Docket #2741 Date Filed: 10/05/2026

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

United States Courts
Southern District of Texas
FILED
OCT 05 2026
Nathan Ochsner, Clerk of Court

WILLIAM C. WATSON II, #197565	CHAPTER 11
Plaintiff/Creditor	CASE NO: 23-90086 (CML)
V.	26-013138 (CML)
TEHUM CARE SERVICES SETTLEMENT INC.	"MOTION TO COMPEL"
Defendant/Debtor	(Assigned To Honorable Judge Christopher M. Lopez)

Now Comes Plaintiff/Creditor, William C. Watson II, #197565, with a "MOTION TO COMPEL", regarding "SETTLEMENT DISTRIBUTION" "PLAN AND THE TRUST DISTRIBUTION PROCEDURES."

BRIEF STATEMENT OF FACTS

(#1) On, April 10th, 2026, a "NOTICE", was sent via 1st class mail to Myself, Plaintiff/Creditor William C. Watson #197565, Regarding "THE PLAN", and "TRUST DISTRIBUTION PROCEDURES." (SEE, EXHIBIT #1) 4 pages.

(#2) Due to changes in A.D.C.R.R., (Arizona Department of Corrections Rehabilitation & Reentry), Legal mail Address Changes, the afore-stated "NOTICE", (see Exhibit #1), didn't reach me until Approximately-July 22nd, 2026, Dated-July 20th, 2026, (See Exhibit #2) 2 pages.

(#3) Plaintiff/Creditor, Signed & Had Notarized an "ACCEPTANCE AND RELEASE (PERSONAL INJURY CLAIM)", Form on 7/28/26, July 28th, of 2026, Notarized by "Jorge Torres", Notary Public-Arizona, Pima County, Commision #650238, Expires may, 17th 2027, witnessed by, Saenz, J, C.O. II & INJUNCTION MONITOR for A.D.C.R.R. (See EXHIBIT #2) 4 pages.

23900862610060000000001

(#4) Plaintiff/Creditor, was Paid a Pro-Rata, Trust Distribution, via Wire Transfer, to Plaintiff/Creditor's Bank of America, Joint Account, shared with Jennifer Mailly, Plaintiff/Creditor's Personal Representative, in this Matter, Account #4570-5425-4455 Routing #026009593, on August 17th, 2026.

(#5) No Further Payments have Been made to Date.

(#6) No Further Communication has taken Place since, August 17th, 2026, thereby Placing Debtor Defendants in Payment Default.

RELIEF SOUGHT

(#1) Debtor/Defendant and Subsidiary Corporations Honor all stipulations as Set Forth in "THE PLAN", and Release Funds Forthwith to maintain "THE PLAN" stipulations, (EXHIBIT #5). 1 page

(#2) The Released Funds Be Wired to aforestated Joint Account, and Personal Representative as done on August 17th 2026, Per Court Order.

(#3) A Court order Compelling Debtor/Defendants to Honor "the Plan", and Pay in the afore-stated matters, to the afore-stated Accounts.

CERTIFICATE OF SERVICE

Copies of the foregoing have Been Sent Via 1st Class mail to the Following Parties.

Berry/Riddell LLC ATTN: MICHAEL ZIMMERMAN -
6750 E. Camelback Rd. STE-100
SCOTTSDALE, AZ 85251
berryRiddell.Com

'Yes Care Corp'
subsidiary owned Operated by 'Isaac Ietkowitz'
3411 YOAKUM BLVD STE. 2901 - HOUSTON, TX, 77006
CT. CORPORATION SYSTEM
1999 BRYANT St. STE 900
Dallas, TX - [redacted] - 75201-3136
CLERK OF COURTS
Nathan Ochsner
P.O. BOX-61010
HOUSTON, TX - 72208

CHS. TX, INC.
205 POWELL PL. STE. 104
BRENTWOOD, TN. 37027

RESPECTFULLY SUBMITTED BY
A.D.C.R.R.
William C. Watson II #197565
A.S.P.C. - TUCSON - CIMARRON
801 E. Jefferson St.
PHOENIX, AZ - 85034

signed Billy Watson II

Dated x 9/17/2026

EXHIBIT #1

4 Pages -

Tehum Personal Injury Settlement Trust
Administered by NextClaim Solutions

PO Box 89 Wilmington DE, 19899
(866) 372-2884
support@tehumcareservicessettlement.com

