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)
	Hearing Date: May 21, 2026 at 11:30a.m. (ET) **Obj. Deadline: April 16, 2026 at 4:00 p.m. (ET)**

TRUSTEE'S OBJECTION TO ARIZONA DEPARTMENT OF REVENUE'S AMENDED PRIORITY CLAIM

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") to Arizona Department of Revenue's ("Arizona") Claim No. 239 ("AZ Claim 239") seeking entry of an order pursuant to section 502 of title 11 of the United States Code (the "Bankruptcy Code") disallowing the AZ Claim 239 in its entirety.

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).

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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. Pursuant to section 101 of the Bankruptcy Code, a creditor holds a claim against a bankruptcy estate only to the extent that (a) it has a "right to payment" for the asserted liabilities and (b) the claim is otherwise allowable. 11 U.S.C. §§ 101(5) and 101(10). 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).

9. 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.

10. AZ Claim 239 amends Claim No. 228 ("AZ Claim 228"), Arizona's previously filed priority claim against Saga, and appears to seek payment of additional priority amounts. AZ Claim 239 seeks a total of $20,150.88 for taxes incurred from the period of September 2024 through September 2025, which appears to specifically include an estimated assessment of $13,000 for the June 2025-September 2025 period.

11. 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. Thus, the estimated $13,000 (the "Post-Closing Taxes") identified in AZ Claim 239 is not the responsibility of the Debtors.

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

13. The Buyer is responsible for Post-Closing Period Taxes, not the Debtors. The Debtors' estates should not be required to pay for any taxes incurred, or estimated, during the Post-Closing Period following entry of the Sale Order.

14. Following entry of the Sale Order, Debtor Epic Creations, Inc. was inactive and thus incurred no taxes. A new entity created by the Buyer, Epic Kids Inc., incurred those taxes. The Buyer manually filed tax returns for Epic Kids Inc. For that reason, any taxes assessed from the period of May 31, 2025 forward are not the responsibility of the Debtors' estates.

15. Therefore, the Trustee hereby objects to AZ Claim 239 pursuant to section 502 of the Bankruptcy Code for the reasons set forth above, thus Court should disallow AZ Claim 239.

16. It is critical to note that AZ Claim 228 is the operative and proper proof of claim amount and is already accounted for in what will be paid by the Debtors as a priority tax claim in accordance with the Plan.

17. As described above, the Debtors are not responsible for the estimated amounts listed in the amount listed in AZ Claim 239, specifically as it relates to the Post-Closing Period. AZ Claim 239 cannot be allowed as the Debtors' responsibility, because the Post-Closing Taxes are unenforceable as to the Debtors. Based on the foregoing, AZ Claim 239 should be disallowed in its entirety.

RESERVATION OF RIGHTS

18. 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 disallow AZ Claim 239 in its entirety.

Dated: March 26, 2026
Wilmington, Delaware

PASHMAN STEIN WALDER HAYDEN, P.C.

/s/ Alexis R. Gambale

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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)
	Hearing Date: May 21, 2026 at 11:30 a.m. (ET) **Obj. Deadline: April 16, 2026 at 4:00 p.m. (ET)**

NOTICE OF TRUSTEE'S OBJECTION TO
ARIZONA DEPARTMENT OF REVENUE'S AMENDED PRIORITY CLAIM

PLEASE TAKE NOTICE that on **March 26, 2026** 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"), filed the *Trustee's Objection Arizona Department of Revenue's Amended Priority Claim* (the "Objection") with the United States Bankruptcy Court for the District of Delaware.[2]

PLEASE TAKE FURTHER NOTICE that any responses to the Objection (a "Response") must be in writing, filed with the Clerk of the Bankruptcy Court, 824 Market Street, 3rd Floor, Wilmington, Delaware 19801, and served upon the undersigned counsel on or before **April 16, 2026 at 4:00 p.m. (prevailing Eastern Time).**

