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**PROPOSED COUNSEL TO DEBTORS AND
DEBTORS IN POSSESSION**

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

In re:	§	Chapter 11
	§	
Higher Ground Education, Inc., <i>et al.</i> , ¹	§	Case No.: 25-80121-11
	§	
Debtor.	§	(Jointly Administered)

**DEBTORS' MOTION FOR ENTRY OF AN ORDER (A) AUTHORIZING THE
DISTRIBUTION OF CASH RECEIPTS TO GUIDEPOST GLOBAL EDUCATION,
INC. AND (B) GRANTING RELATED RELIEF**

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.txnb.uscourts.gov/> at least two (2) business days before the start of the hearing. If you do not have electronic filing privileges, you must file a written objection that is actually received by the clerk and filed on the docket at least two (2) business days before the start of the hearing. Otherwise, the Court may treat the pleading as unopposed and grant the relief requested.

¹ The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor's federal identification number, are: Higher Ground Education Inc. (7265); Guidepost A LLC (8540); Prepared Montessorian LLC (6181); Terra Firma Services LLC (6999); Guidepost Birmingham LLC (2397); Guidepost Bradley Hills LLC (2058); Guidepost Branchburg LLC (0494); Guidepost Carmel LLC (4060); Guidepost FIC B LLC (8609); Guidepost FIC C LLC (1518); Guidepost Goodyear LLC (1363); Guidepost Las Colinas LLC (9767); Guidepost Muirfield Village LLC (1889); Guidepost Richardson LLC (7111); Guidepost South Naperville LLC (8046); Guidepost St Robert LLC (5136); Guidepost The Woodlands LLC (6101); Guidepost Walled Lake LLC (9118); HGE FIC D LLC (6499); HGE FIC E LLC (0056); HGE FIC F LLC (8861); HGE FIC G LLC (5500); HGE FIC H LLC (8817); HGE FIC I LLC (1138); HGE FIC K LLC (8558); HGE FIC L LLC (2052); HGE FIC M LLC (8912); HGE FIC N LLC (6774); HGE FIC O LLC (4678); HGE FIC P LLC (1477); HGE FIC Q LLC (3122); HGE FIC R LLC (9661); LePort Emeryville LLC (7324); AltSchool II LLC (0403). The Debtors' mailing address is 1321 Upland Dr. PMB 20442, Houston, Texas 77043.



A hearing will be conducted on this matter on August 21, at 1:30 pm in Courtroom 2, floor 14 at 1100 Commerce Street, Dallas, TX 75242. You may participate in the hearing either in person or 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 1-650-479-3207. Video communication will be by use of the Cisco WebEx platform. Connect via the Cisco WebEx application or click the link on Judge Larson's home page. The meeting code is 2301 476 1957. Click the settings icon in the upper right corner and enter your name under the personal information setting.

Hearing appearances must be made electronically in advance of electronic hearings. To make your appearance, click the "Electronic Appearance" link on Judge Larson's home page. Select the case name, complete the required fields and click "Submit" to complete your appearance.

Higher Ground Education, Inc. ("**HGE**") and its affiliated debtors and debtors in possession (collectively, the "**Debtors**") in the above-captioned chapter 11 cases (the "**Chapter 11 Cases**") hereby file *Debtors' Motion for Entry of an Order (A) Authorizing the Distribution of Cash Receipts to Guidepost Global Education, Inc. and (B) Granting Related Relief* (this "**Motion**").² In support of this Motion, the Debtors respectfully represent as follows:

I.
JURISDICTION, VENUE, AND PREDICATES FOR RELIEF

1. The United States Bankruptcy Court for the Northern District of Texas (the "**Court**") has jurisdiction over this matter pursuant to 28 U.S.C. § 1334. This matter is a core proceeding under 28 U.S.C. § 157(b). The Debtors confirm their consent, pursuant to Rule 7008 of the Federal Rules of Bankruptcy Procedure (the "**Bankruptcy Rules**"), to the entry of a final order by the Court.

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

² Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the First Day Declaration (defined below).

3. The bases for the relief requested herein are sections 105, 363, 541 of title 11 of the United States Code, as amended (the “**Bankruptcy Code**”), and paragraph 36 of the Procedures for Complex Cases in the Northern District of Texas (the “**Complex Case Procedures**”).