April 10, 2026

William Watson
#197565 Arizona State Prison Complex - Cimmarron III
P.O. Box 24409
Tuscon, AZ 85734

RE: **Claimant: William Watson**
Token #: MYMWF6XH

Dear William Watson,

Enclosed please find the following three items:

1. Notice of Tier Designation & Notice of Interim Trust Distribution. This Notice sets forth:
   A. Your Tier and the Scaling Factor for your Allowed Claim as determined by the Trustee of the Tehum Personal Injury Settlement Trust ("Trust"); and
   B. Your share of an Initial Distribution from the Trust that will be paid to you after you return a signed Acceptance and Release;
2. Acceptance and Release. Before your share of the Initial Distribution can be paid to you by the Trust, you must first complete, sign, and return the enclosed Acceptance and Release to the Claims Administrator at the following address:

   Tehum Personal Injury Settlement Trust Claims Administrator
   PO Box 89
   Wilmington, DE 19899

3. Settlement Payment Default Questions and Answers (the "Default Q&A"). The enclosed Default Q&A provides you with general information regarding common questions about the Settling Parties' default. **The Trustee of the Trust and his lawyers are not your lawyers. They will not advise you regarding your claim(s) and whether you can or should pursue your claim(s) against the Settling Parties**. If you have questions about how you might pursue your claims against the Settling Parties, you are encouraged to contact a lawyer.

Thank you,

Tehum Personal Injury Settlement Trust Claims Administrator

Tehum Personal Injury Settlement Trust
Administered by NextClaim Solutions

PO Box 89 Wilmington DE, 19899
(866) 372-2884
support@tehumcareservicessettlement.com

April 10, 2026

Notice: The following is being provided to you because the Trustee of the Tehum Personal Injury Settlement Trust has deterimed that you have an Allowed Claim. The Trustee has designated your Tier and any Scaling Factors. The Trustee has also approved an Intial Payment Percentage. The Trustee and his lawyers are not your lawyers and will not provide you with legal advice. You should seek the advice of legal counsel before returning the Release that is included with this notice, as it could impact your legal rights.

William Watson
#197565 Arizona State Prison Complex - Cimmarron III
P.O. Box 24409
Tuscon, AZ 85734

RE: NOTICE OF TIER DESIGNATION & NOTICE OF INTERIM TRUST DISTRIBUTION
Claimant: William Watson
Token #: MYMWF6XH

Dear William Watson,

As you may be aware, the Settling Parties defaulted on their Installment Settlement Payments and are therefore in breach of the Estate Party Settlement. As of March 5, 2026, all Plan injunctions, stays, or releases provided in favor of the Released Parties that were in effect under the Plan are deemed terminated and void and the Channeling Injunction and all protections afforded to the Released Parties set forth in Article IX.I.1 of the Plan have terminated automatically. *See* Plan at Art. IV.B.2 & Art. IX.I.5.

Your Tier Designation: The Trustee of the Tehum Personal Injury Settlement Trust (the "Trust") has reviewed your Trust Claim Submission. The Trustee determined that you have an Allowed Claim designated as follows:

- **TIER 4**
- **SCALING FACTOR of 1.0.**

As provided in the Plan and the Trust Distribution Procedures, the Trustee assigned Scaling Factors in his discretion.

Initial Payment for Your Allowed Claim: The Trustee has recommended, and the Trust Advisory Committee ("TAC") has approved, an interim Trust distribution of approximately $2,500,000.00 (the "Initial Trust Distribution"). To be clear, you are not approved or entitled to receive $2,500,000.00 from the Trust. Instead, the Trust's $2,500,000.00 Initial Distribution will be allocated among all holders of Allowed Claims on a pro rata basis, ensuring an equal percentage recovery for all holders of Tiered

Tehum Personal Injury Settlement Trust
Administered by NextClaim Solutions

PO Box 89 Wilmington DE, 19899
(866) 372-2884
support@tehumcareservicessettlement.com

Claims. Allowed Claims are grouped into five tiers pursuant to the Trust Distribution Procedures, and payment amounts will be determined by tier, with higher-tiered claims receiving larger distributions than lower-tiered claims, but with all holders of Tiered Claims receiving the same percentage of their Allowed Claim, plus any scaling factor.

