.89 worth of alleged good value, which represents about 30% of the Objected Claim total. During the review,

the Reviewing Parties uncovered many problems with the sampled invoices that, if applied to the entire population of invoices, creates a large variance of what is owed.

15. Other issues were also discovered without using the sampling approach. For example, there are several types of credits due to the Debtor that did not require an invoice-by-invoice review.

16. As such, the Wind-Down Debtor does not believe that it is liable to pay the majority, if any, of the Non-GUC portions of the Objected Claim. There are five main categories of variance between what should be classified as a § 503(b)(9) claim according to the Wind-Down Debtor's books and records and what was asserted in the Objected Claim. **First**, a portion of the sampled invoices in the Objected Claim relates to goods received outside the 20-day § 503(b)(9) window. **Second**, a portion of the sampled invoices in the Objected Claim uncovered general disputes including invoices with errors on them (mostly related to the mix, quantity, and price of goods) or invoices that were not owed for various reasons. **Third**, a portion of the Objected Claim is subject to a dollar-for-dollar setoff based on an unapplied cash deposit still being held by Interstate. **Fourth**, a portion of the Objected Claim is subject to a dollar-for-dollar setoff based on the value of returned goods (i.e. the physical return of old stock and defective goods). **Fifth**, a portion of the Objected Claim is subject to a dollar-for-dollar setoff based on contractually owed "Vendor Support Funds" credits in favor of the Wind-Down Debtor.

17. Goods Outside the 20-day §503(b)(9) Window. Section 503(b)(9) provides that, after notice and a hearing, the bankruptcy court shall allow, as an administrative expense, "the value of any goods received by the debtor within 20 days before the date of commencement of a case under this title in which the goods have been sold to the debtor in the ordinary course of the debtor's business." 11 U.S.C. § 503(b)(9). Administrative expenses receive priority over other

unsecured claims pursuant to § 507(a)(2). To receive such priority, a creditor must demonstrate that: (1) the goods in question were received by the debtor within 20 days before the petition date, (2) the goods were sold to the debtor, and (3) the goods were sold in the ordinary course of business. *Id.*

18. The Petition Date is January 31, 2023. The 20-day § 503(b)(9) window is January 11 through January 30, 2023. First, Interstate incorrectly added its January 10 goods in the § 503(b)(9) claim. The Reviewing Parties reviewed all invoices with January 10 delivery dates to confirm. Based on this review, the Wind-Down Debtor believes \$39,458.32 of the Objected Claim should be disallowed as January 10 invoices are clearly outside the 20-day window. Separately, based on the sampled supporting data filed with the Objecting Claim, and other documents received from Interstate, invoices totaling \$6,228.60 were on account of goods received prior to January 11, 2023. When you extrapolate that number across the entire population of Non-GUC invoices, the result is \$20,874.31. When added to the invoices with January 10 delivery dates, the total number is \$60,332.63. Because those goods were received outside the 20-day § 503(b)(9) window, the amounts totaling \$60,332.63 should be reclassified to a general unsecured claim

19. Disputed Invoices. Based on the sampled supporting data, there are two main issues that create invoice disputes. First, there are invoicing errors due to goods product mix, price, or quantity issues. In other words, Interstate billed the Debtor for something it did not send, did not send enough of, or was listed on the invoice for the wrong price. Second, some amounts on certain invoices were cleared from the Debtor system because portions of those invoices were either paid or subject to credit memos. In other words, the amount was no longer owed. After reviewing the sample, the Reviewing Parties found that \$8,726.42 of the sample showed invoicing errors, and \$5,330.54 related to cleared invoices. When extrapolated through the entire population of Non-

GUC invoices, the numbers become \$47,110.00, and \$17,864.58, respectively, totaling \$64,974.58. Using a sampling approach, which is reasonable under these circumstances, these amounts are not owed and should be disallowed in full.

20. Unapplied Cash Deposit. The Debtors and Interstate continued to transact post-petition, but Interstate demanded pre-payment terms. The Debtors paid Interstate \$350,000.00 as a pre-payment deposit for post-petition work. Based on information provided by Interstate, it applied \$258,955.69 of the \$350,000.00 to certain post-petition invoices. Those post-petition invoices were not properly validated by the Debtors and included liabilities that were assumed by other parties pursuant to the sale process. Those invoices could have also included errors and other issues described above. Therefore, at a minimum there is \$91,044.31 in cash being held by Interstate that should be returned to the Wind-Down Debtor. Further discovery may be needed to confirm the exact number.