II. **RELIEF REQUESTED**

4. The Debtors seek entry of an order, substantially in the form attached hereto as **Exhibit A** (the “**Order**”), (a) authorizing the Debtors to distribute approximately \$404,832.52 in funds incorrectly received by the Debtors (the “**GGE Cash Receipts**”) to Guidepost Global Education, Inc. (“**GGE**”), and (b) granting related relief.

III. **BACKGROUND**

A. Overview of the Chapter 11 Cases

5. From their inception in 2016 through the beginning of 2025, the Debtors grew to over 150 schools (the “**Schools**”), becoming the largest owner and operator of Montessori schools in the world. The Debtors’ mission was to modernize and mainstream the Montessori education movement. In addition to owning and operating the Schools, the Debtors provided training and consulting services to Montessori schools around the world. The Debtors sought to offer an end-to-end experience that covers the entire lifecycle of a family at school, virtually, and at home, from birth through secondary education—enabled by next-gen, accredited Montessori instruction. Information on the Debtors, their businesses, and a summary of the relief requested in this Motion can be found in the *Declaration of Jonathan McCarthy in Support of First Day Motions* [Docket No. 15] (the “**First Day Declaration**”).

6. On June 17, 2025 and June 18, 2025 (together, the “**Petition Date**”), the Debtors filed voluntary petitions for relief under chapter 11. The Debtors remain in possession of their property and are managing their businesses as debtors-in-possession pursuant to Sections 1107(a)

and 1108 of the Bankruptcy Code. The Court has not appointed a trustee and the official committee of unsecured creditors was appointed on July 8, 2025 [Docket No. 158] (the “**Committee**”).

IV.
THE RETURN OF THE FUNDS

7. As stated in the First Day Declaration, three different pre-petition Foreclosures (as defined in the First Day Declaration) and sales occurred with certain Foreclosure Buyers, which included GGE, acquiring the foreclosed assets and Schools (the “**GGE Foreclosed Schools**”). At the time of the Foreclosures, GGE was not in a position to operate the GGE Foreclosed Schools, or the centralized management functions maintained at HGE. In an effort to minimize any disruptions at the GGE Foreclosed Schools, including keeping employees employed and students in those GGE Foreclosed Schools, the Debtors and GGE entered into a Transition Service Agreement (“**TSA**”). In furtherance of the TSA, GGE utilized certain HGE bank accounts (the “**HGE Bank Accounts**”) at to the GGE Foreclosed Schools for a limited period of time while GGE opened new bank accounts (the “**GGE Bank Accounts**”) for the GGE Foreclosed Schools. Pursuant to the TSA, if the HGE Bank Accounts received any GGE Cash Receipts related to the GGE Foreclosed Schools, HGE would transfer such GGE Cash Receipts to GGE—as HGE did not consider the GGE Cash Receipts to be HGE property or estate assets. This transition was substantially completed prior to the termination of the TSA on June 1, 2025.

8. Notwithstanding the substantial work completed prior to June 1, 2025, certain post-Petition Date GGE Cash Receipts in the amount of approximately \$404,832.52 were received at the HGE Bank Accounts instead of the GGE Bank Accounts. These GGE Cash Receipts consist primarily of governmental subsidies that provide tuition assistance for certain students in certain states that were mistakenly and incorrectly deposited into the HGE Bank Accounts instead of the GGE Bank Accounts. As the GGE Cash Receipts relate to the GGE Foreclosed Schools and

students at the GGE Foreclosed Schools, the Debtors do not believe that such GGE Cash Receipts are property of the Debtors' estates. The Debtors, however, file this Motion out of an abundance of caution and to provide transparency regarding the distribution of these GGE Cash Receipts, the Debtors seek correct this mistake and return the GGE Cash Receipts to GGE.

V.
BASIS FOR RELIEF

A. The GGE Cash Receipts are not Property of the Estate and may be Returned to GGE.

9. Section 105(a) of the Bankruptcy Code, which codifies the inherent equitable powers of a bankruptcy court, empowers bankruptcy courts to “issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title.” 11 U.S.C. § 105(a). Included in this inherent power is the Court’s authority to authorize the return of non-estate property or the payment of prepetition claims. *See, e.g.*, 11 U.S.C. § 541(a) (“[A]ll legal or equitable interests of the debtor in property as of the commencement of the case.”); *In re CoServ, L.L.C.*, 273 B.R. 487, 497 (Bankr. N.D. Tex. 2002) (finding that sections 105 and 1107 of the Bankruptcy Code provide the authority for a debtor in possession to pay prepetition claims).

