

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

<p>In re:</p> <p>Liquidating Supply, Inc., <i>et al.</i>,<sup>1</sup></p> <p>Debtors.</p>	<p>Chapter 11</p> <p>Case No. 24-11054 (BLS)</p> <p>(Jointly Administered)</p> <p>Hearing Date: October 22, 2024 at 10:00 a.m. (ET)</p> <p>Objection Deadline: October 4, 2024 at 4:00 p.m. (ET)</p>
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**DEBTORS’ SECOND OMNIBUS OBJECTION TO CLAIMS (SUBSTANTIVE)**

**THIS OBJECTION SEEKS TO DISALLOW CERTAIN FILED PROOFS OF CLAIM. CLAIMANTS SHOULD CAREFULLY REVIEW THIS OBJECTION AND THE EXHIBITS ATTACHED HERETO TO DETERMINE WHETHER THIS OBJECTION AFFECTS THEIR CLAIMS. CLAIMANTS RECEIVING THIS OBJECTION SHOULD LOCATE THEIR NAMES AND CLAIMS ON EXHIBITS A THROUGH D TO THE PROPOSED ORDER ATTACHED HERETO AS EXHIBIT 1.**

The above-captioned debtors and debtors in possession (the “Debtors”), by and through their undersigned counsel, hereby submit this second omnibus objection (the “Objection”) for entry of an order (the “Proposed Order”), substantially in the form attached hereto as Exhibit 1, pursuant to sections 105(a) and 502 of title 11 of the United States Code (the “Bankruptcy Code”), rule 3007 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and rule 3007-1 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”), (i) reclassifying the claims listed on Exhibit A to the Proposed Order (the “Reclassified Claims”); (ii) reducing the overstated claims listed on

<sup>1</sup> The Debtors in these chapter 11 proceedings, together with the last four digits of each Debtor’s federal tax identification number, are: Liquidating Supply, Inc. (f/k/a Supply Source Enterprises, Inc.) (0842); SSE Intermediate, Inc. (1772); SSE Buyer, Inc. (5901); Liquidating Impact, LLC (f/k/a Impact Products, LLC) (7450); and Liquidating SZ, LLC (f/k/a The Safety Zone, LLC) (4597). The Debtors’ headquarters are located at 2840 Centennial Drive, Toledo, Ohio 43617.



**Exhibit B** to the Proposed Order (the “Overstated Claims”); (iii) reducing and reclassifying the claims listed on **Exhibit C** to the Proposed Order (the “Reduced and Reclassified Claims,”); and (iv) disallowing the claims listed on **Exhibit D** (the “No Liability Claims,” and together with the Reclassified Claims, the Overstated Claims, and the Reduced and Reclassified Claims, the “Disputed Claims”). In support of this Objection, the Debtors submit the *Declaration of Tom Cole in Support of the Debtors’ Second Omnibus Objection to Claims (Substantive)* (the “Cole Declaration”), attached hereto as **Exhibit 2**. In further support of this Objection, the Debtors respectfully represents as follows:

### **JURISDICTION AND VENUE**

1. The Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334. Venue is proper in this Court pursuant to 28 U.S.C. §§ 1408 and 1409. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2).

2. Pursuant to Local Rule 9103-1(f), the Debtors hereby confirm their consent to the entry of a final order by this Court in connection with this Objection if it is later determined that this Court, absent consent of the parties, cannot enter final orders or judgments consistent with Article III of the United States Constitution.

### **BACKGROUND**

3. On May 21, 2024 (the “Petition Date”), the Debtors each filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code (together, the “Chapter 11 Cases”). These Chapter 11 Cases are being jointly administered for procedural purposes only pursuant to Bankruptcy Rule 1015(b). *See* Docket No. 45. The Debtors are operating their business and managing their properties, as debtors in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.

4. On June 3, 2024, the Office of the United States Trustee for the District of Delaware (the “U.S. Trustee”) appointed the Official Committee of Unsecured Creditors (the “Committee”). See Docket No. 82. As of the date hereof, no trustee or examiner, has been appointed in these Chapter 11 Cases.

5. Additional factual background regarding the Debtors, including their business operations, their corporate and capital structure, and the events leading to the filing of these Chapter 11 Cases is set forth in the *Declaration of Thomas Studebaker in Support of Chapter 11 Petitions and First Day Motions* [Docket No. 3] (the “First Day Declaration”), which is incorporated herein by reference.<sup>2</sup>

### **BAR DATES**

6. On May 23, 2024, the Court entered an order authorizing the Debtors’ retention of Kurtzman Carson Consultants LLC, d/b/a Verita Global (“Verita”) as claims and noticing agent. See Docket No. 46. As such, Verita is authorized to, among other things, receive, maintain, docket, and otherwise administer proofs of claim filed in these Chapter 11 Cases.

7. On July 8, 2024, the Court entered the *Order (I) Establishing Deadlines for the Filing of Proofs of Claim and Requests for Allowance of Administrative Expense Claims, (II) Approving the Forms and Manner of Notice Thereof, and (III) Granting Related Relief* [Docket No. 210] (the “Bar Date Order”), establishing (i) August 12, 2024 at 5:00 p.m. (ET) as the last date for all creditors, other than governmental units, holding a claim against one or more of the Debtors to file and serve a written proof of claim for payment of any such claim (the “General Bar Date”), (ii) August 30, 2024 at 5:00 p.m. (ET) as the last date for all creditors that hold or wish to assert an administrative expense claim pursuant to section 503(b) of the Bankruptcy Code (the

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<sup>2</sup> Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the First Day Declaration.

“Administrative Claims Bar Date”); and (iii) November 18, 2024 at 5:00 p.m. (ET) as the last date for all governmental units holding a claim against one or more of the Debtors to file and serve a written proof of claim for payment of any such claim (the “Governmental Bar Date,” and together with the General Bar Date and the Administrative Claims Bar Date, the “Bar Dates”). Notice of the Bar Dates was provided by first class mail and publication in accordance with the procedures outlined in the Bar Date Order.

### **SCHEDULES, PROOFS OF CLAIM, AND CLAIMS RECONCILIATION**

8. On June 18, 2024, each of the Debtors filed their respective *Schedules of Assets and Liabilities and Statement of Financial Affairs* [Docket Nos. 156 – 165] (collectively, the “Schedules and Statements”).

9. The Debtors’ register of claims (the “Claims Register”), maintained by Verita, indicates that approximately 192 claims (the “Claims”) have been filed against the Debtors in these Chapter 11 Cases.

10. In the ordinary course of business, the Debtors maintain books and records (the “Books and Records”) that reflect, among other things, the nature and amount of the liabilities owed to their creditors. The Debtors and their professionals have begun reviewing, comparing, and reconciling the Claims (including any supporting documentation) with the Schedules and Statement and Books and Records. This reconciliation process includes identifying particular categories of Claims that may be subject to objection. While this analysis and reconciliation is ongoing, the Debtors have determined that the Disputed Claims should be disallowed and/or modified for one or more reasons described below.

## OBJECTION

11. The Debtors submit this Objection pursuant to Bankruptcy Code sections 510(b) and 502(b), Bankruptcy Rules 3003 and 3007, and Local Rule 3007-1, requesting entry of the Proposed Order disallowing and/or modifying, as applicable, each of the Disputed Claims identified on Exhibits A-D of the Proposed Order, as set forth in further detail below in such exhibits.

### **A. Reclassified Claims**

12. After reconciling the Claims against the Debtors' Books and Records, the Debtors have determined that the classification status of the Claims identified in Exhibit A to the Proposed Order should be adjusted. As set forth more fully on Exhibit A, the Debtors have determined that the classification status should be adjusted because the Reclassified Claims incorrectly assert administrative, secured, or priority unsecured status where no basis for such treatment exists under the Bankruptcy Code. Some of the reasons may include, but are not limited to:

- The Reclassified Claim asserts priority under section 503(b)(9) of the Bankruptcy Code, where the underlying claim reflects liabilities incurred in connection with claimant's provision of services, not goods;
- The Reclassified Claim asserts priority under section 503(b)(9) of the Bankruptcy Code, where the underlying claim reflects liabilities incurred in connection with goods that were never received by the Debtors or were received by the Debtors prior to the 20-day period immediately preceding the Petition Date; and
- The Reclassified Claim asserts administrative status pursuant to section 507(a)(2), where the proof of claim and supporting documentation reflect invoices for claims arising prior to the Petition Date.

13. Accordingly, the Debtors request entry of an order reclassifying the Claims set forth on Exhibit A to the Proposed Order.