21. The Wind-Down Debtor is entitled to a dollar-for-dollar setoff for the entire unapplied cash deposit amount. The Wind-Down Debtor's right to setoff is specifically reserved by the Debtors and the Plan Agent on behalf of the Wind-Down Debtor. *See* Plan Articles III.D. and VI.K. If unapplied cash deposit obligations remain after all lawful setoffs from Non-GUC portions of the Objected Claim, all rights are reserved for the GUC Trustee to use the remainder to further set off general unsecured portions.

22. Returned Goods. Certain of the goods delivered by Interstate were returned to Interstate for various reasons (i.e. a product return), including because certain goods were not being sold and because certain goods were defective. The Wind-Down Debtor does not believe the value of those returned goods were properly credited to the Debtors. These returns were made during both the pre- and post-petition time periods. The Wind-Down Debtor believes that the value the

goods returned pre-petition total at least \$107,368.53. The value of the goods returned post-petition total at least \$83,235.14.

23. The Wind-Down Debtor is entitled to a dollar-for-dollar setoff for the entire portion of returned goods, totaling at least \$190,603.67. The Wind-Down Debtor's right to setoff is specifically reserved by the Debtors and the Plan Agent on behalf of the Wind-Down Debtor. *See* Plan Articles III.D. and VI.K. If returned goods obligations remain after all lawful setoffs from Non-GUC portions of the Objected Claim, all rights are reserved for the GUC Trustee to use the remainder to further set off general unsecured portions.

24. Vendor Support Funds. A common term in vendor agreements in the Debtors' industry relates to different types of obligations requiring the trade vendor to provide a discount, cash rebate, or other consideration to the Debtors in exchange for purchasing, stocking, marketing, or engaging in another action related to that vendor's goods. These terms are contractual and are usually found in vendor agreements with vendors who the Debtors engaged in a high volume of business with. They often take the form of a flat discount across a specific product line, or a cash payment or rebate obligation based on a percentage of all sales of that vendor's goods. They are often accrued and paid on a quarterly basis. In the Debtors' industry, these terms are collectively referred to as vendor support funds ("VSF").

25. Upon information and belief, the Debtors and Interstate were counterparties to a certain vendor agreement that contained VSF obligations in favor of the Debtors. Prior to the Effective Date, the Debtors calculated what they believed Interstate owed. By the Wind-Down Debtor's calculation based on the vendor agreement, related e-mail communications, and the Wind-Down Debtor's books and records, Interstate and its affiliated entities owe at least

\$191,567.65 to the Wind-Down Debtor based on VSF accrued prepetition. The Wind-Down Debtor reserves the right to seek setoff for Q1 2023 VSF following discovery and further review.

26. The Wind-Down Debtor is entitled to a dollar-for-dollar setoff for all VSF amounts owed. The Wind-Down Debtor's right to setoff is specifically reserved by the Debtors and the Plan Agent on behalf of the Wind-Down Debtor. *See* Plan Articles III.D. and VI.K. As such, at least \$191,567.65 of the Objected Claim is not owed by the Wind-Down Debtor and should be disallowed. If VSF obligations remain after all lawful setoffs from Non-GUC portions of the Objected Claim, all rights are reserved for the GUC Trustee to use the remainder to further set off general unsecured portions.

Objection

27. A filed proof of claim is deemed allowed, unless a party in interest objects. 11 U.S.C. § 502(a). *See also* Fed. R. Bankr. P. 3001(f) (“A proof of claim executed and filed in accordance with these rules shall constitute *prima facie* evidence of the validity and amount of the claim.”). Further, section 502(b)(1) of the Bankruptcy Code provides that the court “shall determine the amount of such claim ... as of the date of the filing of the petition, and shall allow such claim in such amount, except to the extent that—such claim is unenforceable against the debtor and the property of the debtor ...” 11 U.S.C. § 502(b)(1).

