Docket #1091 Date Filed: 01/13/2026

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	Chapter 11
Saga Formations, Inc., *et al.*,[1]	Case No. 24-11161 (BLS)
Debtors.	(Jointly Administered)
	Re. D.I. 1046

TRUSTEE'S OBJECTION TO MINNESOTA DEPARTMENT OF REVENUE'S MOTION FOR PAYMENT OF ADMINISTRATIVE EXPENSES/CLAIMS

Claudia Z. Springer, in her capacity as Chapter 11 Trustee (the "Trustee") of the estates of Saga Formations, Inc. f/k/a Epic Creations, Inc. ("Saga"), Pajeau, Inc. f/k/a Neuron Fuel, Inc. ("Pajeau"), and Tangible Play, Inc. ("Tangible Play," together with Saga and Pajeau, collectively the "Debtors"), by and through her undersigned counsel, hereby submits this objection (the "Objection") with respect to the Minnesota Department of Revenue's ("Minnesota") *Motion for Payment of Administrative Expenses/Claims* [D.I. 1046] (the "Motion"). In support of this Objection, the Trustee respectfully represents as follows:

FACTUAL BACKGROUND

1. On June 4-5, 2024 (the "Petition Date"), GLAS Trust Company LLC, in its capacity as administrative and collateral agent under the November 24, 2021 Credit and Guaranty Agreement and certain other lenders under the Credit Agreement filed involuntary petitions under chapter 11 of the Bankruptcy Code in this Court against the Debtors (these "Chapter 11 Cases").

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Saga Formations, Inc. f/k/a Epic Creations, Inc. (9113); Pajeau, Inc. f/k/a Neuron Fuel, Inc. (8758); and Tangible Play, Inc. (9331).

2. On September 16, 2024, this Court entered an *Order for Relief in Involuntary Cases and Appointing Chapter 11 Trustee* [D.I. 147].

3. On September 23, 2024 (the "Appointment Date"), the United States Trustee filed an *Application for Entry of An Order Approving the Appointment of Claudia Z. Springer, Esq. as Chapter 11 Trustee* [D.I. 151] and filed a *Notice of Appointment* appointing Claudia Z. Springer, Esq. as Trustee of the Debtors [D.I. 152]. Since that time, the Trustee has managed the Debtors' affairs pursuant to section 1106 of the Bankruptcy Code. No official committee has been appointed in these Chapter 11 Cases.

4. On January 7, 2025, the Trustee filed *Motion for Entry of Order (I) Approving Bid Procedures in Connection with the Sale of All or Substantially All of the Debtors' Assets, (II) Scheduling Bid Deadlines and Auctions, (III) Approving the Form and Manner of Notice Thereof, (IV) Approving Procedures for the Assumption and Assignment of Contracts and Leases, and (V) Granting Related Relief* [D.I. 433] (the "Sale Motion").

5. On May 20, 2025, the Court entered the *Order (I) Approving Bid Procedures in Connection with the Sale of All or Substantially All of the Debtors' Assets, (II) Scheduling Bid Deadlines and Auctions, (III) Approving the Form and Manner of Notice Thereof, (IV) Approving Procedures for the Assumption and Assignment of Contracts and Leases, and (V) Granting Related Relief* [D.I. 724] (the "Sale Order"), which approved the sale of debtor Epic! Creations, Inc.'s assets to Hy Ruby Limited (the "Buyer").

6. On October 14, 2025, the Trustee filed the *Second Amended Combined Disclosure Statement and Chapter 11 Plan for the Estates of Saga Formations, Inc., Pajeau, Inc., and Tangible Play, Inc.* [D.I. 971] (as modified, amended, or supplemented from time to time, the "Plan"), and on October 29, 2025, the Court entered the *Findings of Fact, Conclusions of Law,*

and Order Confirming the Second Amended Combined Disclosure Statement and Chapter 11 Plan for the Estates of Saga Formations, Inc., Pajeau, Inc., and Tangible Play, Inc. [D.I. 1009] (the "Confirmation Order").

7. A more detailed description of the background of the Debtors and these Chapter 11 Cases is set forth in the *Declaration of Claudia Z. Springer in Support of First Day Motions* [D.I. 193].