**B. Overstated Claims**

14. After reconciling each of the Claims listed on **Exhibit B** to the Proposed Order and supporting materials against the Debtors' Books and Records, the Debtors have identified certain Overstated Claims that were filed in an incorrect amount.

15. The claimant asserting the Overstated Claim asserted amounts that are higher than the amount of liabilities reflected on the Books and Records and to which the respective claimant is not entitled to under applicable law.

16. Accordingly, each Overstated Claim should be modified by reducing the amount to the dollar values listed under the column titled "Modified Claim Amount" in **Exhibit B** to the Proposed Order. Failure to modify the Overstated Claim will result in the respective claimant receiving an excessive recovery against the Debtors' estates to the detriment of other creditors. Accordingly, the Debtors request entry of an order reducing the amount of each Overstated Claim to the correct amount as listed on **Exhibit B** to the Proposed Order under the heading "Modified Claim Amount."

**C. Reduced and Reclassified Claims**

17. After reconciling the Claims against the Debtors' Books and Records, the Debtors have determined that the Claims identified in **Exhibit C** to the Proposed Order should be reduced and the classification status of the Reduced and Reclassified Claims should be adjusted. As set forth more fully on **Exhibit C**, the Debtors have determined that (a) such Claims should be reduced because the Debtors are liable for only a portion of the asserted Claims and (b) the classification status should be adjusted because the Claims incorrectly assert administrative, secured, or priority unsecured status where no basis for such treatment exists under the Bankruptcy Code.

18. Failure to reduce and reclassify the Reduced and Reclassified Claims would result in the claimant receiving an unwarranted recovery against the Debtors' estates to the detriment of other creditors in these Chapter 11 Cases. Accordingly, the Debtors request entry of the Proposed Order reducing and reclassifying each of the Reduced and Reclassified Claims identified on **Exhibit C** to the Proposed Order.

**D. No Liability Claims**

19. Following a review of each of the Claims listed in **Exhibit D** to the Proposed Order, the supporting materials attached thereto, and the Debtors' Books and Records, the Debtors have determined that they are not liable for the No Liability Claims for the reasons set forth under the column labeled "Reason for Disallowance" on **Exhibit D** to the Proposed Order. Thus, the Debtors believe that each of the No Liability Claims should be disallowed.

20. Failure to disallow the No Liability Claims would result in the applicable claimants receiving an unwarranted recovery against the Debtors' estates to the detriment of other creditors in these Chapter 11 Cases. Accordingly, the Debtors request entry of the Proposed Order disallowing each of the No Liability Claims on **Exhibit D** to the Proposed Order.

**BASIS FOR RELIEF REQUESTED**

21. Section 502(a) of the Bankruptcy Code provides, in pertinent part, that "[a] claim or interest, proof of which is filed under section 501 of this title, is deemed allowed, unless a party in interest . . . objects." 11 U.S.C. § 502(a). Once an objection to a claim is filed, the Court, after notice and a hearing, shall determine the allowed amount of the claim. *See* 11 U.S.C. § 502(b).

22. Section 502(b)(1) of the Bankruptcy Code provides, in part, that a claim may not be allowed to the extent that it "is unenforceable against the debtor and property of the debtor, under any agreement or applicable law." 11 U.S.C. § 502(b)(1). While a properly filed proof of

claim is *prima facie* evidence of the claim's allowed amount, when an objecting party rebuts a claim's *prima facie* validity, the claimant bears the burden of proving the claim's validity by a preponderance of evidence. *See Allegheny Int'l*, 954 F.2d at 173-74. The burden of persuasion with respect to the claim is always on the claimant. *See Id.* at 174. Pursuant to Bankruptcy Rule 3007(d), a debtor is permitted to file omnibus objections to more than one claim on the bases enumerated therein, which include, among other things, that such claims "[do] not comply with applicable rules, and the objection states that the objector is unable to determine the validity of the claim because of the noncompliance." Fed. R. Bankr. P. 3007(d)(6).

23. The Disputed Claims are unenforceable against the Debtors for the reasons set forth above. Therefore, pursuant to section 502(b)(1) of the Bankruptcy Code, Bankruptcy Rule 3007, and Local Rule 3007-1, the Debtors respectfully request that the Court enter the Proposed Order granting the relief requested herein.

### **RESPONSES TO THE OMNIBUS OBJECTION**

24. **Filing and Service of Responses:** To contest the Objection, a claimant must file and serve a written response to the Objection (a "**Response**") so that it is actually received by the Office of the Clerk of the United States Bankruptcy Court for the District of Delaware, 824 N. Market Street, Wilmington, Delaware 19801, and the parties in the following paragraph no later than **4:00 p.m. (ET) on October 4, 2024 (the "Response Deadline")**. Claimants should locate their names and Claims on **Exhibits A** through **D** to the Proposed Order, and carefully review the Objection. A Response must address each ground upon which the Debtors object to a particular Claim. A hearing to consider the Objection will be held on **October 22, 2024 at 10:00 a.m. (ET)**, before the Honorable Brendan L. Shannon, United States Bankruptcy Judge, at the United States



Bankruptcy Court for the District of Delaware, 824 North Market Street, 6th Floor, Courtroom 1, Wilmington, Delaware 19801 (the "Hearing").

25. Each Response must be filed and served upon the following entity at the following address:

Potter Anderson & Corroon LLP  
Attn: M. Blake Cleary, Esq.  
R. Stephen McNeill, Esq.  
Katelin A. Morales, Esq.  
1313 N. Market Street, 6th Floor  
Wilmington, Delaware 19801

and

McDermott Will & Emery LLP  
Attn: Felicia Gerber Perlman, Esq.  
Bradley Thomas Giordano, Esq.  
444 West Lake Street  
Chicago, IL 60606

*Counsel for the Debtors*

26. Content of Responses: Every Response to this Objection must contain, at a minimum, the following information:

- a. a caption setting forth the name of the Court, the name of the Debtors, the case number, and the title of this Objection to which the Response is directed;
- b. the claimant's name, the Claim number, and a description of the basis for the amount claimed;
- c. the specific factual basis and supporting legal argument upon which the party will rely in opposing this Objection;
- d. any supporting documentation to the extent it was not included with the proof of claim previously filed with the clerk or Verita, upon which the party will rely to support the basis for and amounts asserted in the proofs of claim; and
- e. the name, address, telephone number, and email address of the person(s) (which may be the claimant or the claimant's legal representative) with

whom counsel for the Debtors should communicate with respect to the Objection and Response and who possesses authority to reconcile, settle, or otherwise resolve the Objection and Response on behalf of the claimant.

27. Timely Response Required; Hearing; Replies: If a Response is properly and timely filed and served in accordance with the above procedures, the Debtors will endeavor to reach a consensual resolution with the claimant. If no consensual resolution is reached, the Court will conduct the Hearing on **October 22, 2024 at 10:00 a.m. (ET)**, or such other date and time as the Debtors and the parties filing Responses may agree. Only those Responses made in writing and timely filed and received will be considered by the Court at any such hearing.

28. Adjournment of Hearing: The Debtors reserve the right to seek to adjourn the Hearing on any Disputed Claim included in the Objection. In the event that the Debtors and the claimant agree to adjourn the Hearing, the Debtors will state that the Hearing on that particular Disputed Claim has been adjourned on the agenda for the Hearing, which will be served on the person designated by the claimant in its Response and other parties requesting notice pursuant to Bankruptcy Rule 2002.

29. If a claimant whose Disputed Claim is subject to this Objection, and who is served with the Objection, fails to file and serve a timely Response in compliance with the foregoing procedures, the Debtors will present to the Court an appropriate order disallowing the Disputed Claim without further notice to the claimant.

30. Separate Contested Matter: Each of the Disputed Claims and the Debtors' objections thereto as asserted in this Objection constitute a separate contested matter as contemplated by Bankruptcy Rule 9014. The Debtors request that any order entered by the Court with respect to an objection asserted herein will be deemed a separate order with respect to each such Disputed Claim.

**RESERVATION OF RIGHTS**

31. The Debtors expressly reserve the right to amend, modify, or supplement this Objection, and to file additional objections to the Disputed Claims or any other claims (filed or not) that may be asserted against the Debtors and their estates. Should one or more of the grounds of objection stated in this Objection be dismissed or overruled, the Debtors reserve the right to object to each of the Disputed Claims or any other proofs of claim on any other grounds that the Debtors discover or elect to pursue.

