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

In re: Higher Ground Education, Inc., *et al.*,[1] Debtors.	Chapter 11 Case No. 25-80121 (Jointly Administered)

OBJECTION TO DEBTORS'
FIRST AMENDED DISCLOSURE STATEMENT

Ramandeep and Rebecca Girn ("Mr. Girn" and "Mrs. Girn," together the "Girns"), by and through their undersigned counsel, hereby respectfully submit this Objection (the "Objection") to the *First Amended Disclosure Statement for the First Amended Joint Plan of Reorganization of Higher Ground Education, Inc., its Affiliated Debtors, and the Official Committee of Unsecured Creditors* [Docket No. 530] (the "Disclosure Statement") jointly filed by the above-captioned

[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 Leawood LLC (3453); Guidepost Muirfield Village LLC (1889); Guidepost Richardson LLC (7111); Guidepost South Riding LLC (2403); 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.

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debtors ("Debtors") and the Official Committee of Unsecured Creditors (the "Committee"), and state the following in support thereof:

PRELIMINARY STATEMENT

1. This Objection arises from a sustained pattern of concealment, misrepresentation, and bad faith by the Debtors, the Committee, and the so-called "Settlement Parties," including Guidepost Global Education, Inc. ("GGE"), 2HR, and Learn Capital. Despite ongoing negotiations, the Debtors and Committee have filed an amended plan and disclosure statement that falsely represent to the Court and creditors that the Girns have already joined a purported "Global Settlement." They have not. By proposing a Plan that misrepresents a settlement and deems the Girns' claims waived and released, the Debtors improperly convert an unconsummated negotiation into a binding plan provision without consent or consideration. In fact, the Girns hold over $6 million in secured and unsecured claims—much of it senior to the recoveries being funneled to unsecured creditors—and the Plan unlawfully seeks to strip those rights and compel third-party releases the Girns have never agreed to.

2. The Plan further rests on a contrived and collusive manipulation of the Debtors' directors-and-officers liability insurance (the "D&O Policy")—a scheme designed to channel policy proceeds to unsecured creditors while insulating select insiders and simultaneously stripping other insureds, including the Girns, of their contractual defense and indemnity rights. Working in concert with certain "Non-Released Directors," the Debtors and Committee have orchestrated an undisclosed back-channel arrangement to settle purported estate claims against insiders after Plan confirmation for an amount just below the D&O Policy limits, thereby coercing the insurer to fund an insider-favored settlement that exhausts coverage and leaves the Girns unprotected. This tactic jeopardizes rescission or exclusion of the policy, resulting in a risk to the

very insurance proceeds the Plan purports to monetize and distribute to unsecured creditors. The impropriety is compounded by the fact that a Committee member has now sued the Girns on claims that are arguably estate property and therefore a violation of the automatic stay and that member's fiduciary obligations. The Girns will submit a claim against the D&O Policy for defense costs related to such lawsuit, which should be disclosed to creditors in the Disclosure Statement.

3. The Disclosure Statement is silent on all of these material facts. Instead, creditors are affirmatively misled to believe that the Girns are supportive participants of the Plan that are voluntarily releasing all claims. It omits any reference to the insider "handshake deal," or to the substantial risk that the D&O Policy could be invalidated or rescinded, and to the direct impact such events would have on creditor recoveries. It also conceals the existence of active litigation against the Girns that will generate claims against the same policy the Plan seeks to monetize. By withholding these facts, the Debtors and Committee have advanced a Plan that is structurally unsound, legally defective, and predicated on misrepresentation. A plan that endangers estate assets, undermines insureds' rights, and rewards insider collusion cannot satisfy the good-faith requirement of 11 U.S.C. § 1129(a)(3).

4. For these reasons, the Court should deny approval of the Disclosure Statement, direct full and transparent disclosure of all negotiations and arrangements among the Debtors, the Committee, and the Settlement Parties, and require that any amended plan be grounded in good faith, candor, and respect for creditor rights as the Bankruptcy Code demands.