28. A properly executed and filed proof of claim constitutes *prima facie* evidence of the validity and the amount of the claim under § 502(a) of the Bankruptcy Code. *See* Fed. R. Bankr. P. 3001(f). Whether a claim is allowable “generally is determined by applicable nonbankruptcy law.” *In re W.R. Grace & Co.*, 346 B.R. 672, 674 (Bankr. D. Del. 2006).

29. A proof of claim loses the presumption of *prima facie* validity under Bankruptcy Rule 3001(f) if an objecting party refutes at least one of the allegations that are essential to the claim's legal sufficiency. *See, e.g., In re Fidelity Holding Co., Ltd.*, 837 F.2d 696, 698 (5th Cir.

1988). Once an allegation is refuted, the burden reverts to the claimant to prove the validity of its claim by a preponderance of the evidence. *See id.* Despite this shifting burden during the claim objection process, “the ultimate burden of proof always lies with the claimant.” *Id.*

30. Through this Objection, the Wind-Down Debtor has refuted at least one of the allegations that are essential to the Objected Claim’s legal sufficiency. The Objected Claim is not entitled to *prima facie* validity, as it fails to consider the correct 20-day window, includes invoicing errors, fails to apply cleared invoices, fails to apply all cash deposits, fails to credit for returned goods, and includes VSF issues identified above, resulting in a large overstatement of what is owed pursuant to § 503(b)(9). Any of those five issues would be enough to refute the legal sufficiency of the Objected Claim. All issues can be identified on the Objected Claim’s supporting documentation and are expounded on in the Edwards Declaration.

31. Accordingly, the Objected Claim lacks *prima facie* validity, and the Court cannot treat the Objected Claim as establishing a right to payment from the Wind-Down Debtor. The Wind-Down Debtor respectfully requests the following:

- a. \$60,332.63 of the Objected Claim related to value of goods received outside the 20-day § 503(b)(9) window be reclassified to a general unsecured claim;
- b. \$64,974.58 of the Objected Claim related to invoicing errors be disallowed;
- c. \$91,044.31 of the Objected Claim setoff by the unapplied cash deposit be disallowed;
- d. \$190,603.67 of the Objected Claim setoff by the value of returned goods be disallowed;
- e. \$191,567.65 of the Objected Claim setoff by the vendor support funds be disallowed;
- f. Any portion of the unapplied cash deposit, returned goods, or VSF not used to setoff the Non-GUC Claim to be reserved for setoff by the GUC Trustee.

Reservation of Rights

32. This Objection is limited to the grounds stated herein. It is without prejudice to the rights of the Wind-Down Debtor, the GUC Trustee, or any other party in interest to object to the Claim on any additional grounds. The Wind-Down Debtor expressly reserves all further substantive or procedural objections it may have. Nothing contained herein or any actions taken pursuant to such relief is intended or should be construed as: (a) an admission as to the validity of any prepetition claim against Debtors; (b) a waiver of any party's right to dispute any prepetition claim on any grounds, including the rights of the Debtor, GUC Trustee, and the Plan Administrator on behalf of the Wind-Down Debtor; (c) a promise or requirement to pay any prepetition claim; (d) an implication or admission that any particular claim is of a type specified or defined in this objection or any order granting the relief requested by this Objection; (e) a request or authorization to assume any prepetition agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; or (f) a waiver of Debtor's, Wind-Down Debtor's, or GUC Trustee's rights under the Plan, Bankruptcy Code, or any other applicable law.

33. If the Objected Claim is not reduced on the grounds asserted herein, the Wind-Down Debtor hereby reserves all rights to further object to the Objected Claim, or any amended claim, on any other grounds. Additionally, the Wind-Down Debtor expressly reserves all rights to amend, modify, or supplement the objections asserted herein and to file additional objections to the Objected Claim. The Wind-Down Debtor reserves its right to seek discovery on any issue.

34. **All rights are reserved by the Wind-Down Debtor to file an adversary proceeding against Interstate seeking turnover, further application of credits above and beyond any setoff amount, and damages.**

Notice

35. Notice of this Objection has been provided to Interstate in accordance with the Bankruptcy Rules. The Wind-Down Debtor submits that such notice is sufficient and proper under the circumstances, and that no other further notice is requested.

WHEREFORE, the Wind-Down Debtor respectfully requests that the Court enter the Order (i) sustaining the Objection in its entirety, (ii) reclassifying in part and disallowing in part the Non-GUC portion of the Objected Claim as requested herein, and (iii) granting such other and further relief as is just and proper under the circumstances.

