Docket #1800 Date Filed: 10/14/2026
United States Bankruptcy Court
Southern District of Texas
ENTERED
October 14, 2026
Nathan Ochsner, Clerk

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

IN RE:	§	
	§	**CASE NO: 25-90309**
MODIVCARE INC., *et al.*,	§	
Debtors.	§	**Jointly Administered**
	§	**CHAPTER 11**

ORDER ON KNOWN CREDITOR ISSUE AND REQUEST FOR SUPPLEMENTAL BRIEFING

Pending before the Court is Lus Lucy Rosario's (the "Movant") *Motion for Limited Relief from Plan Injunction* [ECF No. 1638] (the "Motion"). Movant requests the Court grant limited relief from the Plan Injunction so that she may liquidate certain alleged prepetition tort claims in a non-bankruptcy forum. For the reasons explained below, the Court determines that Movant was a known creditor and requests additional briefing from the Reorganized Debtors, taking into account the Court's conclusions herein.

On August 20, 2025, the Debtors each filed in this Court a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"). On December 15, 2025, the Court entered an *Order (I) Confirming the Second Amended Joint Chapter 11 Plan of Reorganization of ModivCare Inc. and Its Debtor Affiliates and (II) Denying Motions of Official Committee of Unsecured Creditors for Leave, Derivative Standing, and Authority to Commence and Prosecute Certain Causes of Action on Behalf of Debtors' Estates* (the "Confirmation Order"), which confirmed the Debtors' *Second Amended Joint Chapter 11 Plan of Reorganization of ModivCare Inc. and Its Debtors Affiliates* (the "Plan").[1]

The Plan and Confirmation Order establish a permanent injunction (the "Plan Injunction") that became effective on December 29,

[1] ECF No. 1055; ECF No. 959.

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2025 (the "Effective Date").[2] The Plan Injunction binds holders of claims and other parties subject to the Plan.[3]

On July 7, 2026, the Movant filed the instant motion seeking relief from the Plan Injunction.[4] According to the Movant, she seeks to establish liability and damages arising out of prepetition events that occurred on August 8, 2024. Movant contends that any recovery sought is limited solely to third-party insurance proceeds, to the extent such coverage exists.

The Reorganized Debtors filed their objection[5] to the Motion on July 20, 2026, and Movant filed her reply[6] on July 29, 2026. The Court held a hearing on the matter on August 26, 2026, and it took the matter under advisement.

The Reorganized Debtors contend that Movant was an unknown creditor who received sufficient notice by way of publication of the Bar Date and the Effective Date of the Plan. They argue that because Movant received sufficient notice, the Confirmation Order, and Plan Injunction therein, is final and binding on the Movant.

The Movant contends that she made many efforts to communicate and resolve her dispute with Modivcare, and she filed a complaint with the Better Business Bureau (the "BBB") on August 11, 2024.[7] A Modivcare representative responded to her complaint on the BBB platform and requested to contact her to address reimbursement concerns. Movant responded on December 13, 2024 and indicated that she did "not accept the response made by the business to resolve the complaint."[8] She explained that she had been contacted by a company representative and discussed with them how their alleged negligence

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[2] ECF No. 1134.
[3] ECF No. 959 at 51–52 (Plan Injunction).
[4] ECF No. 1638.
[5] ECF No. 1657.
[6] ECF No. 1657.
[7] ECF No. 1749-2, Ex. 2.
[8] ECF No. 1749-2, Ex. 2 at 3–4.

had caused her "irreparable damages."[9] She further responded that she had requested Modivcare's legal team contact her with a settlement offer, and that the Modivcare representative agreed to notify the legal team. Later, on January 2, 2025, Modivcare responded again on the BBB platform that it was unable to reach the Movant after several attempts. The BBB complaint was eventually closed on January 9, 2025. There were no other attempts by the Movant to contact Modivcare between January 9, 2025 and February 27, 2026, when she sent the Reorganized Debtors a demand letter. Movant contends she did not contact Modivcare before then because she was waiting for the legal team to contact her.

A confirmation order is a final judgment with res judicata effect. *See Eubanks v. F.D.I.C.*, 977 F.2d 166, 169–71 (5th Cir. 1992); *Republic Supply Co. v. Shoaf*, 815 F.2d 1046, 1053 (5th Cir. 1987). Section 1141 of the Bankruptcy Code provides that the provisions of a confirmed plan bind the debtor and any creditor whether or not such party accepted the plan. *See* 11 U.S.C. § 1141.

Due process requires that notice must be "reasonably calculated, under all circumstances, to apprise interested parties of the pendency" of a proceeding. *See Mullane v. Cent. Hanover Bank & Trust Co.*, 339 U.S. 306, 314 (1950). The level of notice required depends on whether a creditor is "known" or "unknown." *Williams v. Placid Oil Co. (In re Placid Oil Co.)*, 753 F.3d 151, 154 (5th Cir. 2014). Debtors must provide "actual notice" to all "known creditors." *Id.* By contrast, constructive notice or notice by publication is sufficient for "unknown creditors." *Id.* at 155.

A creditor is "known" if the debtor actually knows of the creditor, or their identity is "reasonably ascertainable"—meaning they can be discovered through "reasonably diligent efforts." *Id.* at 154–55 (quoting *Tulsa Pro. Collection Servs., Inc. v. Pope*, 485 U.S. 478, 489–490 (1988)). "[I]n order for a claim to be reasonably ascertainable, the debtor must

[9] ECF No. 1749-2, Ex. 2 at 4.

have in his possession, at the very least, some specific information that reasonably suggests both the claim for which the debtor may be liable and the entity to whom he would be liable." *La. Dep't of Env't Quality v. Crystal Oil Co. (In re Crystal Oil Co.)*, 158 F.3d 291, 297 (5th Cir. 1998). By contrast, unknown creditors are those whose "identities or claims are not reasonably ascertainable and those who have mere conceivable, conjectural, or speculative claims." *In re Placid Oil Co*, 753 F.3d at 156 (quoting *Walters v. Hunt*, 146 B.R. 178, 182 (Bankr. N.D. Tex. 1992)). Thus, the claims of a known creditor are based on actualized injury rather than a merely foreseeable injury. *Id.*

Upon consideration of the parties' arguments, and the evidentiary record before it, the Court finds that Movant was a "known creditor." Movant's various communications and BBB complaint support a finding that Debtors possessed some "specific information" about her claim to make it more than "merely foreseeable." Movant's December 13, 2024 BBB response stated that she discussed with a company representative Modivcare's alleged negligence which had caused her "irreparable damages." She further stated that she was looking to speak to the legal team regarding a settlement offer so she could seek the urgent medical care she required.

The Reorganized Debtors argue that because they hadn't been able to contact the Movant, and because the BBB claim was eventually closed, they believed her grievance to be solved. Movant, however, contends that she had been waiting to hear from the legal team. Either way, the record demonstrates that Debtors possessed specific information about Movant's alleged injuries—making her a "reasonably ascertainable" claimant and not just a "reasonably foreseeable" claimant. *See Paging Network, Inc. v. Nationwide Paging, Inc. (In re Arch Wireless, Inc.)*, 534 F.3d 76, 82 (1st Cir. 2008) (affirming a bankruptcy court's findings that a creditor was "known" and citing emails by the creditor to the debtor prior to the bankruptcy where creditor alleged debtor's products were faulty).

Because the Court has concluded Movant was a known creditor, the Court requests additional briefing from the Reorganized Debtor, taking into account the Court's findings.

SIGNED 10/14/2026

Alfredo R Pérez
United States Bankruptcy Judge