32. Notwithstanding anything contained in this Objection, or the exhibits attached hereto, nothing herein will be construed as a waiver of any rights that the Debtors, or any successor to the Debtors, may have to enforce rights of setoff against the claimants.

33. Nothing in this Objection will be deemed or construed: (a) as an admission as to the validity of any claim or interest against the Debtors; (b) as a waiver of the Debtors' rights to dispute or otherwise object to any claim or proof of interest on any grounds or basis; (c) to waive or release any right, claim, defense, or counterclaim of the Debtors, or to estop the Debtors from asserting any right, claim, defense, or counterclaim; (d) as an approval or assumption of any agreement, contract, or lease, pursuant to section 365 of the Bankruptcy Code; or (e) as an admission that any obligation is entitled to administrative expense priority or any such contract or agreement is executory or unexpired for purposes of section 365 of the Bankruptcy Code or otherwise.

**COMPLIANCE WITH LOCAL RULE 3007-1**

34. The undersigned representative of the Debtors has reviewed the requirements of Local Rule 3007-1 and certifies that this Objection substantially complies with that Local Rule. To the extent that the Objection does not comply in all respects with the requirements of Local

Rule 3007-1, the Debtors believe such deviations are not material and respectfully request that any such requirement be waived.

**FURTHER INFORMATION**

35. Questions about or requests for additional information about the proposed disposition of the Disputed Claims hereunder should be directed to the Debtors' counsel in writing at the following address: (a) Potter Anderson & Corroon LLP, 1313 N Market St., 6<sup>th</sup> Floor, Wilmington, Delaware 19801, Attn: M. Blake Cleary, R. Stephen McNeill, and Katelin A. Morales (emails: bcleary@potteranderson.com; rmcneill@potteranderson.com; kmorales@potteranderson.com); and (b) McDermott Will & Emery LLP, 444 West Lake St., Chicago, IL 60606, Attn: Felicia Gerber Perlman and Bradley Thomas Giordano (emails: fperlman@mwe.com and bgiordano@mwe.com).

**NOTICE**

36. Notice of the filing of this Objection will be provided to: (a) the U.S. Trustee; (b) counsel to the Committee; (c) counsel to the DIP Lender; (d) counsel to the Prepetition Secured Parties; (e) holders of Disputed Claims; and (f) any party that has requested notice pursuant to Bankruptcy Rule 2002. A copy of this Objection has been made available on the website of the Debtors' notice and claims agent, Verita, at [veritaglobal.net/supplysource](http://veritaglobal.net/supplysource). In light of the nature of the relief requested herein, the Debtors submit that no other or further notice is necessary.

WHEREFORE, the Debtors respectfully request that the Court enter the Proposed Order, substantially in the form attached hereto as **Exhibit 1**, granting the relief requested herein and grant such other relief as the Court deems just and proper.

Dated: September 20, 2024  
Wilmington, Delaware

Respectfully submitted,

/s/ Katelin A. Morales

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R. Stephen McNeill (No. 5210)  
Katelin A. Morales (No. 6683)  
Shannon A. Forshay (No. 7293)  
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*Counsel to the Debtors and Debtors in Possession*

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

In re:

Liquidating Supply, Inc., *et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No. 24-11054 (BLS)

(Jointly Administered)

Hearing Date: October 22, 2024 at 10:00 a.m. (ET)

Objection Deadline: October 4, 2024 at 4:00 p.m. (ET)

**NOTICE OF DEBTORS' SECOND  
OMNIBUS OBJECTION TO CLAIMS (SUBSTANTIVE)**

**PLEASE TAKE NOTICE** that above-captioned debtors and debtors in possession (the "Debtors"), have filed the *Debtors' Second Omnibus Objection to Claims (Substantive)* (the "Objection") with the United States Bankruptcy Court for the District of Delaware (the "Court"). **Your claim(s) may be modified and/or disallowed as a result of the Objection.** Therefore, you should read the attached Objection carefully.

**PLEASE TAKE FURTHER NOTICE THAT YOUR RIGHTS MAY BE AFFECTED BY THE OBJECTION AND BY ANY FURTHER CLAIM OBJECTION THAT MAY BE FILED BY THE DEBTORS OR OTHERWISE. THE RELIEF SOUGHT HEREIN IS WITHOUT PREJUDICE TO THE DEBTORS' RIGHT TO PURSUE FURTHER OBJECTIONS AGAINST YOUR CLAIM(S) SUBJECT TO THE OBJECTION IN ACCORDANCE WITH APPLICABLE LAW AND APPLICABLE ORDERS OF THE COURT.**

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<sup>1</sup> The Debtors in these chapter 11 proceedings, together with the last four digits of each Debtor's federal tax identification number, are: Liquidating Supply, Inc. (f/k/a Supply Source Enterprises, Inc.) (0842); SSE Intermediate, Inc. (1772); SSE Buyer, Inc. (5901); Liquidating Impact, LLC (f/k/a Impact Products, LLC) (7450); and Liquidating SZ, LLC (f/k/a The Safety Zone, LLC) (4597). The Debtors' headquarters are located at 2840 Centennial Drive, Toledo, Ohio 43617.

**PLEASE TAKE FURTHER NOTICE** that, if the holder of a claim that is the subject of the Objection wishes to respond to the Objection, the holder must file a written response with the Court and serve it on the undersigned counsel so as to be received on or before **October 4, 2024 at 4:00 p.m. (ET)**.

**PLEASE TAKE FURTHER NOTICE** that responses to the Objection must contain, at a minimum, the following: (a) a caption setting forth the name of the Court, the above-referenced case number, and the title of the Objection to which the response is directed; (b) the name of the claimant, his/her/its claim number, and a description of the basis for the amount of the claim; (c) the specific factual basis and supporting legal argument upon which the claimant will rely in opposing this Objection; (d) any supporting documentation, to the extent it was not included with the proof of claim previously filed with the clerk or claims agent, upon which the claimant will rely to support the basis for and amounts asserted in the proof of claim; and (e) the name, address, email address, telephone number, and fax number of the person(s) (which may be the claimant or the claimant's legal representative) with whom counsel for the Debtors should communicate with respect to the claim or the Objection and who possesses authority to reconcile, settle, or otherwise resolve the Objection to the disputed claim on behalf of the claimant.

**IF NO RESPONSES TO THE OBJECTION ARE TIMELY FILED, SERVED AND RECEIVED IN ACCORDANCE WITH THIS NOTICE, THE COURT MAY GRANT THE RELIEF REQUESTED IN THE OBJECTION WITHOUT FURTHER NOTICE OR HEARING.**

**PLEASE TAKE FURTHER NOTICE** that, if no response to the Objection is timely filed and received in accordance with the above procedures, an Order may be entered sustaining the Objection without further notice or a hearing. If a response is properly filed, served and received in accordance with the above procedures and such response is not resolved, a hearing to consider such response and the Objection will be held before the Honorable Brendan L. Shannon at the Bankruptcy Court, 824 Market Street, 6<sup>th</sup> Floor, Courtroom No. 1, Wilmington, Delaware 19801 on **October 22, 2024 at 10:00 a.m. (ET)**. Only a response made in writing and timely filed and received will be considered by the Court at the Hearing.

**IF YOU FAIL TO RESPOND IN ACCORDANCE WITH THIS NOTICE, THE COURT MAY SUSTAIN THE OBJECTION WITHOUT FURTHER NOTICE OR HEARING.**

*[Remainder of Page Left Intentionally Blank]*



Dated: September 20, 2024  
Wilmington, Delaware

Respectfully submitted,

/s/ Katelin A. Morales

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**EXHIBIT 1**

**Proposed Order**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

In re:

Liquidating Supply, Inc., *et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No. 24-11054 (BLS)

(Jointly Administered)

Re: Docket No. \_\_\_\_

**ORDER SUSTAINING THE DEBTORS' SECOND  
OMNIBUS OBJECTION TO CLAIMS (SUBSTANTIVE)**

Upon the objection (the “Objection”)<sup>2</sup> of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) to the Disputed Claims set forth on **Exhibits A** through **D** hereto, all as more fully set forth in the Objection; and this Court having reviewed the Objection; and this Court having jurisdiction to consider the Objection and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference from the United States District Court for the District of Delaware* dated as of February 29, 2012; 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 of this proceeding and the Objection in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing that proper and adequate notice of the Objection has been given and that no other or further notice is necessary; and upon the record herein; and after due deliberation

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<sup>1</sup> The Debtors in these chapter 11 proceedings, together with the last four digits of each Debtor’s federal tax identification number, are: Liquidating Supply, Inc. (f/k/a Supply Source Enterprises, Inc.) (0842); SSE Intermediate, Inc. (1772); SSE Buyer, Inc. (5901); Liquidating Impact, LLC (f/k/a Impact Products, LLC) (7450); and Liquidating SZ, LLC (f/k/a The Safety Zone, LLC) (4597). The Debtors’ headquarters are located at 2840 Centennial Drive, Toledo, Ohio 43617.