FACTUAL BACKGROUND

5. On June 17, 2025 (the "Petition Date"), each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code in this Court. The Debtors are operating as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

6. On June 17, 2025, the Girns, Higher Ground Education, Inc. ("HGE"), YYYYY, LLC, GGE and certain other consenting parties entered into that certain Restructuring Support Agreement (the "RSA").

7. On August 21, 2025, the Girns each filed a proof of claim with the Debtors' claims agent. Mr. Girn's claim bears claim number 468 and is for an amount of not less than $5,356,445.59. $1,403,100.59 of Mr. Girn's claim is for secured debt owed by the Debtors on account of the senior most class of claims (Secured Bridge CN Notes). Although the Girns understand that the total amount of Mr. Girn's Bridge CN Notes are disputed, the Debtors do not dispute he holds at least a $500,000 in Bridge CN Claims. Mr. Girn is also the holder of $3,000,000 of secured CN-3 Note Claims and $953,345.00 of unsecured claims owed on account of salary deferred prepetition and amounts advanced by Mr. Girn for the Debtors' benefit. Mrs. Girn's claim bears claim number 469 and is for not less than $1,272,917.00. Mrs. Girn is owed that amount based on prepetition deferrals of her salary and on account of a certain Management Incentive Cash Bonus Agreement.

8. On September 15, 2025, HGE provided notice that it had determined to (i) exercise its "fiduciary out" pursuant to section 10 of the RSA to terminate the RSA and (ii) withdraw the motion to approve the RSA.

9. On October 6, 2025, the Debtors filed the *First Amended Disclosure Statement for the First Amended Joint Plan of Reorganization of Higher Ground Education, Inc., its Affiliated*

Debtors, and the Official Committee of Unsecured Creditors [Docket No. 530] (the "Disclosure Statement"). The Disclosure Statement attached, as Exhibit A thereto, the *First Amended Joint Plan of Reorganization of Higher Ground Education, Inc., its Affiliated Debtors, and the Official Committee of Unsecured Creditors* [Docket No. 530-1] (the "Plan").

10. Section 3 of the Plan (Treatment of Claims and Interest) expressly provides that the Girns waive all claims against the Debtors' estates in each of the proposed Plan classes, including claims in Class 1 (Bridge CN-3 Secured Lender Claim), Class 5 (CN-3 Note Claims), and Class 8 (General Unsecured Claims). Specifically, Section 3.7.2 provides that "all Holders of Allowed Bridge CN-3 Secured Lender Claims shall be deemed to have waived their distribution under the Plan on account of their respective Allowed Bridge CN-3 Secured Lender Claims" and Section 3.11.2 provides that "All Holders of Allowed CN-3 Note Claims shall be deemed to have waived their distribution under the Plan on account of their respective Allowed CN-3 Note Claims." Plan, §§ 3.7.2, 3.11.2. Yet the Girns have not agreed to waive any claims at all, including any such claims in Class 1 and Class 5. Similarly, although Class 8 (General Unsecured Claims) claims are receiving a distribution under the Plan, Section 3.14.2 expressly singles the Girns out by name, stating that "the Girns shall be deemed to waive their distribution or other treatment on account of their" claims in that class. *See* Plan, § 3.14.2.

11. Section 10.3 of the Plan (Releases by Releasing Parties) also provides, in pertinent part, that:

> the Girns, . . . on behalf of themselves and their respective successors, assigns, and representatives, and any and all other entities who may purport to assert any causes of action, directly or derivatively, by, through, for, or because of the foregoing entities, shall be deemed to have released, and shall be permanently enjoined from any prosecution or attempted prosecution of, any and all claims, causes of action, interests, damages, remedies, demands, rights, actions, suits, debts, sums of money, obligations, judgments, liabilities, accounts, defenses, offsets, counterclaims, crossclaims, powers, privileges, licenses, liens, indemnities, guaranties, and franchises of any kind or

> character whatsoever, whether known or unknown, foreseen or unforeseen, now existing or hereafter arising, contingent or non-contingent, liquidated or unliquidated, choate or inchoate, secured or unsecured, assertable, directly or derivatively, matured or unmatured, suspected or unsuspected, in contract, tort, law, equity, or otherwise, which any of them has or may have against the other Settlement Parties and the Girns.