Houston, Texas

Dated: April 25, 2025

/s/ Zachary McKay

JACKSON WALKER LLP

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Emily Meraia (TX Bar No. 24129307)

Zachary McKay (TX Bar No. 24073600)

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Counsel to the Wind-Down Debtor

Certificate of Service

I certify that on April 25, 2025, 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

Exhibit A

Edwards Declaration

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

In re:	)	Chapter 11
)	
AUTO PLUS AUTO SALES LLC, ¹	)	Case No. 23-90055 (CML)
)	
Wind-Down Debtor.	)	(Formerly Jointly Administered under
	)	Lead Case IEH Auto Parts Holding
	)	LLC, Case No. 23-90054)
)	

**DECLARATION OF SUSANNE EDWARDS IN SUPPORT OF
WIND-DOWN DEBTOR'S OBJECTION TO THE NON-GUC PORTION
OF PROOF OF CLAIM NO. 422 FILED BY INTERSTATE BATTERIES, INC.**

I, Susanne Edwards, hereby declare that the following is true to the best of my knowledge, information, and belief:

1. I was an Assistant Vice President of Finance for Debtor IEH Auto Parts, LLC prior to the Debtors' wind down pursuant to these chapter 11 cases. I have been retained by the Wind-Down Debtor to assist with the Non-GUC Claim reconciliation process. I have more than 25 years of experience as a certified public accountant.

2. In my role as Assistant Vice President of Finance, I became familiar with the Debtors' day-to-day operations, financing arrangements, business affairs, and accounting software that reflects, among other things, the Debtors' liabilities. I have read the *Wind-Down Debtor's Objection to the Non-GUC Portion of Proof of Claim No. 411 Filed by Interstate Batteries, Inc.* (the "Objection")² and I have reviewed the Objected Claim and related exhibits.

¹ The Wind-Down Debtor's service address is: 5330 Carmel Crest Lane, Charlotte, North Carolina 28226. All pleadings related to these chapter 11 cases may be obtained from the website of the Wind Down Debtor's claims and noticing agent at <https://www.kccllc.net/autoplus>.

² Capitalized terms used but not otherwise defined herein shall have the same meaning ascribed to them in the Objection.

3. To the best of my knowledge, information, and belief, the assertions made in the Objection are accurate. I reviewed the claims register, the Objected Claim, as well as the supporting documentation provided by the claimant and the Wind-Down Debtor's books and records and determined that the Objected Claim should be reclassified in part and disallowed in part as requested in the Objection.

4. For the Objected Claim, there are five main reasons. **First**, a portion of the sampled invoices in the Objected Claim relates to goods received outside the 20-day § 503(b)(9) window. **Second**, a portion of the sampled invoices in the Objected Claim uncovered general disputes including invoices with errors on them or invoices that were not owed. **Third**, a portion of the Objected Claim is subject to a dollar-for-dollar setoff based on an unapplied cash deposit still being held by Interstate. **Fourth**, a portion of the Objected Claim is subject to a dollar-for-dollar setoff based on the value of returned goods (old stock and defective goods). **Fifth**, a portion of the Objected Claim is subject to a dollar-for-dollar setoff based on contractually owed "Vendor Support Funds" credits in favor of the Debtor.

5. Because the Objected Claim contained over 8,500 pages of support, including at least 930 invoices related to goods allegedly received by the Debtor in the 20-day § 503(b)(9) window, I used a sampling approach on tasks that required an invoice-by-invoice review (including 20-day window issues and invoice disputes). I wanted to review enough of the invoices to capture at least 30% of the value of the Objected Claim. To accomplish this, I reviewed 151 invoices totaling \$189,111.89, which represents about 30% of the Objected Claim total.

6. The sample included all invoices showing a delivery date of January 10 according to Interstate's files, which consisted of 77 invoices totaling \$39,458.32. I also reviewed 74 invoices totaling \$149,653.57 of randomly selected among the pool of all invoices over \$1,000.

7. Other issues did not require any kind of sampling approach because they involved credit setoffs in various forms that did not require an invoice-by-invoice review (including returned goods and vendor support funds).