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

thereon; and this Court having determined that there is good and sufficient cause for the relief granted in this Order, therefore, it is hereby

**ORDERED, ADJUDGED, AND DECREED THAT:**

1. The Objection is SUSTAINED, as set forth herein.
2. Each of the Reclassified Claims listed on Exhibit A hereto is hereby reclassified to reflect the priority listed in the “Modified Classification” column on Exhibit A.
3. Each of the Overstated Claims listed on the attached Exhibit B hereto is hereby modified to reflect the amount listed in the “Modified Claim Amount” column on Exhibit B.
4. Each of the Reduced and Reclassified Claims listed on Exhibit C hereto is hereby reclassified to reflect the amount and priority listed in the “Modified Claim Amount and Classification” column in Exhibit C.
5. The No Liability Claims listed on Exhibit D hereto are hereby disallowed.
6. Nothing in the Objection or this Order shall be construed as an allowance of any Claim.
7. The Debtors’ rights to amend, modify, or supplement the Objection, to file additional objections to the Disputed Claims or any other claims (filed or not) which may be asserted against the Debtors, and to seek further reduction of any Disputed Claim to the extent such Disputed Claim has been paid, are preserved. Additionally, should one or more of the grounds of objection stated in the Objection be dismissed, the Debtors’ rights to object on other stated grounds or any other grounds that the Debtors discover during the pendency of these Chapter 11 Cases are further preserved.
8. This Court shall retain jurisdiction over the Debtors and the claimants whose Claims are subject to the Objection with respect to any matters related to or arising from the Objection or the implementation of this Order.

9. Each Disputed Claim and the objections by the Debtors to such Disputed Claim, as addressed in the Objection and set forth on **Exhibit A** through **D** hereto, constitutes a separate contested matter as contemplated by Bankruptcy Rule 9014 and Local Rule 3007-1. This Order shall be deemed a separate Order with respect to each Disputed Claim. Any stay of this Order pending appeal by any claimant whose Claims are subject to this Order shall apply to the contested matter which involves such claimant and shall not act to stay the applicability and/or finality of this Order with respect to the other contested matters listed in the Objection or this Order.

**EXHIBIT A**

**Exhibit A**  
Reclassified Claims

Item No.	Creditor	Claim No.	Debtor	Asserted Claims		Modified Claims		
				Priority Status	Amount	Priority Status	Amount	
1	20/20 Custom Molded Plastics LTD	46	Impact Products, LLC	Secured	\$ -	Impact Products, LLC	Secured	\$ -
				Priority	-		Priority	-
				Administrative	-		Administrative	-
				<b>503(b)(9)</b>	140,716.80		<b>503(b)(9)</b>	-
				Unsecured	-		<b>Unsecured</b>	140,716.80
			<b>Total</b>	<b>\$ 140,716.80</b>		<b>Total</b>	<b>\$ 140,716.80</b>	
Reason: The Claimant asserts the claim as a 503(b)(9) claim. Review of the attached invoices to the proof of claim and the Debtors' books and records confirm all goods related to the asserted claim were received outside of 20 days prior to Petition Date and are not subject to 503(b)(9) status. Thus, the claim should be reclassified as a general unsecured claim.								
2	A. Duie Pyle	67	The Safety Zone, LLC	Secured	\$ -	The Safety Zone, LLC	Secured	\$ -
				Priority	-		Priority	-
				Administrative	-		Administrative	-
				<b>503(b)(9)</b>	13,722.20		<b>503(b)(9)</b>	-
				Unsecured	22,421.76		<b>Unsecured</b>	36,143.96
			<b>Total</b>	<b>\$ 36,143.96</b>		<b>Total</b>	<b>\$ 36,143.96</b>	
Reason: The claimant asserts both 503(b)(9) and unsecured claims. Debtors' books and records indicate the claim is for prepetition freight services and thus, not eligible for 503(b)(9) claim status. Thus, the 503(b)(9) portion of this claims should be reclassified as a general unsecured claim - resulting in a total general unsecured claim in the amount of \$36,143.96.								
3	A-PAC	45	Impact Products, LLC	Secured	\$ -	Impact Products, LLC	Secured	\$ -
				Priority	-		Priority	-
				Administrative	-		Administrative	-
				<b>503(b)(9)</b>	1,073.80		<b>503(b)(9)</b>	-
				Unsecured	-		<b>Unsecured</b>	1,073.80
			<b>Total</b>	<b>\$ 1,073.80</b>		<b>Total</b>	<b>\$ 1,073.80</b>	
Reason: The Claimant asserts the claim as a 503(b)(9) claim. Review of the attached invoices to the proof of claim and the Debtors' books and records confirm all goods related to the asserted claim were received outside of 20 days prior to Petition Date and are not subject to 503(b)(9) status. Thus, the claim should be reclassified as a general unsecured claim.								
4	Caplugs Inc.	43	Supply Source Enterprises, Inc.	Secured	\$ -	Supply Source Enterprises, Inc.	Secured	\$ -
				Priority	-		Priority	-
				Administrative	357.63		Administrative	-
				<b>503(b)(9)</b>	-		<b>503(b)(9)</b>	-
				Unsecured	-		<b>Unsecured</b>	357.63
			<b>Total</b>	<b>\$ 357.63</b>		<b>Total</b>	<b>\$ 357.63</b>	
Reason: The Claimant asserts an administrative expense claim for goods sold. After review of the Debtors' books and records and supporting documentation, the claim is not entitled to administrative expense status under the Bankruptcy Code. Thus, this claim should be reclassified as a general unsecured claim. The claimant also filed Claim No. 29, which is subject to a non-substantive objection filed contemporaneously herewith and listed on Exhibit C thereto.								
5	Central Transport LLC	88	Supply Source Enterprises, Inc.	Secured	\$ -	Supply Source Enterprises, Inc.	Secured	\$ -
				Priority	-		Priority	-
				Administrative	-		Administrative	-
				<b>503(b)(9)</b>	16,641.62		<b>503(b)(9)</b>	-
				Unsecured	52,788.53		<b>Unsecured</b>	69,430.15
			<b>Total</b>	<b>\$ 69,430.15</b>		<b>Total</b>	<b>\$ 69,430.15</b>	
Reason: The claimant asserts both 503(b)(9) and unsecured claims. After review of the Debtors' books and records and supporting documentation, the claim is for prepetition freight services and, thus, not eligible for 503(b)(9) status. Accordingly, this portion of this claim asserted 503(b)(9) status should be reclassified as a general unsecured claim - resulting in a total general unsecured claim in the amount of \$69,430.15.								
6	Cortina Tool Molding Company Inc.	131	Impact Products, LLC	Secured	\$ -	Impact Products, LLC	Secured	\$ -
				Priority	-		Priority	-
				Administrative	-		Administrative	-
				<b>503(b)(9)</b>	4,130.80		<b>503(b)(9)</b>	-
				Unsecured	4,293.40		<b>Unsecured</b>	8,424.20
			<b>Total</b>	<b>\$ 8,424.20</b>		<b>Total</b>	<b>\$ 8,424.20</b>	
Reason: The Claimant asserts both 503(b)(9) and unsecured claims. Review of the attached invoices to the proof of claim and the Debtors' books and records confirm the invoices in question are related to dropship shipments or goods received outside of 20 days prior to Petition Date. Thus, the 503(b)(9) claim should be reclassified as a general unsecured claim - resulting in a total general unsecured claim in the amount of \$8,424.20.								
			Secured	\$ -		Secured	\$ -	

7	KCS Logistics LLC	75	Impact Products, LLC	Priority	1,050.00	Impact Products, LLC	Priority	-
				Administrative	-		Administrative	-
				503(b)(9)	-		503(b)(9)	-
				Unsecured	-		Unsecured	1,050.00
				<b>Total</b>	<b>\$ 1,050.00</b>		<b>Total</b>	<b>\$ 1,050.00</b>

Reason: The claimant asserts the entire amount of its claim as a priority claim under 11 U.S.C. § 507(a)(7). Debtors' books and records indicate the claim is for prepetition freight services and not eligible for priority claim status. Thus, this claim should be reclassified as a general unsecured claim.