Plan, § 10.3 (emphasis added).

OBJECTION

12. There are two general bases on which a disclosure statement should not be approved: (i) the underlying plan is patently unconfirmable; and (ii) the disclosure statement does not contain adequate information. *See* 11 U.S.C. § 1125(a)(1); *In re Am. Cap. Equip., LLC*, 688 F.3d 145, 154–55 (3d Cir. 2012). Here, both defects are present.

A. The Plan is Patently Unconfirmable

13. Courts consistently hold that a disclosure statement should not be approved where the underlying plan is not confirmable. *See, e.g., In re U.S. Brass Corp.*, 194 B.R. 420, 422 (Bankr. E.D. Tex. 1996) ("This Court disapproved Debtor's Original Disclosure Statement based on a finding that Debtor's Original Plan was nonconfirmable on its face."); *see also In re Atlanta West VI*, 91 B.R. 620, 622 (Bankr. N.D. Ga. 1988); *Am. Capital Equip., LLC*, 688 F.3d at 154. To do so would be, in the words of *Atlanta West VI*, "wasteful and fruitless." Here, the Disclosure Statement advances a Plan that is patently unconfirmable in multiple respects.

1. *The Plan Is Patently Unconfirmable Because It Unilaterally and Impermissibly Extinguishes the Girns' Claims.*

14. The proposed Plan is patently unconfirmable on its face because it purports to unilaterally extinguish, release, and deem waived the valid, filed claims of the Girns without their consent, without any adjudication of the merits of those claims, and without providing any consideration in exchange. This fatal defect renders the Plan unconfirmable as a matter of law and precludes approval of the Disclosure Statement under section 1125 of the Bankruptcy Code.

15. As reflected in their proofs of claim, the Girns assert claims in multiple classes under the proposed Plan, including the Bridge CN Class (which the Plan acknowledges is senior to all other classes, including WTI Secured Lender Claims), the CN-3 Note Class, and the General Unsecured Class. The Plan, however, expressly treats those claims as if they have already been settled and released, deeming them extinguished through the "Global Settlement" and related release provisions and funneling any available recoveries to junior classes of creditors. The Debtors offer no basis in law or fact for such treatment. A plan proponent may not, through the artifice of a reorganization plan, unilaterally release or disallow filed claims simply because they are disputed or inconvenient to its negotiated construct. If the Debtors or the Committee wish to challenge the Girns' claims, the Bankruptcy Code provides a clear mechanism to object to the claims, which then must be adjudicated by the Court in accordance with due process. What the Debtors cannot do is bypass that process and write into a plan that those claims are deemed waived or released while simultaneously distributing material value to junior classes.

16. Indeed, the Plan's structure makes clear that while the Girns' claims are improperly erased, junior stakeholders stand to receive substantial value. At least with respect to the Girns' Bridge CN Secured Lender Claims—and likely also their CN-3 Note Claims—this Plan construct fails the "best interests of creditors" test under 11 U.S.C. § 1129(a)(7) as material value is being diverted away from the senior, secured classes and instead distributed to general unsecured creditors notwithstanding the fact that the Girns' senior claims remain wholly unpaid. Such "value-skipping" distributions violate the statutory requirement that each dissenting holder of an impaired claim receive at least as much as it would in a hypothetical Chapter 7 liquidation, where the Girns—as senior lienholders—would indisputably receive proceeds ahead of any junior constituency. *In re Briscoe Enters., Ltd.*, 994 F.2d 1160, 1167 (5th Cir. 1993) ("Section 1129(a)(7)

requires that each holder of a claim in a class either accept the plan or receive at least as much as it would receive in a chapter 7 liquidation."); *Southern Pac. Transp. Co. v. Voluntary Purchasing Groups, Inc.*, 252 B.R. 373, 391 (E.D. Tex. 2000) (same). Accordingly, the Plan cannot be confirmed as proposed because it fails to satisfy the best interests of creditors test with respect to these senior classes.