You are entitled to receive an interim distribution in the amount of $2,020.86 for your Allowed Tier 4 Claim with a Scaling Factor of 1.0.

How to Receive Payment: To receive your pro rata share of the Initial Trust Distribution, you must: 1.) sign and return the entire enclosed partial Release; *and* 2.) have provided complete payment instructions to the Claims Administrator in response to the Trustee's prior request.

PLEASE TAKE NOTICE that the enclosed partial Release will release the Trust, the Trustee, the TAC and their affiliated professionals and related parties (the foregoing are collectively referred to as the "PI/WD Trust Released Parties"), but will not release any other Released Parties, including but not limited to YesCare Corp., its wholly owned subsidiaries (including CHS TX, Inc.), and Yitzchak Lefkowitz a/k/a Isaac Lefkowitz. Therefore, you will have ninety (90) days from March 5, 2026, to commence causes of action against the Released Parties, exclusive of the PI/WD Trust Released Parties.

Future Distributions of Supplemental Payments: The Trustee is currently considering options to enforce the Estate Party Settlement to seek additional amounts from the Settling Parties. If the Trustee recovers additional funds from the Settling Parties, then more funds may be available to include in future supplemental distributions from the Trust. The Trustee cannot estimate the value of any future recovery or when any future recovery might occur. It is possible that the Trust may not recover any additional funds from the Settling Parties. If additional funds are not recovered from the Settling Parties, then the Trust will distribute funds in accordance with the Trust Distribution Procedures.

Please contact the Tehum Care Services Settlement Trust with all questions.

Thank you,

Tehum Personal Injury Settlement Trust Claims Administrator

Tehum Personal Injury Settlement Trust
Administered by NextClaim Solutions

PO Box 89 Wilmington DE, 19899
(866) 372-2884
support@tehumcareservicessettlement.com

Claims. Allowed Claims are grouped into five tiers pursuant to the Trust Distribution Procedures, and payment amounts will be determined by tier, with higher-tiered claims receiving larger distributions than lower-tiered claims, but with all holders of Tiered Claims receiving the same percentage of their Allowed Claim, plus any scaling factor.

You are entitled to receive an interim distribution in the amount of $2,020.86 for your Allowed Tier 4 Claim with a Scaling Factor of 1.0.

How to Receive Payment: To receive your pro rata share of the Initial Trust Distribution, you must: 1.) sign and return the entire enclosed partial Release; *and* 2.) have provided complete payment instructions to the Claims Administrator in response to the Trustee's prior request.

PLEASE TAKE NOTICE that the enclosed partial Release will release the Trust, the Trustee, the TAC and their affiliated professionals and related parties (the foregoing are collectively referred to as the "PI/WD Trust Released Parties"), but will not release any other Released Parties, including but not limited to YesCare Corp., its wholly owned subsidiaries (including CHS TX, Inc.), and Yitzchak Lefkowitz a/k/a Isaac Lefkowitz. Therefore, you will have ninety (90) days from March 5, 2026, to commence causes of action against the Released Parties, exclusive of the PI/WD Trust Released Parties.

Future Distributions of Supplemental Payments: The Trustee is currently considering options to enforce the Estate Party Settlement to seek additional amounts from the Settling Parties. If the Trustee recovers additional funds from the Settling Parties, then more funds may be available to include in future supplemental distributions from the Trust. The Trustee cannot estimate the value of any future recovery or when any future recovery might occur. It is possible that the Trust may not recover any additional funds from the Settling Parties. If additional funds are not recovered from the Settling Parties, then the Trust will distribute funds in accordance with the Trust Distribution Procedures.

Please contact the Tehum Care Services Settlement Trust with all questions.