8	Pohl Leasing, LLC	48	Impact Products, LLC	Secured	\$ -	Impact Products, LLC	Secured	\$ -
				Priority	-		Priority	-
				Administrative	-		Administrative	-
				503(b)(9)	1,354.84		503(b)(9)	-
				Unsecured	-		Unsecured	1,354.84
				<b>Total</b>	<b>\$ 1,354.84</b>		<b>Total</b>	<b>\$ 1,354.84</b>

Reason: The Claimant asserts a 503(b)(9) claim. Review of the attached invoices to the proof of claim and the Debtors' books and records confirm the invoices in question are related to a trailer lease and thus, not subject to 503(b)(9) status. Thus, the 503(b)(9) claim should be reclassified as a general unsecured claim.

9	R2J2 Investments 11c	15	Supply Source Enterprises, Inc.	Secured	\$ -	Supply Source Enterprises, Inc.	Secured	\$ -
				Priority	19,542.34		Priority	-
				Administrative	-		Administrative	-
				503(b)(9)	-		503(b)(9)	-
				Unsecured	-		Unsecured	19,542.34
				<b>Total</b>	<b>\$ 19,542.34</b>		<b>Total</b>	<b>\$ 19,542.34</b>

Reason: The claimant asserts the entire amount of its claim as a priority claim under 11 U.S.C. § 507(a)(7). The Debtors' books and records indicate the claim is for prepetition pallet rentals and not eligible for priority claim status. Thus, this claim should be reclassified as a general unsecured claim.

10	Roadone Intermodal Logistics	111	The Safety Zone, LLC	Secured	\$ -	The Safety Zone, LLC	Secured	\$ -
				Priority	-		Priority	-
				Administrative	-		Administrative	-
				503(b)(9)	7,295.00		503(b)(9)	-
				Unsecured	142,645.00		Unsecured	149,940.00
				<b>Total</b>	<b>\$ 149,940.00</b>		<b>Total</b>	<b>\$ 149,940.00</b>

Reason: The claimant asserts two claims - a 503(b)(9) claim in the amount of \$7,295.00 and a general unsecured claim in the amount of \$142,645.00. Review of the attached invoices to the proof of claim and the Debtors' books and records confirm the invoices in question are all related to freight services and thus, not subject to 503(b)(9) status. Thus, the 503(b)(9) claim should be reclassified as a general unsecured claim - resulting in a total general unsecured claim in the amount of \$149,940.00

11	Sunburst Truck Lines Inc	114	The Safety Zone, LLC	Secured	\$ -	The Safety Zone, LLC	Secured	\$ -
				Priority	-		Priority	-
				Administrative	-		Administrative	-
				503(b)(9)	12,092.92		503(b)(9)	-
				Unsecured	42,194.17		Unsecured	54,287.09
				<b>Total</b>	<b>\$ 54,287.09</b>		<b>Total</b>	<b>\$ 54,287.09</b>

Reason: The Claimant asserts both a 503(b)(9) claim and an unsecured claim. Review of the attached invoices to the proof of claim and the Debtors' books and records confirm the invoices in question are all related to freight services and thus, not subject to 503(b)(9) status. Thus, the 503(b)(9) claim should be reclassified as a general unsecured claim - resulting in a total general unsecured claim in the amount of \$54,287.09.



**EXHIBIT B**

**Exhibit B**  
Overstated Claims

Item No.	Creditor	Claim No.	Debtor	Asserted Claims		Modified Claims	
				Priority Status	Amount	Priority Status	Amount
1	B Clean Pro Services	81	Impact Products, LLC	Secured	\$ -	Secured	\$ -
				Priority	-	Priority	-
				Administrative	-	Administrative	-
				503(b)(9)	-	503(b)(9)	-
				<b>Unsecured</b>	2,527.68	<b>Unsecured</b>	1,685.12
				<b>Total</b>	<b>\$ 2,527.68</b>	<b>Total</b>	<b>\$ 1,685.12</b>

Reason: The claimant asserts a general unsecured claim for services performed. Review of the attached invoices to the proof of claim and the Debtors' books and records confirm \$842.56 of the asserted claims was for postpetition services that were paid postpetition during the ordinary course of business. Thus, the outstanding unsecured claim should be reduced to \$1,685.12.

2	CAB assignee of Zhonghong Pulin Medical Products Co Ltd	82	The Safety Zone, LLC	Secured	\$ -	Secured	\$ -
				Priority	382,271.00	Priority	-
				Administrative	-	Administrative	-
				503(b)(9)	-	503(b)(9)	-
				<b>Unsecured</b>	2,089,764.30	<b>Unsecured</b>	2,089,764.30
				<b>Total</b>	<b>\$ 2,472,035.30</b>	<b>Total</b>	<b>\$ 2,089,764.30</b>

Reason: The claimant asserts two separate claims - one an unsecured claim for \$2,089,764.30 and the other a priority claim under 11 U.S.C. § 507(a)(2) for \$382,271.00. Review of the attached invoices to the proof of claim and the Debtors' books and records confirm all asserted priority claims were paid in full during the ordinary course of business. The outstanding unsecured claim should remain relating to prepetition goods received outside of 20 days prior to Petition Date.

3	Kensington Medical Holdings LLC	108	Impact Products, LLC	Secured	\$ -	Secured	\$ -
				Priority	-	Priority	-
				Administrative	-	Administrative	-
				503(b)(9)	1,517.28	503(b)(9)	-
				<b>Unsecured</b>	23,252.28	<b>Unsecured</b>	23,252.28
				<b>Total</b>	<b>\$ 24,769.56</b>	<b>Total</b>	<b>\$ 23,252.28</b>

Reason: The claimant asserts two separate claims - one a 503(b)(9) claim for \$1,517.28 and the other an unsecured claim of \$23,252.28. Review of the attached invoices to the proof of claim do not support a 503(b)(9) claim. Additionally, the amounts invoiced sum only to \$23,252.28. Accordingly, the 503(b)(9) amount should be reduced to \$0.

4	Pump World Inc	92	Impact Products, LLC	Secured	\$ -	Secured	\$ -
				Priority	-	Priority	-
				Administrative	6,645.70	Administrative	-
				503(b)(9)	-	503(b)(9)	-
				<b>Unsecured</b>	6,645.70	<b>Unsecured</b>	6,645.70
				<b>Total</b>	<b>\$ 13,291.40</b>	<b>Total</b>	<b>\$ 6,645.70</b>

Reason: The claimant asserts two separate claims - one general unsecured claim and one administrative claim - for the same amount. Review of the attached invoices to the proof of claim and the Debtors' books and records confirm the invoices in question are related to goods received prepetition. Thus, the asserted administrative claim should be reduced to \$0 and the amount of the asserted general unsecured claim should remain at \$6,645.70.

5	River City Wood Products LLC	66	Impact Products, LLC	Secured	\$ -	Secured	\$ -
				Priority	-	Priority	-
				Administrative	-	Administrative	-
				503(b)(9)	3,517.80	503(b)(9)	3,517.80
				<b>Unsecured</b>	86,224.50	<b>Unsecured</b>	75,864.50
				<b>Total</b>	<b>\$ 89,742.30</b>	<b>Total</b>	<b>\$ 79,382.30</b>

Reason: The claimant asserts two claims - one general unsecured claim in the amount of \$86,224.5 and one 503(b)(9) claim in the amount of \$3,517.8. Review of the attached invoices to the proof of claim and the Debtors' books and records confirm the asserted 503(b)(9) claim is valid. The Debtors books and records indicate the outstanding general unsecured claim is overstated and should be reduced to \$75,864.50 to align with the invoices reflected in the Debtors' books and records.

6	Sterling Mechanical	110	Impact Products, LLC	Secured	\$ -	Secured	\$ -
				Priority	-	Priority	-
				Administrative	1,009.25	Administrative	-
				503(b)(9)	-	503(b)(9)	-
				<b>Unsecured</b>	1,009.25	<b>Unsecured</b>	1,009.25
				<b>Total</b>	<b>\$ 2,018.50</b>	<b>Total</b>	<b>\$ 1,009.25</b>

Reason: The claimant asserts two separate claims - one general unsecured claim and one administrative expense claims - for the same amount. Review of the Debtors' books and records confirm the amounts in question are related to services provided prepetition. Thus, the asserted administrative expense claim should be reduced to \$0 and the amount of the asserted general unsecured claim should remain at \$1,009.25.