17. Similarly, to the extent one of such classes votes to reject the Plan and the Debtors must resort to cram down under 1129(b), the absolute priority rule dictates that the Plan cannot deprive senior creditors of recoveries while allocating value to junior or equity interests. *See In re Mortgage Inv. Co. of El Paso, Tex.*, 111 B.R. 604, 617 (Bankr. W.D. Tex. 1990) ("The absolute priority rule … requires that senior claims be paid in full before any junior class can receive or retain any property . . . [A] fair and equitable plan of reorganization mean[s] application of the absolute priority rule."); *In re Mangia Pizza Investments, LP*, 480 B.R. 669, 698 (Bankr. W.D. Tex. 2012) (reiterating same); *In re Pacific Lumber Co.*, 584 F.3d 229, 244 (5th Cir. 2009) ("the Bankruptcy Code requires a reorganization plan either to rest on the agreement of each class of creditors or to protect creditor classes according to the absolute priority rule, which enforces a strict hierarchy of their rights defined by state and federal law").

18. Also, with respect to the Girns' unsecured claims (including any deficiency claims arising from the Girns' secured claims being undersecured), similarly situated unsecured creditors are receiving distributions under the Plan while the Girns unsecured claims are expressly excluded from participation. That construct directly contravenes the bedrock principle that similarly situated creditors are treated the same. 11 U.S.C. § 1123(a)(4) ("[A] plan shall . . . provide the same treatment for each claim or interest of a particular class, unless the holder of a particular claim or interest agrees to a less favorable treatment of such particular claim or interest."); *In re: Serta*

Simmons Bedding, LLC, 2023 WL 4275019 (S.D. Tex. June 29, 2023) (same); *see also In re Draiman*, 450 B.R. 777, 792 (Bankr. N.D. Ill. 2011) ("The text of § 1123(a)(4) mandates that a confirmable plan provide the 'same treatment' for class members."); *Matter of B&W Enters., Inc.*, 19 B.R. 421, 425 (Bankr. D. Idaho 1982) ("A fundamental premise of bankruptcy is that all creditors of the same class shall be treated equally."); *see also In re Combustion Engineering, Inc.*, 391 F.3d 190, 241 (3d Cir. 2004) (vacating approved plan in part because the court determined that a prepetition transfer demonstrated that creditors in the same class had been treated disparately).

19. This construct is not merely a disclosure deficiency; it strikes at the heart of confirmability as it violates the principles of equal treatment among similarly situated creditors, the best interests of creditors test, and payment in full of senior classes ahead of distributions to junior classes. Further, a reasonable creditor reviewing the Disclosure Statement would be misled into believing that the Girns have voluntarily waived their secured claims to enable distributions to lower-priority classes and their claims to share in the Cash Proceeds from the Liquidating Trust on account of their unsecured claims, thereby understating the aggregate claim pool by millions of dollars. Indeed, the Settling Parties may have even reached agreements with other parties in reliance on the Girns' purported agreement, and it may be the case that absent such representations, those other parties may have acted differently. In reality, the Plan's distributions and feasibility hinge on the fiction that the Girns' claims no longer exist. That fiction renders the Plan incapable of satisfying the confirmation requirements of sections 1122, 1123, and 1129, and it deprives all parties in interest of the "adequate information" required under section 1125(a).

20. For these reasons, the Court should find that the Plan, on its face, is patently unconfirmable and that the Disclosure Statement cannot be approved or used for solicitation unless

and until the Plan is revised to provide for the proper adjudication—and not the unilateral extinguishment—of the Girns' claims.