Thank you,

Tehum Personal Injury Settlement Trust Claims Administrator

EXHIBIT #2

(2 pages)

BERRY | RIDDELL LLC

6750 E. Camelback Rd., Suite 100
Scottsdale, AZ 85251
480.385.2727
berryriddell.com

mz@berryriddell.com
Direct: (480) 682-3914

July 20, 2026

VIA U.S. MAIL
Arizona Department of Corrections Rehabilitation and Reentry
Attn: William C. Watson | ADCRR # 197565
ASPC – Tucson – Winchester – CDU-904-L
801 E. Jefferson St.
Phoenix, AZ 85034

***Re*: Tehum Care Services Settlement Trust |**
Tiering Notice and Release dated April 10, 2026 (Enclosed)

Mr. Watson:

As you know, I am the Trustee of the Tehum Personal Injury Settlement Trust. I am not your lawyer. I do not, nor have I ever, represented you in any personal capacity.

I am in receipt of two emails from your designated Power of Attorney ("POA"), Jennifer Mailly. The first email is dated July 17, 2026. The second email is dated July 19, 2026. I understand from the emails that you did not receive the enclosed Tiering Notice and Release dated April 10, 2026.

A duplicate copy of the Tiering Notice and Release is enclosed. I have also emailed duplicate copies of the Tiering Notice and Release to your POA, Ms. Mailly, on July 17, 2026, and again on July 20, 2020.

As provided in the Tiering Notice and Release, no payment will be made until receipt of the Release. Under the circumstances, you and your POA, Ms. Mailly, must both sign and return the Release.

Sincerely,

BERRY RIDDELL LLC

Michael W. Zimmerman

MZ/mz
Enclosures: Tiering Notice and Release

Ex-#2

B | R

CC via Email:

Jennifer Mailly (jennifermailly@gmail.com)
NextClaim (support@tehumcareservicessettlement.com)
Paul Hilkert (paul.hilkert@nrhslaw.com)

CC via U.S. Mail:

Arizona Department of Corrections, Rehabilitation & Reentry
WINCHESTER UNIT
William C. Watson ACD # 197565
P.O. Box 24401
Tucson, AZ 85734

Exh 7

EXHIBIT #3
(4 Pages)

ACCEPTANCE AND RELEASE (PERSONAL INJURY CLAIM)

To receive payment on account of an Award (as defined below) from the Trust (the **"Trust"**) created pursuant to the Chapter 11 Plan of Reorganization for Tehum Care Services, Inc., dated as of October 2, 2024 (the **"Plan"**), the holder of a Personal Injury Claim must execute and submit to the Trust this acceptance and release (the **"Release"**). **This Release must be signed by the Claimant or the Claimant's Legal Representative (as defined below). A signature by an attorney for the Claimant or by an attorney for the Claimant's Legal Representative is not sufficient.**

DEFINITIONS

The definitions set forth above for the terms **"Trust,"** **"Plan,"** and **"Release"** are specifically incorporated herein by reference as if fully set forth in this section. All capitalized terms not otherwise defined herein shall have the same meaning ascribed to them in the Plan.

"Award" means the compensation a Claimant receives as an Interim Distribution, as this term is defined in the Trust Distribution Procedures for Personal Injury Claims, from the Trust on behalf of the Claimant's Personal Injury Claim.

"Bankruptcy Court" means the United States Bankruptcy Court for the Southern District of Texas, having subject matter jurisdiction over the Chapter 11 Case.

"Chapter 11 Case" means the jointly administered cases under chapter 11 of the Bankruptcy Code commenced by the Debtor on the Petition Date in the Bankruptcy Court and currently styled *In re Tehum Care Services, Inc..,* Bankruptcy Case No. 23-90086 (CML).

"Debtor" means Tehum Care Services, Inc., the debtor and debtor-in-possession in the Chapter 11 Case.

"Governmental Payor" means any federal, state, or other governmental body, agency, department, plan, program, or entity that administers, funds, pays, contracts for, or provides medical items, services, and/or prescription drugs, including, but not limited to, the Medicare Program, the Medicaid Program, Tricare, the Department of Veterans Affairs, and the Department of Indian Health Services.