7	Varsity Logistics Inc.	166	Impact Products, LLC	Secured	\$ -	Secured	\$ -
				Priority	-	Priority	-
				Administrative	352.50	Administrative	-
				503(b)(9)	-	503(b)(9)	-
				<b>Unsecured</b>	352.50	<b>Unsecured</b>	352.50
				<b>Total</b>	<b>\$ 705.00</b>	<b>Total</b>	<b>\$ 352.50</b>

Reason: The claimant asserts two separate claims - one general unsecured claim and one administrative expense claim - for the same amount. Review of the attached invoices to the proof of claim and the Debtors' books and records confirm the invoices in question are related to services provided prepetition. Thus, the asserted administrative expense claim should be reduced to \$0 and the amount of the asserted general unsecured claim should remain at \$352.50.

8	Wells Fargo Vendor Financial Services	10	The Safety Zone, LLC	Secured	\$ -	Secured	\$ -
				Priority	-	Priority	-
				Administrative	-	Administrative	-
				503(b)(9)	-	503(b)(9)	-
				<b>Unsecured</b>	566.42	<b>Unsecured</b>	90.85
				<b>Total</b>	<b>\$ 566.42</b>	<b>Total</b>	<b>\$ 90.85</b>

Reason: The claimant asserts the claim as a general unsecured claim. Review of the attached invoices to the proof of claim and the Debtors' books and records confirm the invoices in question are related to prepetition services and postpetition services paid in normal course. Thus, the claim should be reduced to \$90.85 to align with the Debtors' books and records.

**EXHIBIT C**

**Exhibit C**  
Reduced & Reclassified Claims

Item No.	Creditor	Claim No.	Debtor	Asserted Claims			Modified Claims		
				Priority Status	Amount	Debtor	Priority Status	Amount	Debtor
1	CAB Assignee of Anhui Garments Imp. And Exp. Co. Ltd.	72	The Safety Zone, LLC	Secured	\$ -	The Safety Zone, LLC	Secured	\$ -	
				Priority	-		Priority	-	
				Administrative	-		Administrative	-	
				503(b)(9)	26,648.68		503(b)(9)	-	
				Unsecured	140,685.58		Unsecured	26,648.68	
			<b>Total</b>	<b>\$ 167,334.26</b>		<b>Total</b>	<b>\$ 26,648.68</b>		
Reason: The claimant asserts two claims - one 503(b)(9) claim in the amount of \$26,648.68 and one general unsecured claim in the amount of \$140,685.58 - for a full listing of received and open purchase orders. Review of the attached invoices to the proof of claim and the Debtors' books and records confirm the only one purchase order (PO# 249481 for \$55,735) is subject to 503(b)(9) status, but all other goods related to the asserted 503(b)(9) claim were received outside of 20 days prior to the Petition Date and are not subject to 503(b)(9) status. The outstanding unsecured claim should be reduced to \$26,648.68 to account for this amount. The additional asserted general unsecured claims amounts are related to open purchase orders that have been paid in full during the postpetition ordinary course of business.									
2	CAB Assignee of Intco Medical Technology Co. Ltd.	71	The Safety Zone, LLC	Secured	\$ -	The Safety Zone, LLC	Secured	\$ -	
				Priority	-		Priority	-	
				Administrative	-		Administrative	-	
				503(b)(9)	278,072.50		503(b)(9)	55,735.00	
				Unsecured	174,900.00		Unsecured	222,337.50	
			<b>Total</b>	<b>\$ 452,972.50</b>		<b>Total</b>	<b>\$ 278,072.50</b>		
Reason: The claimant asserts two claims - one 503(b)(9) claim in the amount of \$278,072.50 and one unsecured claim in the amount of \$174,900.00 - for a full listing of received and open purchase orders. Review of the attached invoices to the proof of claim and the Debtors' books and records confirm all goods related to the asserted 503(b)(9) claim were received outside of 20 days prior to the Petition Date and are not subject to 503(b)(9) status. Additionally, the Debtors' books and record reflect an outstanding general unsecured claim amount of \$222,337.50.									
3	CAB Assignee of Liaoning Shangwei Medical Products Co. Ltd.	85	The Safety Zone, LLC	Secured	\$ -	The Safety Zone, LLC	Secured	\$ -	
				Priority	77,280.00		Priority	-	
				Administrative	-		Administrative	-	
				503(b)(9)	604,015.75		503(b)(9)	-	
				Unsecured	898,125.80		Unsecured	116,549.00	
			<b>Total</b>	<b>\$ 1,579,421.55</b>		<b>Total</b>	<b>\$ 116,549.00</b>		
Reason: The claimant asserts three claims - one priority claim under 507(a)(2) in the amount of \$77,280.00, one 503(b)(9) claim in the amount of \$604,015.75, and one general unsecured claim in the amount of \$898,125.80 - for a full listing of received and open purchase orders. Review of the attached invoices to the proof of claim and the Debtors' books and records confirm all asserted priority and 503(b)(9) claims were paid in full during the ordinary course of business and should, thus, be reduced to zero. The outstanding general unsecured claim should be reduced to \$116,549 to account for the remaining amounts related to prepetition goods sold to the Debtors outside of 20 days before the Petition Date per the Debtors' books and records.									
4	CAB Assignee of Luliang Hongruida Health Protection Technology Co. Ltd.	83	The Safety Zone, LLC	Secured	\$ -	The Safety Zone, LLC	Secured	\$ -	
				Priority	192,153.24		Priority	-	
				Administrative	-		Administrative	-	
				503(b)(9)	52,790.00		503(b)(9)	-	
				Unsecured	1,433,976.94		Unsecured	1,433,976.94	
			<b>Total</b>	<b>\$ 1,678,920.18</b>		<b>Total</b>	<b>\$ 1,433,976.94</b>		
Reason: The claimant asserts three claims - one priority claim under 507(a)(2) in the amount of \$192,153.24, one 503(b)(9) claim in the amount of \$52,790.00, and one general unsecured claim in the amount of \$1,433,976.94 - for a full listing of received and open purchase orders. Review of the attached invoices to the proof of claim and the Debtors' books and records confirm all asserted priority and 503(b)(9) claims were paid in full during the ordinary course of business and should, thus, be reduced to zero. The outstanding general unsecured claim should remain at \$1,433,976.94 to account for the remaining amounts related to prepetition goods sold to the Debtors outside of 20 days before the Petition Date per the Debtors' books and records.									
5	CAB Assignee of Ningbo Homelink Eco-Tech Co. Ltd.	84	The Safety Zone, LLC	Secured	\$ -	The Safety Zone, LLC	Secured	\$ -	
				Priority	102,057.10		Priority	-	
				Administrative	-		Administrative	-	
				503(b)(9)	36,489.00		503(b)(9)	-	
				Unsecured	115,206.60		Unsecured	14,404.00	
			<b>Total</b>	<b>\$ 253,752.70</b>		<b>Total</b>	<b>\$ 14,404.00</b>		
Reason: Reason: The claimant asserts three claims - one priority claim under 507(a)(2) in the amount of \$102,057.10, one 503(b)(9) claim in the amount of \$36,489.00, and one general unsecured claim in the amount of \$115,206.60 - for a full listing of received and open purchase orders. Review of the attached invoices to the proof of claim and the Debtors' books and records confirm all asserted priority and 503(b)(9) claims were paid in full during the ordinary course of business and should, thus, be reduced to zero. The outstanding general unsecured claim should be reduced to \$14,404.00 to account for the remaining amounts related to prepetition goods sold to the Debtors outside of 20 days before the Petition Date per the Debtors' books and records.									
6	CAB Assignee of Tissue Protective Products Co. Ltd.	79	The Safety Zone, LLC	Secured	\$ -	The Safety Zone, LLC	Secured	\$ -	
				Priority	88,768.40		Priority	-	
				Administrative	-		Administrative	-	
				503(b)(9)	11,043.30		503(b)(9)	-	
				Unsecured	154,650.58		Unsecured	127,906.60	
			<b>Total</b>	<b>\$ 254,462.28</b>		<b>Total</b>	<b>\$ 127,906.60</b>		
Reason: The claimant asserts three claims - one priority claim under 507(a)(2) in the amount of \$88,768.40, one 503(b)(9) claim in the amount of \$11,043.30, and one general unsecured claim in the amount of \$154,650.58 - for a full listing of received and open purchase orders. Review of the attached invoices to the proof of claim and the Debtors' books and records confirm all asserted priority and 503(b)(9) claims were paid in full during the ordinary course of business and should, thus, be reduced to zero. The outstanding general unsecured claim should be reduced to \$127,906.60 to account for the remaining amounts related to prepetition goods sold to the Debtors outside of 20 days before the Petition Date per the Debtors' books and records.									
7	Evergreen Lawn Care	106	Impact Products, LLC	Secured	\$ -	Impact Products, LLC	Secured	\$ -	
				Priority	-		Priority	-	
				Administrative	-		Administrative	-	
				503(b)(9)	8,665.42		503(b)(9)	-	
				Unsecured	3,849.88		Unsecured	4,729.88	
			<b>Total</b>	<b>\$ 12,515.30</b>		<b>Total</b>	<b>\$ 4,729.88</b>		
Reason: The claimant asserts two claims - one general unsecured claim in the amount of \$3,849.88 and one 503(b)(9) claim in the amount of \$8,665.42 - for a full listing of received and open purchase orders. Review of the attached invoices to the proof of claim and the Debtors' books and records confirm \$7,785.42 of the asserted 503(b)(9) claim was paid in full during the postpetition period. The remaining balance is related to prepetition services performed and not subject to 503(b)(9) status. Accordingly, the resulting claim should be a general unsecured claim in the amount of \$4,729.88.									
8	Palmer Distribution Services, Inc., d/b/a Palmer Logistics	155	The Safety Zone, LLC	Secured	\$ 628,551.31	The Safety Zone, LLC	Secured	\$ -	
				Priority	-		Priority	-	
				Administrative	-		Administrative	-	
				503(b)(9)	-		503(b)(9)	-	
				Unsecured	-		Unsecured	588,243.30	
			<b>Total</b>	<b>\$ 628,551.31</b>		<b>Total</b>	<b>\$ 588,243.30</b>		
Reason: The claimant asserts a secured and unliquidated claim under related to warehouse and consensual liens. Following the sale of substantially all of the Debtors assets to TZ SSE Buyer LLC, the asserted secured claim is no longer secured by the Debtors' assets and no reservation of rights or objection was filed by the claimant relating to such sale. The sale closed on July 19, 2024. Thus, the asserted secured claim is no longer subject to secured status and should be reclassified as a general unsecured claim. Additionally, the Debtors' books and records reflect a prepetition outstanding balance of \$588,243.30. Accordingly, the reclassified general unsecured claim should be reduced to that amount. This claim is also subject to a non-substantive objection filed contemporaneously herewith and listed on Exhibit C there to. Additionally, the claimant filed other claims subject to substantive and nonsubstantive objections and should consult those exhibits.									
8	Palmer Distribution Services, Inc., d/b/a Palmer Logistics	158	Supply Source Enterprises, Inc.	Secured	\$ 628,551.31	Supply Source Enterprises, Inc.	Secured	\$ -	
				Priority	-		Priority	-	
				Administrative	-		Administrative	-	
				503(b)(9)	-		503(b)(9)	-	
				Unsecured	-		Unsecured	588,243.30	
			<b>Total</b>	<b>\$ 628,551.31</b>		<b>Total</b>	<b>\$ 588,243.30</b>		
Reason: The claimant asserts a secured and unliquidated claim under related to warehouse and consensual liens. Following the sale of substantially all of the Debtors assets to TZ SSE Buyer LLC, the asserted secured claim is no longer secured by the Debtors' assets and no reservation of rights or objection was filed by the claimant relating to such sale. The sale closed on July 19, 2024. Thus, the asserted secured claim is no longer subject to secured status and should be reclassified as a general unsecured claim. Additionally, the Debtors' books and records reflect a prepetition outstanding balance of \$588,243.30. Accordingly, the reclassified general unsecured claim should be reduced to that amount. This claim is also subject to a non-substantive objection filed contemporaneously herewith and listed on Exhibit C there to. Additionally, the claimant filed other claims subject to substantive and nonsubstantive objections and should consult those exhibits.									
9	Raymond Handling Solutions, Inc.	185	The Safety Zone, LLC	Secured	\$ -	The Safety Zone, LLC	Secured	\$ -	
				Priority	41,404.39		Priority	-	
				Administrative	-		Administrative	-	
				503(b)(9)	-		503(b)(9)	-	
				Unsecured	-		Unsecured	25,701.98	
			<b>Total</b>	<b>\$ 41,404.39</b>		<b>Total</b>	<b>\$ 25,701.98</b>		
Reason: The claimant asserts a full listing of invoices as priority claims under 11 U.S.C. § 507(a)(3). Review of the attached invoices to the proof of claim and the Debtors' books and records confirm the asserted claim is not subject to priority status under 11 U.S.C. § 507(a)(3). Thus, the outstanding claim should be reduced to \$25,701.98 and reclassified as a general unsecured claim to align with the Debtors' books and records.									