10. Here, the Debtors submit that the GGE Cash Receipts belong to GGE as such GGE Cash Receipts were paid on account of subsidies, tuition, and other cash receipts specifically related to the GGE Foreclosed Schools and students attending the GGE Foreclosed Schools. The payment of the GGE Cash Receipts to the HGE Bank Accounts was an error and does not result in the Debtors having a property interest in the GGE Cash Receipts. Indeed, if HGE were to keep the GGE Cash Receipts, such action would create harm to students at the GGE Foreclosed Schools that rely on the subsidies and other funding to pay for their educational programming. Accordingly, the Debtors assert that the GGE Cash Receipts are not property of the estate, and should be returned to GGE.

B. The Court Should Authorize the Return of the GGE Cash Receipts to GGE in the Ordinary Course.

11. The Debtors maintain that returning the GGE Cash Receipts to GGE is simply correcting a mistake, which is permitted pursuant to section 363(c)(1) of the Bankruptcy Code. That section authorizes a debtor to “use property of the estate in the ordinary course of business without notice or a hearing.” 11 U.S.C. § 363(c)(1). Indeed, the purpose of section 363(c) is to provide a debtor with the flexibility to engage in the ordinary course transactions required to operate its business without unneeded oversight by its creditors or the court. *See In re Roth Am., Inc.*, 975 F.2d 949, 952 (3d Cir. 1992) (“Section 363 is designed to strike [a] balance, allowing a business to continue its daily operations without excessive court or creditor oversight and protecting secured creditors and others from dissipation of the estate’s assets.”) (citations omitted); *In re Vision Metals, Inc.*, 325 B.R. 138, 145 (Bankr. D. Del. 2005) (same). Included within the purview of section 363(c) of the Bankruptcy Code is a debtor’s ability to continue “routine transactions” necessitated by a debtor’s cash management system. *See, e.g., In re Nellson Nutraceutical, Inc.*, 369 B.R. 787, 796 (Bankr. D. Del. 2007) (noting that courts have shown a reluctance to interfere in a debtor’s making of routine, day-to-day business decisions) (citations omitted); *In re Vision Metals*, 325 B.R. at 142 (“[W]hen a chapter 11 debtor in possession continues to operate its business, as permitted by section 1108, no court authorization is necessary for the debtor to enter transactions that fall within the ordinary course of its business.”).

12. The GGE Cash Receipts should have been deposited in GGE bank accounts, but due to the quick transition of school operations to GGE, the GGE Cash Receipts were mistakenly deposited into HGE Bank Accounts. As such, the Debtors maintain that returning the GGE Cash Receipts to GGE is within the purview of “ordinary course transactions” and files this motion out of an abundance of caution. The Debtors are not attempting to pay a prepetition claim, nor are

they seeking to pay any “claim” of GGE. Rather, the Debtors are simply trying to correct a mistake and return the GGE Cash Receipts that rightfully belong to GGE.

13. Accordingly, the Debtors should be permitted to return the GGE Cash Receipts to GGE.

VI. NOTICE

14. The Debtors will provide notice of this Motion to (a) the Office of the United States Trustee for the Northern District of Texas; (b) the United States Attorney’s Officer for the Northern District of Texas; (c) counsel to the Committee; (d) Cozen O’Connor, as counsel to the Senior DIP Lender and Plan Sponsor; (e) Kane Russell Coleman Logan PC, as counsel to the Junior DIP Lender; and (f) all parties in interest who have formally appeared and requested notice pursuant to Bankruptcy Rule 2002. The Debtors respectfully submit that no further notice of this Motion is required.

15. The pleadings in these Chapter 11 Cases and supporting papers are available on the Debtors’ website at www.veritaglobal.net/HigherGround or on the Bankruptcy Court’s website at <https://ecf.txnb.uscourts.gov/>. You can request any pleading you need from (i) the proposed noticing agent at: HigherGroundInfo@veritaglobal.com, (888) 733-1431 (U.S./Canada) (toll-free), +1 (310) 751-2632 (International), or (ii) proposed counsel for the Debtors at: Foley & Lardner LLP, 1144 15th Street, Suite 2200, Denver, CO 80202, Attn: Tim Mohan (tmohan@foley.com), and Foley & Lardner LLP, 1000 Louisiana Street, Suite 2000, Houston, Texas 77002, Attn: Nora McGuffey (nora.mcguiffey@foley.com) and Quynh-Nhu Truong (qtruong@foley.com).