"Legal Representative" means a personal representative, guardian, conservator, parent (on behalf of a minor), executor of an estate or a similar representative who has been appointed by a court or has other legal authorization to execute this Release on behalf of the Personal Injury Claimant.

"Lien" or **"Liens"** means (i) any statutory lien of a Governmental Payor or Medicare Part C or Part D Program sponsor, or (ii) any mortgage, lien, pledge, charge, security interest, or legal encumbrance, of any nature whatsoever, held by any other payer or provider, where there is a legal obligation to withhold payment of an Award, or some portion thereof, to a Personal Injury Claimant under applicable federal or state law or for the Personal Injury Claimant to reimburse the Government Payor, other payer or provider for amounts paid on the Personal Injury Claimant's behalf in connection with the Claimant's Personal Injury Claim.

"Lien Resolution Administrator" means that person or entity, retained by the Trustee to resolve Medicare Program Part A and B liens, Medicaid Program liens, and Medicare Part C Program liens, using the information provided by the Personal Injury Claimant.

"Medicaid Program" means the federal program administered by the states under which certain medical items, services, and/or prescription drugs are furnished to Medicaid beneficiaries under Title XIX of the Social Security Act, 42 U.S.C. §§ 1396-1, *et seq.*

"Medicare Part C or Part D Program" means the program(s) under which Medicare Advantage, Medicare cost, and Medicare health care prepayment plan benefits and Medicare Part D prescription drug plan benefits are administered by private entities that contract with Centers for Medicare & Medicaid Services (**"CMS"**).

"Medicare Program" means the Medicare Parts A and B federal program administered by CMS under which certain medical items, services, and/or prescription drugs are furnished to Medicare beneficiaries under Title XVIII of the Social Security Act, 42 U.S.C. §§ 1395, *et seq.*

"Personal Injury Claim" means a Personal Injury Claim asserted by an individual (or an individual's estate) against the Debtor for alleged personal injury, wrongful death, or other similar Claim or Cause of Action arising out of or relating to an injury or death allegedly caused by the Debtor.

"Personal Injury Claimant" means the holder of a Personal Injury Claim who (a) has satisfied the eligibility criteria section forth in the Trust Distribution Procedures, (b) has had his or her Personal Injury Claim assumed by the Trust for evaluation, resolution, and payment pursuant to the Plan, and (c) is signing and executing this Release (or on whose behalf this Release is being signed and executed by a Legal Representative).

"Released Parties" means the Trust, the Trustee, the TAC, and the TCC and each of their respective predecessors, successors, assigns, assignors, representatives, members, officers, employees, agents, consultants, lawyers, advisors, professionals, trustees, insurers, beneficiaries, administrators, and any natural, legal, or juridical person or entity acting on behalf of the Trust, the Trustee, the TAC, and the TCC.

"TAC" means the Trust Advisory Committee appointed to oversee the Trust in accordance with the Chapter 11 Plan and the Trust Agreement.

"TCC" means the Official Tort Claimants' Committee appointed in the Chapter 11 Case by the U.S. Trustee, as the same may be reconstituted from time to time.

"Trustee" means Michael Zimmerman or any other person appointed to serve as trustee under and in accordance with the Trust Agreement.

RECITALS

A. WHEREAS, the Plan was confirmed by order of the Bankruptcy Court on March 3, 2025 and became effective on March 31, 2025.

-2- Exhibit #3

B. **WHEREAS,** the Plan provides for the assumption of Personal Injury Claims against the Debtor by the Trust and for the treatment of Personal Injury Claims against the Debtor through the Trust.

C. **WHEREAS,** the Claimant has received and accepted an Award in the amount of **$2,020.86** from the Trust on account of his or her Personal Injury Claim and agrees to execute this Release in consideration of the benefit of such Award.

D. **WHEREAS,** the Settling Parties defaulted on the Settlement Payment and failed to cure the Settlement Payment Default within the Settlement Payment Cure Period.

RELEASE

Each of the foregoing Recitals is hereby incorporated into this Release by reference and is made apart of this Release as if fully restated herein.

