



CLERK, U.S. BANKRUPTCY COURT
NORTHERN DISTRICT OF TEXAS

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THE DATE OF ENTRY IS ON
THE COURT'S DOCKET

The following constitutes the ruling of the court and has the force and effect therein described.

Signed December 19, 2023

United States Bankruptcy Judge

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:

Northwest Senior Housing Corporation, *et al.*,¹

Liquidating Debtors.

Chapter 11

Case 22-30659 (MVL)

(Jointly Administered)

**ORDER SUSTAINING IN PART LITIGATION TRUSTEE'S SECOND
OMNIBUS OBJECTION TO CLAIMS (PRIORITY CLAIMS TO BE RECLASSIFIED)**

Upon the second omnibus objection to claims (the "**Objection**")² of Leif M. Clark, trustee of the Edgemere Litigation Trust (the "**Trustee**") seeking to reclassify certain proofs of claim pursuant to Bankruptcy Code section 502; and the Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334(b); and the Court having found that this matter is a core

¹ The Liquidating Debtors in these chapter 11 cases, along with the last four digits of each Liquidating Debtor's federal tax identification number, are Northwest Senior Housing Corporation (1278) and Senior Quality Lifestyles Corporation (2669).

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



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proceeding pursuant to 28 U.S.C. § 157(b)(2), and that the Trustee consents to entry of a final order under Article III of the United States Constitution; and the Court having found that venue of this proceeding and the Objection in this District is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having determined that the relief requested in the Objection is in the best interests of the Liquidating Debtors, their estates, their creditors, and other parties in interest; and it appearing that proper and adequate notice of the Objection has been given to all claimants apart from creditor John Costantini, under the circumstances, and that no other or further notice is necessary; and upon the record herein; and after due deliberation thereon; and good and sufficient cause appearing therefore,

IT IS ORDERED, ADJUDGED AND DECREED THAT:

1. The Objection is SUSTAINED IN PART as set forth herein.
2. Pursuant to Bankruptcy Code section 502, the claims listed on Schedule 1 and Schedule 2 attached hereto are reclassified in whole or in part as either Class 4 or Class 5 general unsecured nonpriority claims (the “**Disputed Claims**”) as set forth on Schedule 1 and Schedule 2, with the exception of Proof of Claim number 40 in the amount of \$600, filed by John Costantini (the “**Costantini Claim**”), which appears on Schedule 2.
3. The Objection is NOT SUSTAINED as to the Costantini Claim, and such claim is allowed as a priority claim in the amount of \$600.
4. The claims of Participating Former Residents who elected not to opt out of the Lifespace Settlement and releases under Section 8 of the Plan, including the claims filed by Pamela Sviglia (Claim No. 186), Edward C. Cerny III, Suzan Kuman, Gale Swanson, and the Martha P. Cerny Trust (Claim No. 22), and the claim filed by Merilou Love (Claim Nos. 125 and 130) will

be reclassified as Class 5 Participating Former Resident Refund Claims rather than Class 4 General Unsecured Claims.

5. Kurtzman Carson Consultants, LLC, as the claims and noticing agent in these cases, is authorized and directed to update the Claims Register to reflect all relief granted in this Order.

6. Notwithstanding anything to the contrary contained herein, nothing herein shall affect the validity, nature, amount, allowability, priority, or otherwise seek to reclassify any non-Priority Claims or portions of non-Priority Claims that may have been asserted by claimants.

7. The Trustee's rights to amend, modify, or supplement the Objection, to file additional objections to the Disputed Claims or any other claims (filed or not) that may be asserted against the Liquidating Debtors, and to seek further reduction of any claim to the extent such claim has been paid, are preserved. Additionally, should one or more grounds of objection stated in the Objection be overruled, the Trustee's rights to object on other stated grounds or on any other grounds that the Trustee discovers are further preserved.

8. In accordance with Section 7.1 of the confirmed Plan, the Litigation Trustee is not authorized to assert any objection(s) to claims reclassified as Class 5 Participating Former Resident Refund Claims. This Order therefore finally resolves any objections the Litigation Trustee has to such claims.

9. Notwithstanding any Bankruptcy Rule or Local Rule to the contrary, this Order shall be immediately effective and enforceable upon its entry

10. This Court shall retain jurisdiction over any and all matters arising from the interpretation, implementation, or enforcement of this Order.