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WHEREFORE, the Debtors respectfully request that the Court enter an order, substantially in the form attached hereto as **Exhibit A**, granting the relief requested herein and such other relief as the Court deems appropriate under the circumstances.

DATED: August 7, 2025

Respectfully submitted by:

/s/ Holland N. O'Neil

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**PROPOSED COUNSEL TO DEBTORS
AND DEBTORS IN POSSESSION**

CERTIFICATE OF SERVICE

I hereby certify that on August 7, 2025, a true and correct copy of the foregoing document was served electronically by the Court's PACER system.

/s/ Nora J. McGuffey

Nora J. McGuffey

Exhibit A

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

In re:	§	Chapter 11
Higher Ground Education, Inc., <i>et al.</i> , ¹	§	Case No.: 25-80121-11
Debtor.	§	(Jointly Administered)

**ORDER (A) AUTHORIZING THE DISTRIBUTION OF
CASH RECEIPTS TO GUIDEPOST GLOBAL EDUCATION, INC.
AND (B) GRANTING RELATED RELIEF**

¹ The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor's federal identification number, are: Higher Ground Education Inc. (7265); Guidepost A LLC (8540); Prepared Montessorian LLC (6181); Terra Firma Services LLC (6999); Guidepost Birmingham LLC (2397); Guidepost Bradley Hills LLC (2058); Guidepost Branchburg LLC (0494); Guidepost Carmel LLC (4060); Guidepost FIC B LLC (8609); Guidepost FIC C LLC (1518); Guidepost Goodyear LLC (1363); Guidepost Las Colinas LLC (9767); Guidepost Muirfield Village LLC (1889); Guidepost Richardson LLC (7111); Guidepost South Naperville LLC (8046); Guidepost St Robert LLC (5136); Guidepost The Woodlands LLC (6101); Guidepost Walled Lake LLC (9118); HGE FIC D LLC (6499); HGE FIC E LLC (0056); HGE FIC F LLC (8861); HGE FIC G LLC (5500); HGE FIC H LLC (8817); HGE FIC I LLC (1138); HGE FIC K LLC (8558); HGE FIC L LLC (2052); HGE FIC M LLC (8912); HGE FIC N LLC (6774); HGE FIC O LLC (4678); HGE FIC P LLC (1477); HGE FIC Q LLC (3122); HGE FIC R LLC (9661); LePort Emeryville LLC (7324); AltSchool II LLC (0403). The Debtors' mailing address is 1321 Upland Dr. PMB 20442, Houston, Texas 77043.

Upon consideration of the motion (the “**Motion**”)² of Higher Ground Education, Inc. (“**HGE**”) and its affiliated debtors and debtors in possession (collectively, the “**Debtors**”) in the above-captioned chapter 11 cases (the “**Chapter 11 Cases**”) for entry of an order (this “**Order**”) (a) authorizing the Debtors to distribute approximately \$404,832.52 in funds incorrectly received by the Debtors (the “**GGE Cash Receipts**”) to Guidepost Global Education, Inc. (“**GGE**”) and (b) granting related relief, all as more fully set forth in the Motion; 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); and this Court having found that it may enter a final order consistent with Article III of the United States Constitution; and this Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the relief requested in the Motion is in the best interests of the Debtors’ estates, their creditors, and other parties in interest; and this Court having found that the Debtors’ notice of the Motion and opportunity for a hearing on the Motion were appropriate under the circumstances and no other notice need be provided; and this Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before this Court (the “**Hearing**”), if any; and this Court having determined that the legal and factual bases set forth in the Motion and at the Hearing 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 Motion is granted as set forth herein.
2. The Debtors are authorized, but not directed, to distribute the GGE Cash Receipts to GGE.

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

3. Notice of the Motion as set forth therein shall be deemed good and sufficient notice of such Motion, and the requirements of the Bankruptcy Rules and Bankruptcy Local Rules are satisfied by such notice.

4. Notwithstanding any Bankruptcy Rule to the contrary, the terms and conditions of this Order are immediately effective and enforceable upon its entry.

5. The Debtors are authorized to take all reasonable actions necessary or appropriate to effectuate the relief granted in this Order.

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

END OF ORDER

Submitted by:

/s/ Holland N. O'Neil

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