2. *The Plan Is Patently Unconfirmable Because it Requires the Girns to Provide Non-Consensual Third-Party Releases to the Settlement Parties.*

21. The Plan is patently unconfirmable because it compels the Girns to grant sweeping, non-consensual third-party releases in favor of a host of "Settlement Parties," including insiders and investors such as Learn Capital. These provisions go far beyond what is permissible under the Bankruptcy Code. The Plan purports to extinguish the Girns' personal, non-estate causes of action against these Settlement Parties without their consent, without consideration, and without any demonstration that such releases are essential to the Debtors' reorganization. As a matter of law, such non-consensual third-party releases render the Plan patently unconfirmable and bar approval of the Disclosure Statement.

22. Courts have repeatedly held that non-consensual third-party releases are "extraordinary" and permitted only in the rarest of circumstances, if ever. *Harrington v. Purdue Pharma L.P.*, 603 U.S. 204, 215 (2024) (holding that the Bankruptcy Code does not authorize the releases or injunctions that extinguish claims against non-debtor third parties without consent); *Matter of Zale Corp.*, 62 F.3d 746, 760 (5th Cir. 1990) ("Section 524 prohibits the discharge of debts of nondebtors. Accordingly, we must overturn a § 105 injunction if it effectively discharges a nondebtor."); *see also In re Red River Talc LLC*, 670 B.R. 251, 278 (Bankr. S.D. Tex. 2025) (declining to confirm Plan which "include[d] impermissible nonconsensual third-party releases"); *In re U.S. Brass*, 194 B.R. at 422-23 (writing that the Court disapproved a prior disclosure statement because the original plan provided for an injunction which amounted to an improper third party release). The Fifth Circuit has consistently applied this principle, finding that § 524(e) prohibits extending a debtor's discharge to protect non-debtors. *In re Red River*, 670 B.R. at 298

("Section 524(e) says that a discharge given to the debtor does not affect the liability of a third party who is liable for the same debt."); *Matter of Zale Corp.*, 62 F.3d 746, 760 (5th Cir. 1995) (stating that section 524 prohibits the discharge of debts of nondebtors).

23. Here, the Plan makes no attempt to justify the inclusion of these broad releases under any recognized standard. It offers no evidence that the releases are necessary to the success of the reorganization, that the released parties provided substantial consideration, and strips the Girns of any opportunity to opt out of such third party releases.

24. Instead, the Plan expressly references the Girns by name as providing broad releases to the non-debtor Settlement Parties even though the Girns have expressly objected. This construct is not a consensual element of a settlement, it is a coercive condition of plan confirmation. It is a textbook example of an impermissible, non-consensual third-party release. Such releases cannot be imposed simply because a plan proponent finds them expedient or because they facilitate distributions under a "Global Settlement." They must meet the exacting standards of necessity, fairness, and due process—which this Plan does not even attempt to satisfy.

25. The coercive and overbroad nature of the Plan's release provisions, coupled with the lack of any factual or legal justification, demonstrates that the Plan cannot, under any circumstance, satisfy § 1129(a) or § 1129(b). It attempts to impose involuntary releases on objecting creditors without consent, necessity, or consideration—violating both the text and spirit of the Bankruptcy Code. As a result, the Plan is patently unconfirmable, and the Court should deny approval of the Disclosure Statement unless and until all non-consensual third-party releases are removed and the rights of the Girns and similarly situated parties are fully preserved.

3. ***The Plan is Patently Unconfirmable Because is it Based on a Fraudulent Insurance Scheme that Renders Distributions Illusory.***

26. The proposed Plan is patently unconfirmable because it is neither feasible nor proposed in good faith, as required by section 1129(a)(3) of the Bankruptcy Code. Its foundation—the purported "Global Settlement" among the Debtors, the Committee, 2HR, Learn Capital, and affiliated insiders—rests upon an undisclosed scheme to manipulate the Debtors' directors-and-officers liability insurance for the benefit of a select group of insiders and to the corresponding detriment of other insured directors and officers, including the Girns.