PLEASE TAKE FURTHER NOTICE that the Response must contain, at a minimum, the following:

a) a caption setting forth the name of the Bankruptcy Court, the case number, and the title of the Objection to which the Response is directed;

b) the name of the party responding to the Objection (the "Respondent") and a description of the basis for the amount of the Claim in dispute (the "Disputed Claim");

c) a concise statement setting forth the reasons why the Disputed Claim should not be disallowed for the reasons set forth in the Objection, including but not limited to,

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[2] Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Objection.

the specific factual and legal bases upon which the Respondent will rely in opposing the Objection at the Hearing (as defined below);

d) all documentation or other evidence of the Disputed Claim to the extent not already included with the proof of claim previously filed with the Bankruptcy Court, upon which the Respondent will rely in opposing the Objection at the Hearing;

e) the name, address, telephone number, and fax number of the person(s) (who may be the claimant or a legal representative thereof) to whom the Trustee should serve any reply to the Response; and

f) the name, address, and telephone number of the person(s) (who may be the claimant or a legal representative thereof) possessing ultimate authority to reconcile, settle, or otherwise resolve the Disputed Claim and/or the Response on behalf of the Respondent.

PLEASE TAKE FURTHER NOTICE that a hearing to consider the Objection, if required, will be held before the Honorable Brendan Linehan Shannon, at the United States Bankruptcy Court for the District of Delaware, 824 Market Street, 6th floor, Courtroom 1, Wilmington, Delaware 19801 on **May 21, 2026 at 11:30 a.m. (prevailing Eastern Time)** (the "Hearing").

PLEASE TAKE FURTHER NOTICE THAT ONLY OBJECTIONS MADE IN WRITING AND TIMELY FILED AND RECEIVED, IN ACCORDANCE WITH THE PROCEDURES ABOVE, WILL BE CONSIDERED BY THE BANKRUPTCY COURT AT SUCH HEARING.

IF YOU FAIL TO RESPOND IN ACCORDANCE WITH THIS NOTICE, THE COURT MAY GRANT THE RELIEF REQUESTED BY THE APPLICATION WITHOUT FURTHER NOTICE OR HEARING.

Dated: March 26, 2026

PASHMAN STEIN WALDER HAYDEN, P.C.

/s/ Alexis R. Gambale

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EXHIBIT A

Proposed Order

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.

ORDER SUSTAINING THE TRUSTEE'S OBJECTION TO ARIZONA DEPARTMENT OF REVENUE'S AMENDED PRIORITY CLAIM

Upon the objection (the "Objection")[2] of 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"), pursuant to sections 105 and 502 of the Bankruptcy Code, to AZ Claim 239, and this Court having reviewed the Objection; and this Court having determined that the relief requested in the Objection is in the best interest of the Debtors, their estates, their creditors, and other parties in interest and that legal and factual bases set forth in the Objection establish just cause for the relief requested granted herein; and this Court having jurisdiction to consider the Objection and the relief requested therein in accordance with 28 U.S.C. §§ 1157 and 1334 and the *Amended Standing Order or Reference from the United States District Court for the District of Delaware* dated as of February 29, 2012; and consideration of the Objection and the relief requested therein being a core proceeding under 28 U.S.C. § 157(b)(2); and this Court having authority to enter a final order consistent with Article III of the United States

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[2] All capitalized terms used not defined herein shall have the meaning ascribed to them in the Objection.

Constitution; and venue being proper before this Court under 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 all of the proceedings before this Court; and after due deliberation thereon; and good and sufficient cause appearing therefor; it is hereby

ORDERED, ADJUDGED AND DECREED THAT:

1. The Objection is **SUSTAINED** as set forth herein.

2. Any response to the Objection not otherwise withdrawn, resolved, or adjourned is hereby overruled on its merits.

3. AZ Claim 239 shall be disallowed and expunged in its entirety.

4. The Trustee is each authorized to take all actions necessary to effectuate the relief granted in this Order in accordance with the Objection.

5. Nothing in this Order or the Objection is intended or shall be construed as a waiver of any of the rights the Debtors or the Trustee may have to enforce rights of setoff against the claimants.

6. This Order is immediately effective and enforceable, notwithstanding the possible applicability of Bankruptcy Rule 6004(h) or otherwise.

7. The Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation of this Order.