

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION**

In re:)	Case No. 24-42473
)	Jointly administered
MIDWEST CHRISTIAN VILLIAGES,)	Chapter 11
)	
)	
)	

**RESPONSE OF ILLINOIS DEPARTMENT OF EMPLOYMENT SECURITY TO
DEBTORS' OBJECTION TO CLAIM NO. 18**

The Illinois Department of Employment Security, by its attorney, Kwame Raoul, Illinois Attorney General, responds to the Debtors' Objection to Claim No. 18 as follows:

1. The Illinois Department of Employment Security (the "Department") filed two proof of claims in the Christian Horizon Living, LLC, bankruptcy case 24-42486, Claim 18-1 (an administrative claim) and 1-3, post-petition liability.
2. Debtors objected to Claim 18-1, the Department's administrative claim.
3. In their Objection, Debtors have objected to Claim No. 18, asserting that the Debtors' books and records show that the tax was paid in full and that the Department owes the Debtors a refund in the amount of \$235.20 and therefore the claim amount is \$0.00.
4. With respect amounts owed as shown on Claim 18-1 the Debtor has provided no documentation showing that the claim is incorrect as filed.
5. The Debtor's Objections are without merit.
6. As indicated in this Response, the Department's Proof of Claim sets forth with specificity the contribution owed for the third quarter, 2024 in the amount of \$14,827.02 pursuant to 820 ILCS 405/101 *et seq*, specifically 820 ILCS 405/1404.



7. Bankruptcy Rule 3001 sets forth the required contents of a formal proof of claim and makes reference to Official Forms which were used by the Department to file its claims; specifically 410, and provides that a proof of claim contain the following: 1) a written statement setting forth a creditor's claim; 2) specifying the principal amount owed and 3) any additional charges; 4) be executed by the creditor or authorized agent; the Department's claims have met all of the elements required by Rule 3001.

8. A proof of claim which comports with the requirements of Bankruptcy Rule 3001(f) constitutes prima facie evidence of the validity and amount of the claim," and filing an objection "does not deprive the proof of claim of presumptive validity unless the objection is supported by **substantial evidence**." *Brown v. IRS (In re Brown)*, 82 F.3d 801, 805 (8th Cir. 1996) (citations omitted); *see also Gran v. IRS (In re Gran)*, 964 F.2d 822, 827 (8th Cir. 1992).

9. It is not necessary that the Department provide documentation at this juncture, however the Department has provided all the necessary information as required under Rule 3001 and attached added information to its proof of claim.

10. Debtors, the objecting parties, bears the burden of producing sufficient evidence to rebut the presumptive validity of the Department's proof of claim. *Brown*, 82 F.3d at 805.

11. Debtors' conclusory allegations with respect to Claim No. 18-1, that its books reflect differing amounts are not sufficient evidence to rebut the validity of the Department's claim. *McDaniel v. Riverside County Dep't of Child Supports Servs. (In re McDaniel)*, 264 B.R. 531 (8th Cir. BAP 2001).

12. Debtors must provide some substantive evidence such as the amount of any payment, receipts, and the dates when the payments were purportedly made to support its conclusory statements that the Department's claim is inaccurate and that its balance is \$0.00.

13. Debtors' assertion that it paid the contributions is not evidence, it is a mere assertion, a conclusory allegation and does not address the real issue of whether Debtors made the payments as required under 820 ILCS 405/100 *et seq.*

14. The third quarter, 2024 contributions are excise taxes entitled to priority under the Code specifically under 11 U.S.C. § 507(a)(8)(E) and are nondischargeable under 11 U.S.C. § 523(a)(1)(A).

15. In particular the Department's response with respect to Debtors' objection to Claim No. 18-1 is as follows:

	QTR/YR	Contributions	Interest	Penalty
a.	Quarter 3, 2024	\$14,827.02	\$0	\$0

The Department's records reflect that Claim No. 18-1 is correct. As to the contribution amount owed by the Debtor, Christian Horizons Peo, LLC for the period third quarter, 2024 in the amount of \$14,827.02, the Department's records show that the Debtor does owe \$14,827.02 and has not made any the payments for the third quarter, 2024 and has no credits or other refunds due it. See Affidavit of William Heslup.

16. The Department's claims are true and correct as filed and was executed and filed in accordance with Fed. R. Bankr. P. 3001. Claim No. 18-1 therefore constitutes *prima facie* evidence of the validity and amount owed to the Department.

17. Debtors' objection does not rebut the validity of the Department's claim with substantial evidence, it merely asserts with its conclusory allegations that it made payments without specific information, therefore in the face of such scant evidence or necessity, a determination under 11 USC §505(a) is inappropriate.

18. The amounts sought by the Department consists of unpaid unemployment insurance contributions, an excise tax due and owing pursuant to 820 ILCS 405/101 *et seq.*

19. Debtors bears the burden of overcoming the presumption of *prima facie* validity of Claim No. 18. Fed. R. Bankr. P. 3001(f) and *see Raleigh v. Illinois Department of Revenue, (In re Stoecker)*, 530 U.S. 15 (2000).

20. On March 18, 2025, the Department filed an amended administrative proof of claim amending Claim 18; the amended proof of claim shows the amount owed for the third quarter, 2024 is \$14,827.02 and has added an additional period, the fourth quarter of 2024 in the amount of \$19,206.50.

WHEREFORE the Illinois Department of Employment Security prays for an Order to be entered by the Court to deny and overrule the Debtors' Objection to Claim No. 18-1 consistent with the Response and provide such additional relief as is appropriate.

Illinois Department of Employment Security

By: KWAME RAOUL
Illinois Attorney General

By: /s/ Deborah Sterling Scott
Deborah Sterling Scott
Assistant Attorney General
Director, Metro East Regional
Office of the Illinois Attorney General
201 West Pointe Drive, Ste. 7
Swansea, IL 62226
Tel:217-361-9235 Fax: 618-236-8643
d.sterlingsscott@ilag.gov
Missouri Bar No. 48365

CERTIFICATE OF SERVICE

I certify that a true and correct copy of the foregoing document was filed electronically on the 18th day of March, 2025 with the United States Bankruptcy Court, and has been served on the parties of interest via email by the Court's CM/ECF System as listed on the Court's Electronic Mail Notice List.

/s/ Deborah Sterling Scott
Deborah Sterling Scott