End of Order

Order submitted by:

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COUNSEL TO LEIF M. CLARK, TRUSTEE
OF THE EDGEMERE LITIGATION TRUST

SCHEDULE 1

Resident Priority Claims

#	Claim No.	Resident I.D. No.	Date Claim Filed	Debtor Case No.	Asserted Claim Amount	Asserted Priority Claim Amount	Revised Priority Amount	Amount to be Reclassified as General Unsecured Claim ¹	Reason for Reclassification
1.	75	117	7/5/22	22-30659	\$240,402.00	\$3,350.00	\$0.00	\$3,350.00	The supporting documentation indicates that the claim is based on a contract for life care, not a rental or lease agreement as required by section 507(b)(7) and is therefore not entitled to priority status.
2.	49	127	6/12/22	22-30659	\$664,050.00	\$3,350.00	\$0.00	\$3,350.00	The supporting documentation indicates that the claim is based on a contract for life care, not a rental or lease agreement as required by section 507(b)(7) and is therefore not entitled to priority status.
3.	101	212	7/19/22	22-30659	\$274,762.80	\$3,350.00	\$0.00	\$3,350.00	The supporting documentation indicates that the claim is based on a contract for life care, not a rental or lease agreement as required by section 507(b)(7) and is therefore not entitled to priority status.
4.	102	212	7/19/22	22-30660	\$274,762.80	\$3,350.00	\$0.00	\$3,350.00	The supporting documentation indicates that the claim is based on a

¹ For the avoidance of doubt, the claims of Participating Former Residents who elected not to opt out of the Lifespace Settlement and releases under Section 8 of the Plan will be reclassified as Class 5 Participating Former Resident Refund Claims rather than Class 4 General Unsecured Claims.

#	Claim No.	Resident I.D. No.	Date Claim Filed	Debtor Case No.	Asserted Claim Amount	Asserted Priority Claim Amount	Revised Priority Amount	Amount to be Reclassified as General Unsecured Claim ¹	Reason for Reclassification
									contract for life care, not a rental or lease agreement as required by section 507(b)(7) and is therefore not entitled to priority status.
5.	164	217	8/22/22	22-30659	\$463,430.00	\$463,430.00	\$0.00	\$463,430.00	The supporting documentation indicates that the claim is based on a contract for life care, not a rental or lease agreement as required by section 507(b)(7) and is therefore not entitled to priority status.
6.	165	217	8/22/22	22-30660	\$463,430.00	\$463,340.00	\$0.00	\$463,340.00	The supporting documentation indicates that the claim is based on a contract for life care, not a rental or lease agreement as required by section 507(b)(7) and is therefore not entitled to priority status. Additionally, the claim appears to be duplicative of claim 164.
7.	102	282	6/28/22	22-30659	\$590,000.00	\$3,350.00	\$0.00	\$3,350.00	The supporting documentation indicates that the claim is based on a contract for life care, not a rental or lease agreement as required by section 507(b)(7) and is therefore not entitled to priority status.
8.	93	292	7/15/22	22-30659	\$555,273.00	\$3,350.00	\$0.00	\$3,350.00	The supporting documentation indicates that the claim is based on a contract for life care, not a rental or

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									lease agreement as required by section 507(b)(7) and is therefore not entitled to priority status.
9.	12	1387	7/20/22	22-30659	\$784,600.00	\$3,350.00	\$0.00	\$3,350.00	The supporting documentation indicates that the claim is based on a contract for life care, not a rental or lease agreement as required by section 507(b)(7) and is therefore not entitled to priority status.
10.	137	1387	7/20/22	22-30659	\$784,600.00	\$3,350.00	\$0.00	\$3,350.00	The supporting documentation indicates that the claim is based on a contract for life care, not a rental or lease agreement as required by section 507(b)(7) and is therefore not entitled to priority status. Additionally, the claim appears to be duplicative of claim 12.
11.	115	1387	7/20/22	22-30659	\$2,663,991.60	\$3,350.00	\$0.00	\$3,350.00	The supporting documentation indicates that the claim is based on a contract for life care, not a rental or lease agreement as required by section 507(b)(7) and is therefore not entitled to priority status.
12.	123	1387	7/20/22	22-30659	\$2,663,991.60	\$3,350.00	\$0.00	\$3,350.00	The supporting documentation indicates that the claim is based on a contract for life care, not a rental or lease agreement as required by section