Secured \$ - | Secured \$ -

10	Rieke LLC	134	Impact Products, LLC	Priority Administrative <b>503(b)(9)</b> Unsecured <b>Total</b>	- - 18,807.00 -	Impact Products, LLC	Priority Administrative 503(b)(9) <b>Unsecured</b> <b>Total</b>	- - - 5,727.86 \$ 5,727.86
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Reason: The claimant asserts a full listing of received and open purchase orders as a 503(b)(9) claim. Review of the attached invoices to the proof of claim and the Debtors' books and records confirm \$13,079.14 of the goods related to the asserted 503(b)(9) claim were paid in full during the postpetition period. The remaining balance is related to prepetition goods received outside of the 20 days prior to the Petition Date or are related to dropship purchase orders and not subject to 503(b)(9) status. Thus, the outstanding \$5,727.86 should be reclassified as a general unsecured claim.

11	Vickie Tiner Lewis	122	Impact Products, LLC	Secured <b>Priority</b> Administrative 503(b)(9) Unsecured <b>Total</b>	\$ - 5,205.00 - - -	Impact Products, LLC	Secured Priority Administrative 503(b)(9) <b>Unsecured</b> <b>Total</b>	\$ - - - - 3,700.00 \$ 3,700.00
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Reason: The Claimant asserts the claim as a priority claim under 507(a)(4). Review of the attached invoices to the proof of claim and the Debtors' books and records confirm the invoices in question are related to prepetition services and postpetition services that were paid in the ordinary course post-petition. Thus, the priority claim should be reduced and reclassified as a general unsecured claim totaling \$3,700.00 to reflect the remaining prepetition claim. This claim is also subject to a non-substantive objection contemporaneously filed herewith and is listed on Exhibit C thereto.

12	Vickie Tiner Lewis	123	Impact Products, LLC	Secured Priority <b>Administrative</b> 503(b)(9) Unsecured <b>Total</b>	\$ - - 5,205.00 - -	Impact Products, LLC	Secured Priority Administrative 503(b)(9) <b>Unsecured</b> <b>Total</b>	\$ - - - - 3,700.00 \$ 3,700.00
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Reason: The Claimant asserts the claim as an administrative expense. Review of the attached invoices to the proof of claim and the Debtors' books and records confirm the invoices in question are related to prepetition services and postpetition services that were paid in the ordinary course post-petition. Thus, the administrative expense claim should be reduced and reclassified as a general unsecured claim totaling \$3,700.00 to reflect the remaining prepetition claim.

**EXHIBIT D**

**Exhibit D**  
*No Liability Claims*

Item No.	Creditor	Claim No.	Debtor	Asserted Claims	
				Priority Status	Amount
1	Arch Insurance Company	130	Supply Source Enterprises Inc.	Secured	\$ -
				<b>Priority</b>	Unliquidated
				Administrative	-
				503(b)(9)	-
				Unsecured	-
	<b>Total</b>	<b>\$ -</b>			

Reason: The claimant submitted a priority claim for an unliquidated amount. The Debtors are not liable for the claim per a review of the claimant's proof of claim, the documents attached thereto, and a reasonable review of the Debtors' books and records. The insurance policy in the asserted proof of claim ended in 2022 and Debtors' books and record indicate no amounts outstanding.

2	OSI Acquisitions	49	Impact Products, LLC	Secured	\$ -
				<b>Priority</b>	-
				Administrative	2,115.47
				503(b)(9)	-
				Unsecured	-
	<b>Total</b>	<b>\$ 2,115.47</b>			

Reason: The claimant asserts an administrative expense claim for goods shipped in October 2022 to Impact Merchandising. Review of the attached invoices to the proof of claim confirm this claim is related to an entirely different company. Impact Merchandising is a retailer based in Nebraska and has no relation to Impact Products, LLC. The Debtors' are not liable for such goods and the claim should be disallowed.