27. At the center of this undisclosed scheme is a coordinated effort by the Debtors, the Committee, and certain "Non-Released Directors" to deprive the Girns and other former directors and officers of their contractual rights to defense-cost coverage, while simultaneously engineering an undisclosed "handshake" settlement with aligned insiders to settle D&O claims *after confirmation of the Plan* for an amount just below the D&O Policy limits. This structure is intentionally designed to corner the insurer into either (a) funding the insider-favored settlement in full, thereby exhausting the policy, or (b) risking extra-contractual exposure under the *Stowers* doctrine.[2] The result is a coerced settlement that diverts the D&O proceeds to a narrow circle of insiders while extinguishing coverage for others who are equally insured and contractually entitled to protection.

28. Such conduct is profoundly improper. It evidences collusion among the Debtors, the Committee, and select insiders to capture insurance recoveries for their own advantage, to strip non-aligned directors and officers of their bargained-for coverage, and to coerce the insurer into a

[2] The Texas *Stowers* Doctrine requires a liability insurer to act in good faith by reasonably accepting a settlement offer within policy limits when liability is reasonably clear. If the insurer fails to do so, and a judgment in court exceeds the policy limits, the insurer may be held liable for the entire judgment, not just the policy amount. *See, e.g., G. A. Stowers Furniture Co. v. American Indem. Co.*, 15 S.W.2d 544 (Tex. Comm'n App. 1929).

settlement posture that threatens policy rescission or exclusion. By deliberately endangering the very insurance asset the Plan purports to monetize, the Debtors and Committee have breached their fiduciary obligations to preserve estate property and maximize value for all creditors.

29. This is not merely a disclosure defect—it goes to the heart of plan feasibility and good faith. The Plan's core economic engine depends upon realizing value from the very insurance proceeds now placed at risk by this collusive strategy. A plan whose funding mechanism is itself the product of manipulation and concealment cannot be feasible. Yet the Disclosure Statement contains no mention of these insurance negotiations, the insider "handshake" arrangement, or the risk that coverage could be voided or rescinded. This lack of disclosure deprives both the affected insureds and general unsecured creditors of material information essential to an informed vote. The deliberate suppression of such information epitomizes the absence of transparency, candor, and fairness that pervades the Plan process.

30. Accordingly, the Court should deny approval of the Disclosure Statement unless and until the Debtors and Committee (i) fully disclose all D&O-related negotiations and settlements, (ii) confirm that no collusive or coercive arrangement will impair the rights of other insureds, and (iii) take corrective action to ensure that any amended plan is proposed in good faith and consistent with the Bankruptcy Code.

B. The Disclosure Statement Does Not Contain Sufficient Information

31. Even if the Court does not find the foregoing defects render the Plan patently unconfirmable, these material deficiencies must still be corrected in the Disclosure Statement to ensure creditors receive adequate and accurate information. "A disclosure statement must contain adequate information to allow creditors to make an informed decision about voting to accept or reject a chapter 11 plan." *In re Red River Talc*, 670 B.R. at 278; *see also In re Coastal Realty Investments, Inc.*, Case No. 12-20564, 2013 WL 214235, at *2 (Bankr. S.D. Ga. Jan. 17, 2013)

(quoting *In re Ligdon*, 50 B.R. 127, 130 (Bankr. M.D. Tenn. 1985)) ("The purpose of the disclosure statement is to provide sufficient information to enable a reasonable and typical investor to make an informed judgment about the plan.").