OBJECTION AND ARGUMENT

8. The Motion appears to seek payment of an administrative expense claim, identical to the "proof of claim"[2] that Minnesota filed on December 1, 2025, *see* Claim 240 (the "Minnesota Admin Tax Claim"), for a total of $28,643.66 for taxes incurred from the period of October 31, 2024 through September 30, 2025.

9. However, the obligation and responsibility to file tax returns for the post-closing tax period – any tax returns required to be filed between June 2025 to present (the "Post-Closing Period") – fell to the Buyer.

10. Therefore, the $9,037.88 (the "Post-Closing Taxes") listed in the Motion is non-payable from the Debtors.

11. Moreover, the Buyer represented to the Trustee's professionals that it manually filed returns for the period between June 2025 through October 2025.

12. The responsibility for Post-Closing Period Taxes was the Buyer's and not the Debtors. The Debtors' estates should not be required to pay for any taxes incurred during the Post-Closing Period following entry of the Sale Order.

[2] Minnesota did not file a proper proof of claim form which was made available to the public, instead it filed a one page "request" for payment of taxes with a chart of each month.

13. Following entry of the Sale Order, the Debtor Epic Creations, Inc. had no activity and thus incurred no taxes, instead a new entity, Epic Kids Inc., incurred those taxes and the Buyer manually filed returns for the new entity. For that reason, any taxes assessed from the period of May 31, 2025 forward are not the responsibility of the Debtors' estates.

14. Furthermore, the Trustee hereby objects to Claim 240 for the reasons set forth above and this Court should disallow Claim 240.

15. The Debtors' claims register (the "Claims Register"), prepared and maintained by Kurtzman Carson Consultants, LLC d/b/a Verita Global (the "Claims Agent"), reflects that Minnesota filed two (2) proofs of claim (collectively, the "Proofs of Claim") asserting claims against the Debtors (individually a "Claim", collectively, the "Claims") at Claim numbers 69 and 240.

16. 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).

17. 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 In re Allegheny Int'l, Inc.*, 954 F.2d 167, 173-74 (3d Cir. 1992); *see also In re Int'l Match Corp.*, 69 F.2d 73, 76 (2d Cir. 1934) (finding that a proof of claim should

at least allege facts from which legal liability can be seen to exist). The burden of persuasion with respect to the claim is always on the claimant. *See id.* at 174.

18. Claim 69 is already accounted for in what will be paid out as a priority tax claim and will be paid in accordance with the Plan.

19. As described above, the Debtors are not responsible for the full amount listed in Claim 240, specifically as it related to the Post-Closing Period and therefore the full claim amount listed in Claim 240 cannot be allowed as to the Debtors because the Post-Closing Taxes are unenforceable as to the Debtors. Based on the foregoing, the Motion should be denied and, at the very least, the amount sought by Minnesota should be reduced to remove the Post-Closing Taxes.

RESERVATION OF RIGHTS

20. The Trustee expressly reserves the right to amend, modify or supplement this Objection. Should one or more of the grounds of objection stated in this Objection be dismissed or overruled, the Trustee reserves the right to object to the related Minnesota Proofs of Claim on any other grounds that the Trustee discovers or elects to pursue.

CONCLUSION

WHEREFORE, the Trustee respectfully requests that the Court (i) deny the Motion and reduce the amount of the requested administrative claim, and (ii) disallow Claim 240.

Dated: January 13, 2026
Wilmington, Delaware

PASHMAN STEIN WALDER HAYDEN, P.C.

/s/ Alexis R. Gambale

Henry J. Jaffe (No. 2987)
Joseph C. Barsalona II (No. 6102)
Alexis R. Gambale (No. 7150)
824 N. Market Street, Suite 800
Wilmington, DE 19801
Telephone: (302) 592-6496
Email: hjaffe@pashmanstein.com
jbarsalona@pashmanstein.com
agambale@pashmanstein.com

-and-

JENNER & BLOCK LLP

Catherine Steege (admitted *pro hac vice*)
Melissa Root (admitted *pro hac vice*)
William A. Williams (admitted *pro hac vice*)
353 N. Clark Street
Chicago, Illinois 60654
Telephone: (312) 923-2952
Email: csteege@jenner.com
mroot@jenner.com
wwilliams@jenner.com

Co-counsel to the Trustee