I. Outside 20-Day Window

8. The Petition Date is January 31, 2023. The 20-day § 503(b)(9) window is January 11 through January 30, 2023. Based on review of the invoices with January 10 delivery dates, \$39,458.32 should be disallowed. Based on the sampled supporting data filed with the Objected Claim, and other documents received from Interstate, invoices totaling \$6,228.60 were on account of goods received prior to January 11, 2023, and thus outside the 20-day window. When you extrapolate that number across the entire population of Non-GUC invoices, the result is \$20,874.31. When added to the invoices with January 10 delivery dates, the total number is \$60,332.63. Because those goods were received outside the 20-day § 503(b)(9) window, the amounts totaling \$60,332.63 should be reclassified to a general unsecured claim.

II. Disputed Invoices

9. Based on the sampled supporting data, there are two main issues that create invoice disputes. First, there are invoicing errors due to goods product mix, price, or quantity issues. In other words, Interstate billed the Debtors for something it did not send, did not send enough of, or for the wrong price. Second, some amounts that show as unpaid from the vendor were cleared from the Debtors' system due to things like payments or credit memos. In other words, the amount is no longer owed. After reviewing the sample, I found that \$8,726.42 of the sample showed invoicing errors, and \$5,330.54 related to cleared invoices. When extrapolated through the entire population of Non-GUC invoices, the numbers become \$47,110.00, and \$17,864.58, respectively, totaling \$64,974.58. These amounts are not owed and should be disallowed in full.

III. Unapplied Cash Deposit

10. The Debtors and Interstate continued to do business after the bankruptcy filing, but Interstate demanded pre-payment terms. The Debtors paid Interstate \$350,000 as a pre-payment deposit for post-petition work. Based on the review of the Objected Claim and other data supplied by Interstate, of the \$350,000 deposit, Interstate applied \$258,955.69 to post-petition invoices. Those post-petition invoices were not properly validated by the Debtors and included liabilities that were assumed by other parties pursuant to the sale process. The Wind-Down Debtor is entitled to a dollar-for-dollar setoff for the entire unapplied cash deposit amount.

11. Therefore, at a minimum there is \$91,044.31 in cash being held by Interstate that should be returned to the Wind-Down Debtor.

IV. Returned Goods

12. Certain of the goods delivered by Interstate were returned to Interstate for various reasons, including because certain goods were not being sold and because certain goods were defective. The Wind-Down Debtor does not believe the value of those returned goods were properly credited in the Objected Claim. These returns were made during both the pre- and post-petition time periods. The Wind-Down Debtor believes that the value the goods returned pre-petition total at least \$107,368.53. The value of the goods returned post-petition total at least \$83,235.14.

13. The Wind-Down Debtor is entitled to a dollar-for-dollar setoff for the entire portion of returned goods, totaling at least \$190,603.67.

V. Vendor Support Funds

14. A common term in vendor agreements in the Debtors' industry relates to different types of obligations requiring the trade vendor to provide a discount, cash rebate, or other

consideration to the Debtors in exchange for purchasing, stocking, marketing, or engaging in another action related to that vendor's goods. These terms are contractual and are usually found in vendor agreements with vendors who the Debtors engaged in a high volume of business with. They often take the form of a flat discount across a specific product line, or a cash payment or rebate obligation based on a % of all sales of that vendor's goods. They are often accrued and paid on a quarterly basis. In the Debtors' industry, these terms are collectively referred to as vendor support funds ("VSF").

15. Upon information and belief, the Debtors and Interstate were counterparties to a certain vendor agreement that contained VSF obligations in favor of the Debtors. Prior to the Effective Date, the Debtors calculated what it believed to be owed. By the Wind-Down Debtor's calculation based on the vendor agreement, related e-mail communications, and the Wind-Down Debtor's books and records, Interstate and its affiliated entities owe at least \$191,567.65 to the Wind-Down Debtors based on VSF accrued prepetition.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the facts set forth in the foregoing declaration are true and correct to the best of my knowledge, information and believe as of the date hereof.