32. It is critical that a disclosure statement contain sufficient information because creditors and the Bankruptcy Court rely upon the disclosure statement as the basis upon which to evaluate the proposed plan. *See Oneida Motor Freight, Inc. v. United Jersey Bank*, 848 F.2d 414, 417 (3d Cir. 1988) ("Given this reliance, we cannot overemphasize the debtor's obligation to provide sufficient data to satisfy the Code standard of 'adequate information.'"); *see also Ryan Operations G.P. v. Santiam-Midwest Lumber Co.*, 81 F.3d 355, 362 (3d Cir. 1996) ("[D]isclosure requirements are crucial to the effective functioning of the federal bankruptcy system [because] creditors and the bankruptcy court rely heavily on the debtor's disclosure statement in determining whether to approve a proposed reorganization plan . . . ."). The Fifth Circuit has called the filing of a disclosure statement with adequate information a "'pivotal' concept in chapter 11 reorganization." *Westland Oil Dev. Corp. v. MCorp Mgmt. Sols., Inc.*, 157 B.R. 100, 102 (S.D. Tex. 1993); *see also Onieda Motor Freight, Inc.*, 848 F.2d at 417 (stating that the filing of a disclosure statement is a "pivotal concept in reorganization under the Code."). "The importance of full disclosure is underlaid by the reliance placed upon the disclosure statement by the creditors and the court." *Id*.

33. Whether a disclosure statement contains adequate information for purposes of section 1125 of the Bankruptcy Code is within the sole discretion of the Bankruptcy Court and is to be determined on a case by case basis. *Tex. Extrusion Corp. v. Lockheed Corp.* (*In re Tex. Extrusion Corp.*), 844 F.2d 1142, 1157 (5th Cir. 1988); *In re River Village Assocs.*, 181 B.R. 795, 804 (E.D. Pa. 1995). However, as a general rule, "[t]he plan proponent bears the ultimate risk of

nonpersuasion on the questions of compliance with the requirement to disclose adequate information . . . .” *In re Michelson*, 141 B.R. 715, 720 (Bankr. E.D. Cal. 1992).

34. Here, the Disclosure Statement lacks sufficient information in several critical ways:

- **Lack of Disclosure Around Prepetition Foreclosures**. The Plan fails to disclose that Learn Capital and WTI, working in concert, stripped the Debtors of substantially all valuable assets through UCC foreclosures in the months leading up to bankruptcy and placed them in GGE despite Learn Capital, WTI and GGE all proposed to receive broad debtor and non-debtor releases under the Plan as “Settlement Parties” and “Released Parties.”

- **Lack of Disclosure Regarding the Girns’ Claims**. As discussed above, the Disclosure Statement and Plan incorrectly presume that the Girns waive all claims, when in fact they have significant secured and unsecured claims across multiple classes. Allowance of these claims would materially alter recoveries. None of this is disclosed.

- **Lack of Disclosure of Hand Shake Deal Regarding Insurance Proceeds**. As discussed above, the Debtors, Committee, and Non-Released Directors (other than Ray Girn) have an undisclosed post-effective-date “handshake” agreement for the litigation trust to settle claims with certain insiders. Neither this arrangement nor its significant risks—including potential loss of D&O coverage or disruption by legitimate claims asserted by the Girns or other insureds—is disclosed in the Disclosure Statement. The impropriety is compounded by the fact that a Committee member has now sued the Girns on claims that are arguably estate property and therefore a violation of the automatic stay and that member’s fiduciary obligations. The Girns will submit a claim against the D&O Policy for defense costs related to such lawsuit, which should be disclosed to creditors in the Disclosure Statement.

RESERVATION OF RIGHTS

35. The Girns reserve all rights to supplement this Objection, raise new objections to approval of the Disclosure Statement and Plan, raise objections to any amended plan and/or disclosure statement the Debtors may file, and participate in the hearing to consider the Motion and approval of the Disclosure Statement.

Respectfully submitted this 13th day of October, 2025.

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CERTIFICATE OF SERVICE

I certify that on October 13, 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 Northern District of Texas.

/s/ Clay M. Taylor
Clay M. Taylor