#	Claim No.	Resident I.D. No.	Date Claim Filed	Debtor Case No.	Asserted Claim Amount	Asserted Priority Claim Amount	Revised Priority Amount	Amount to be Reclassified as General Unsecured Claim ¹	Reason for Reclassification
									507(b)(7) and is therefore not entitled to priority status. Additionally, the claim appears to be duplicative of claim 115.
13.	138	1387	7/20/22	22-30659	\$2,663,991.60	\$3,350.00	\$0.00	\$3,350.00	The supporting documentation indicates that the claim is based on a contract for life care, not a rental or lease agreement as required by section 507(b)(7) and is therefore not entitled to priority status. Additionally, the claim appears to be duplicative of claim 115.
14.	186	1387	7/12/23	22-30659	\$449,100.00	\$449,100.00	\$0.00	\$449,100.00	The supporting documentation indicates that the claim is based on a contract for life care, not a rental or lease agreement as required by section 507(b)(7) and is therefore not entitled to priority status.
15.	23	1402	5/19/22	22-30659	\$589,095.00	\$3,350.00	\$0.00	\$3,350.00	The supporting documentation indicates that the claim is based on a contract for life care, not a rental or lease agreement as required by section 507(b)(7) and is therefore not entitled to priority status.
16.	22	1403	5/17/22	22-30659	\$269,910.00	\$3,350.00	\$0.00	\$3,350.00	The supporting documentation indicates that the claim is based on a contract for life care, not a rental or lease agreement as required by section

#	Claim No.	Resident I.D. No.	Date Claim Filed	Debtor Case No.	Asserted Claim Amount	Asserted Priority Claim Amount	Revised Priority Amount	Amount to be Reclassified as General Unsecured Claim ¹	Reason for Reclassification
									507(b)(7) and is therefore not entitled to priority status.
17.	53	1411	6/15/22	22-30659	\$420,000.00	\$3,350.00	\$0.00	\$3,350.00	The supporting documentation indicates that the claim is based on a contract for life care, not a rental or lease agreement as required by section 507(b)(7) and is therefore not entitled to priority status.
18.	148	1438	7/15/22	22-30659	\$865,601.90	\$3,350.00	\$0.00	\$3,350.00	The supporting documentation indicates that the claim is based on a contract for life care, not a rental or lease agreement as required by section 507(b)(7) and is therefore not entitled to priority status.
19.	128	1443	7/21/22	22-30659	\$452,952.00	unliquidated	\$0.00	unliquidated	The supporting documentation indicates that the claim is based on a contract for life care, not a rental or lease agreement as required by section 507(b)(7) and is therefore not entitled to priority status.
20.	113	1455	7/20/22	22-30659	\$333,164.00	\$3,350.00	\$0.00	\$3,350.00	The supporting documentation indicates that the claim is based on a contract for life care, not a rental or lease agreement as required by section

#	Claim No.	Resident I.D. No.	Date Claim Filed	Debtor Case No.	Asserted Claim Amount	Asserted Priority Claim Amount	Revised Priority Amount	Amount to be Reclassified as General Unsecured Claim ¹	Reason for Reclassification
21.	109	1461	7/20/22	22-30659	\$432,224.00	\$3,350.00	\$0.00	\$3,350.00	The supporting documentation indicates that the claim is based on a contract for life care, not a rental or lease agreement as required by section 507(b)(7) and is therefore not entitled to priority status.
22.	183	1461	3/21/23	22-30659	\$432,224.00	\$3,350.00	\$0.00	\$3,350.00	The supporting documentation indicates that the claim is based on a contract for life care, not a rental or lease agreement as required by section 507(b)(7) and is therefore not entitled to priority status. Additionally, the claim appears to be duplicative of claim 109.