Dated: April 25, 2025

/s/ Susanne Edwards
Susanne Edwards

Exhibit B

Interstate Claim

<https://veritaglobal.net/autoplus/document/2390054230425000000000012>

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

In re:	) Chapter 11
)
AUTO PLUS AUTO SALES LLC, ¹	) Case No. 23-90055 (CML)
)
Wind-Down Debtor.	) (Formerly Jointly Administered under
	) Lead Case IEH Auto Parts Holding
	) LLC, Case No. 23-90054)
	) RE: Docket No. _____

**ORDER SUSTAINING WIND-DOWN
DEBTOR'S OBJECTION TO THE NON-GUC PORTION
OF PROOF OF CLAIM NO. 422 FILED BY INTERSTATE BATTERIES, INC.**

Upon the objection (the “Objection”)² of Wind-Down Debtor for entry of an order (this “Order”) modifying the Objected Claim; 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 that this Court may enter a final order consistent with Article III of the United States Constitution; and this Court having found that venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the relief requested in the Objection is in the best interests of Wind-Down Debtor, its creditors, and other parties in interest; and this Court having found that Wind-Down Debtor’s notice of the Objection and opportunity for a hearing on the Objection were appropriate under the circumstances and no other notice need be provided; and this Court having reviewed the Objection and having heard the statements in support of the relief requested therein; and this Court having determined that the legal and factual bases

¹ The Wind-Down Debtor's service address is: 5330 Carmel Crest Lane, Charlotte, North Carolina 28226. All pleadings related to these chapter 11 cases may be obtained from the website of the Wind Down Debtor's claims and noticing agent at <https://www.kccllc.net/autoplus>.

² Capitalized terms used but not otherwise defined herein shall have the same meaning ascribed to them in the Objection.

set forth in the Objection 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. The Non-GUC portion of Proof of Claim No. 422 is partially reclassified to a general unsecured claim in the amount of \$60,332.63 (the “Reclassified Claim”); *provided* that this Order does not Allow the Reclassified Claim.

2. The remainder of the Non-GUC portion of Proof of Claim No. 422 totaling \$454,004.67 is hereby disallowed.

3. Verita Global, as claims, noticing, and solicitation agent, is authorized and directed to update the claims register maintained in these chapter 11 cases to reflect the relief granted in this Order.

4. Notwithstanding the relief granted in this Order and any actions taken pursuant to such relief, nothing in this Order shall be deemed: (a) an admission as to the validity of any prepetition claim against a Wind-Down Debtor entity; (b) a waiver of the Wind-Down Debtor’s right to dispute any prepetition claim on any grounds; (c) a promise or requirement to pay any prepetition claim; (d) an implication or admission that any particular claim is of a type specified or defined in this Objection or any order granting the relief requested by this Objection; (e) a request or authorization to assume any prepetition agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) a waiver of the Wind-Down Debtor’s rights under the Bankruptcy Code or any other applicable law; or (g) a waiver of the GUC Trustee’s rights under the Plan, the Bankruptcy Code, or any other applicable law.

5. Notwithstanding the relief granted in this Order and any actions taken pursuant to such relief, nothing in this Order shall prejudice to the rights of the Wind-Down Debtor or the

GUC Trustee, as defined in the Plan, to object to the remaining portion of Proof of Claim No. 422, on any grounds whatsoever. The Wind-Down Debtor specifically and expressly reserves for all purposes the GUC Trustee's right and ability to object to any and all general unsecured claims notwithstanding the relief granted in this Order, whether such claims are reclassified or otherwise modified under this Order, and this Order does not in any manner whatsoever inhibit, modify or otherwise limit the GUC Trustee's right to object to any general unsecured claim for any reason whatsoever, including without limitation to hereafter object to a general unsecured claim to the extent (i) such claim should properly be classified as an administrative claim pursuant to Section 503(b)(9) or otherwise and (ii) such claim is reclassified from a Section 503(b)(9) claim to a general unsecured claim pursuant to this Order. The Wind-Down Debtor's and/or Plan Agent's beliefs and allegations with respect to any claims affected by the Objection or this Order, whether general unsecured claims or otherwise, shall not be binding on or otherwise prejudice the Plan Agent in any respect, irrespective of whether the GUC Trustee challenged those beliefs or allegations as set forth in the Objection.

6. The Wind-Down Debtor is authorized to take all actions necessary to effectuate the relief granted in this Order in accordance with the Objection.

7. This Order is immediately effective and enforceable upon its entry.

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

Dated: _____, 2025
Houston, Texas

CHRISTOPHER M. LOPEZ
UNITED STATES BANKRUPTCY JUDGE