3	Palmer Distribution Services, Inc., d/b/a Palmer Logistics	182	Supply Source Enterprises Inc.	Secured	\$ -
				<b>Priority</b>	29,327.76
				Administrative	29,327.76
				503(b)(9)	-
				Unsecured	-
	<b>Total</b>	<b>\$ 58,655.52</b>			

Reason: The claimant asserted a priority and administrative claim totaling \$29,327.76. for each claim. The Debtors are not liable for the claim per a review of the claimant's proof of claim, the documents attached thereto, and a reasonable review of the Debtors' books and records. The administrative portion of the claim was paid postpetition in the normal course of business and the claim is not subject to priority status. Any remaining portion of this claim is duplicative of and subsumed within claim 158, which is listed on Exhibit C to the substantive objection.

4	Palmer Distribution Services, Inc., d/b/a Palmer Logistics	184	The Safety Zone, LLC	Secured	\$ -
				<b>Priority</b>	29,327.76
				Administrative	29,327.76
				503(b)(9)	-
				Unsecured	-
	<b>Total</b>	<b>\$ 58,655.52</b>			

Reason: The claimant asserted a priority and administrative claim totaling \$29,327.76. for each claim. The Debtors are not liable for the claim per a review of the claimant's proof of claim, the documents attached thereto, and a reasonable review of the Debtors' books and records. The administrative portion of the claim was paid postpetition in the normal course of business and the claim is not subject to priority status. Any remaining portion of this claim is duplicative of and subsumed within claim 155, which is listed on Exhibit C to the substantive objection.

5	Treyvon Henderson	54	Supply Source Enterprises Inc.	Secured	\$ -
				<b>Priority</b>	967.56
				Administrative	-
				503(b)(9)	-
				Unsecured	-
	<b>Total</b>	<b>\$ 967.56</b>			

Reason: The claimant asserted a priority claim for \$967.56. The Debtors are not liable for the claim per a review of the claimant's proof of claim, the documents attached thereto, and a reasonable review of the Debtors' books and records.

**EXHIBIT 2**

**(Cole Declaration)**



**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

In re:  Liquidating Supply, Inc., <i>et al.</i> , <sup>1</sup>  Debtors.	Chapter 11  Case No. 24-11054 (BLS)  (Jointly Administered)
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**DECLARATION OF TOM COLE IN SUPPORT OF THE  
DEBTORS' SECOND OMNIBUS OBJECTION TO CLAIMS (SUBSTANTIVE)**

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

1. I am Deputy Chief Restructuring Officer of the above-captioned debtors and debtors in possession (the "Debtors"). Additionally, I am a Director in the Turnaround and Restructuring at Triple P RTS, LLC ("Triple P RTS") which has its principal place of business at 300 North LaSalle Drive, Suite 1420, Chicago, Illinois 60654. Triple P RTS is wholly owned by Portage Point Partners, LLC (collectively, "Portage Point"). Portage Point is a business advisory, interim management, investment banking, and financial services firm whose professionals have a wealth of experience in providing financial advisory, restructuring advisory, and turnaround management services and which enjoys an excellent reputation for services it has rendered on behalf of debtors and creditors throughout the United States, both in chapter 11 proceedings and out of court restructurings. Portage Point is the provider of a chief restructuring officer and other

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<sup>1</sup> The Debtors in these chapter 11 proceedings, together with the last four digits of each Debtor's federal tax identification number, are: Liquidating Supply, Inc. (f/k/a Supply Source Enterprises, Inc.) (0842); SSE Intermediate, Inc. (1772); SSE Buyer, Inc. (5901); Liquidating Impact, LLC (f/k/a Impact Products, LLC) (7450); and Liquidating SZ, LLC (f/k/a The Safety Zone, LLC) (4597). The Debtors' headquarters are located at 2840 Centennial Drive, Toledo, Ohio 43617.

associated personnel to the Debtors in the above-captioned chapter 11 cases (the “Chapter 11 Cases”).

2. I make this declaration (this “Declaration”) in support of the *Debtors’ Second Omnibus Objection to Claims (Substantive)* (the “Objection”),<sup>2</sup> pursuant to which the Debtors are requesting that this Court enter an order substantially in the form of the Proposed Order disallowing and/or modifying certain claims.

3. I have reviewed the Objection and am directly, or by and through other personnel or representatives of the Debtors, reasonably familiar with the information contained therein, in the Proposed Order, and in the exhibits attached to the Proposed Order. I am authorized to execute this Declaration on behalf of the Debtors.

4. Considerable resources and time have been expended in reviewing and reconciling the proofs of claim filed or pending against the Debtors and their estates in these Chapter 11 Cases.

5. In preparing this Declaration, I reviewed the Claims Register maintained by Verita, which contains the record of all parties that filed proofs of claim in connection with these Chapter 11 Cases. Additionally, I or other personnel or representatives of the Debtors (a) reviewed (i) the Claims Register, by which we identified Claims that should be disallowed and/or modified, and (ii) the Debtors’ Books and Records with respect to the Claims described in the Objection; (b) conferred with the Debtors’ personnel and outside counsel having knowledge relevant to understanding the validity of the Claims; (c) approved the inclusion of the Claims in the Objection; and (d) reviewed the Objection and the Proposed Order. Accordingly, I am familiar with the information contained therein and in Exhibits A through D to the Proposed Order, which are incorporated herein by reference in their entirety.

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<sup>2</sup> Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Objection.

6. Except as otherwise indicated, all facts set forth in this Declaration are based on my personal knowledge of the Debtors' operations, finances, and Books and Records, my review of the proofs of claim and the Claims Register, or information received from other members of the Debtors, or the Debtors' other advisors. If called upon to testify, I would testify competently to the facts set forth herein.

### **Claim Objections**

#### **A. Reclassified Claims**

7. To the best of my knowledge and belief, and based on the information and records available to me, the Claims set forth on Exhibit A to the Proposed Order (the "Reclassified Claims") were filed incorrectly, asserting administrative, secured, or priority unsecured status where no basis for such respective treatment exists under the applicable sections of the Bankruptcy Code. Based on my review of the Books and Records and the supporting documentation provided by the claimant, the Reclassified Claims are improperly and incorrectly classified for the reasons set forth on Exhibit A to the Proposed Order. Some of the reasons may include, but are not limited to:

- The Reclassified Claim asserts priority under section 503(b)(9) of the Bankruptcy Code, where the underlying claim reflects liabilities incurred in connection with claimant's provision of services, not goods;
- The Reclassified Claim asserts priority under section 503(b)(9) of the Bankruptcy Code, where the underlying claim reflects liabilities incurred in connection with goods that were never received by the Debtors or were received by the Debtors prior to the 20-day period immediately preceding the Petition Date; and
- The Reclassified Claim asserts administrative status pursuant to section 507(a)(2), where the proof of claim and supporting documentation reflect invoices for claims arising prior to the Petition Date.

6. If the relief sought is granted, the Reclassified Claims listed under the column titled “Claim Number” on Exhibit A to the Proposed Order will be reclassified as listed in the “Modified Classification” column on Exhibit A to the Proposed Order.

**B. Overstated Claims**

7. To the best of my knowledge and belief, and based on the information and records available to me, the Claims identified on Exhibit B to the Proposed Order were filed in the incorrect amount.

8. If the relief sought is granted, the Overstated Claims identified under the column titled “Claim Number” on Exhibit B to the Proposed Order will be modified by reducing the amount to the dollar values listed under the column titled “Modified Claim Amount” on Exhibit B to the Proposed Order.

**C. Reduced and Reclassified Claims**

9. To the best of my knowledge and belief, and based on the information and records available to me, the Claims identified on Exhibit C to the Proposed Order were filed incorrectly, asserting administrative, secured, or priority unsecured status where no basis for such respective treatment exists under the applicable sections of the Bankruptcy Code, and in the incorrect amount.

10. If the relief sought is granted, the Claims listed under the column titled “Claim Number” on Exhibit C to the Proposed Order will be reclassified and reduced as listed in the “Modified Claim Amount and Classification” column on Exhibit C to the Proposed Order.

**D. No Liability Claims**

11. The Debtors have reviewed the Debtors’ Books and Records and determined that they have no record of any liability on account of the Claims identified in Exhibit D to the Proposed

Order. Accordingly, to prevent the applicable claimants from receiving an unwarranted recovery, the Debtors seek to disallow the No Liability Claims.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information, and belief. Executed this 20<sup>th</sup> day of September 2024.

/s/ Tom Cole

Tom Cole

Deputy Chief Restructuring Officer