SCHEDULE 2

Non-Resident Priority Claims

#	Claim No.	Claimant	Date Claim Filed	Case No.	Asserted Claim Amount	Asserted Priority Claim Amount	Revised Priority Amount	Amount to Reclassify as General Unsecured Claim ¹	Reason for Reclassification
1.	7	Douglas Cox d/b/a Let's Roll Promo	5/2/22	22-30659	\$209.22	\$209.22	\$0.00	\$209.22	The supporting documentation indicates that the claim is for services provided, not wages, salary, and commission as required by section 507(a)(4) and is therefore ineligible for priority status.
2.	15	Douglas Cox d/b/a Let's Roll Promo	5/3/22	22-30659	\$101.00	\$101.00	\$0.00	\$101.00	The supporting documentation indicates that the claim is for services provided, not wages, salary, and commission as required by section 507(a)(4) and is therefore ineligible for priority status.
3.	16	Douglas Cox d/b/a Let's Roll Promo	5/3/22	22-30659	\$418.73	\$418.73	\$0.00	\$418.73	The supporting documentation indicates that the claim is for services provided, not wages, salary, and commission as required by section 507(a)(4) and is therefore ineligible for priority status.

¹ For the avoidance of doubt, claims on Schedule 2 will be reclassified as Class 4 General Unsecured Claims.

#	Claim No.	Claimant	Date Claim Filed	Case No.	Asserted Claim Amount	Asserted Priority Claim Amount	Revised Priority Amount	Amount to Reclassify as General Unsecured Claim ¹	Reason for Reclassification
4.	17	Douglas Cox d/b/a Let's Roll Promo	5/4/22	22-30659	\$538.00	\$538.00	\$0.00	\$538.00	The supporting documentation indicates that the claim is for services provided, not wages, salary, and commission as required by section 507(a)(4) and is therefore ineligible for priority status.
5.	25	A+ Student Staffing	5/16/22	22-30659	\$9,235.58	\$9,235.58	\$0.00	\$9,235.58	The supporting documentation indicates that the claim is for services provided, not wages, salary, and commission as required by section 507(a)(4) and is therefore ineligible for priority status.
6.	30	Joh O'Sullivan	5/25/22	22-30659	\$675.00	\$675.00	\$0.00	\$675.00	The supporting documentation indicates that the claim is for services provided, not wages, salary, and commission as required by section 507(a)(4) and is therefore ineligible for priority status.
7.	37	Dallas MD Associates	5/25/22	22-30659	\$1,750.00	\$1,750.00	\$0.00	\$1,750.00	The supporting documentation indicates that the claim is for services provided, not wages, salary, and commission as required by section 507(a)(4) and is therefore ineligible for priority status.

#	Claim No.	Claimant	Date Claim Filed	Case No.	Asserted Claim Amount	Asserted Priority Claim Amount	Revised Priority Amount	Amount to Reclassify as General Unsecured Claim ¹	Reason for Reclassification
8.	39	Music Therapy Solutions	6/1/22	22-30659	\$264.00	\$264.00	\$0.00	\$264.00	The supporting documentation indicates that the claim is for services provided, not wages, salary, and commission as required by section 507(a)(4) and is therefore ineligible for priority status.
9.	40	John Constantini	6/1/22	22-30659	\$600.00	\$600.00	\$0.00	\$600.00	The supporting documentation indicates that the claim is for services provided, not wages, salary, and commission as required by section 507(a)(4) and is therefore ineligible for priority status.
10.	68	A+ Staffing	6/20/22	22-30659	\$9,235.58	\$8,717.82	\$0.00	\$8,717.82	The supporting documentation indicates that the claim is for services provided, not wages, salary, and commission as required by section 507(a)(4) and is therefore ineligible for priority status. Additionally, the claim appears to be duplicative of claim 25.
11.	76	Laura Irrgang	7/5/22	22-30659	\$300.00	\$300.00	\$0.00	\$300.00	No supporting documentation; not wages, salary, or commission.

#	Claim No.	Claimant	Date Claim Filed	Case No.	Asserted Claim Amount	Asserted Priority Claim Amount	Revised Priority Amount	Amount to Reclassify as General Unsecured Claim ¹	Reason for Reclassification
12.	167	Sweet Steel	8/24/22	22-30660	\$250.00	\$250.00	\$0.00	\$250.00	The supporting documentation indicates that the claim is for services provided, not wages, salary, and commission as required by section 507(a)(4) and is therefore ineligible for priority status.
13.	168	Sweet Steel	8/24/22	22-30659	\$250.00	\$250.00	\$0.00	\$250.00	The supporting documentation indicates that the claim is for services provided, not wages, salary, and commission as required by section 507(a)(4) and is therefore ineligible for priority status. Additionally, the claim is duplicative of claim 167.