In consideration of the benefit of an Award from the Trust, I, on my own behalf and on behalf of my respective predecessors, successors, assigns, assignors, representatives, attorneys, agents, Trustee, insurers, heirs, next of kin, estates, beneficiaries, executors, administrators, and any natural, legal, or juridical person or entity to the extent he, she, or it is entitled to assert any claim on my behalf, including, but not limited to, a Legal Representative, (hereafter **"I", "my" or "me"**), do hereby voluntarily, intentionally, knowingly, absolutely, unconditionally and irrevocably waive, release, remit, acquit, forever discharge, and covenant not to sue the Released Parties (as that term is defined in this Release) for my Personal Injury Claim against the Debtor, whether present or future, known or unknown, matured or unmatured, suspected or unsuspected, liquidated or unliquidated, absolute or contingent, direct or derivative and whether based on contract, tort, statutory, or any other legal or equitable theory of recovery (collectively, **"Released Claims"**) and fully discharge the Released Parties (as that term is defined in this Release) of their duties and responsibilities (to the extent applicable) under the Trust Documents, including any agreement, document, instrument or certification contemplated by the Trust Documents, from the beginning of time through the execution date of this Release. I covenant and agree that I will honor the release as set forth in the preceding sentence and, further, that I will not (i) institute a lawsuit or other action against any of the Released Parties (as that term is defined in this Release) based upon, arising out of, or relating to any Released Claims released hereby, (ii) participate, assist, or cooperate in any such action, or (iii) encourage, assist and/or solicit any third party to institute any such action.

I hereby acknowledge that I am solely and ultimately responsible for the satisfaction and discharge of all Liens. I shall use my best efforts to resolve all known Liens.

Notwithstanding my responsibilities to resolve all known Liens, I hereby authorize the Lien Resolution Administrator to resolve all Medicare Program liens, Medicaid Program liens, and Medicare Part C Program liens, as set forth in the definition of Lien Resolution Administrator above. The Lien Resolution Administrator shall use best efforts to resolve the Medicare Program liens, Medicaid Program liens, and Medicare Part C Program liens on my behalf

In further consideration of the benefit of an Award, I do hereby release, forever discharge, hold harmless, and covenant not to sue the Released Parties (as that term is defined in this Release)

-3- Exhibit #3

from all Claims arising from, relating to, resulting from or in any way connected to, in whole or in part, any act, or failure to act, of the Lien Resolution Administrator. I covenant and agree that I will honor the release as set forth in the preceding sentence and, further, that I will not (i) institute a lawsuit or other action based upon, arising out of, or relating to any Claim released hereby, (ii) participate, assist, or cooperate in any such action, or (iii) encourage, assist and/or solicit any third party to institute any such action.

I hereby acknowledge and agree that to the extent my information is incorrect or incomplete to any substantial degree, after reasonable diligence by the Lien Resolution Administrator, which results in the Lien Resolution Administrator being unable to properly verify coverage or identify Liens for which the Lien Resolution Administrator is responsible, then the Lien Resolution Administrator shall have no further responsibility for such unknown/unresolved Liens.

I acknowledge that the Trust is not providing any tax advice with respect to the receipt of the Award or any component thereof, and I understand and agree that I shall be solely responsible for compliance with all tax laws with respect to the Award, to the extent applicable.

By signing below, the Claimant acknowledges and agrees that the Proposed Allowed Claim Amount set forth in the Allowed Claim Notice shall serve as the final Allowed Claim Amount for the Claimant's Trust Claim. By signing below, the Claimant hereby knowingly, voluntarily, and irrevocably waives, releases, and discharges any and all rights to contest, object to, or otherwise challenge the final Allowed Claim Amount.

Claimant or Legal Representative Printed Name: William C. Watson

Claimant or Legal Representative Signature: Billy Watson

Date: 7/28/2026

Witnessed By: Soarz, J

In the State of Arizona
Appeared inmate Watson 197565
in person on July 28, 2026
and has been identified as such

Torres, J my commission expires 05-17-27

JORGE TORRES
Notary Public - Arizona
PIMA COUNTY
Commission # 650238
Expires May 17, 2027

-4- EXHIBIT #3

EXHIBIT #4

(1 Page)

the chapter 11 plan and settlement proposed in this case that the TCC did not support. The cash payments will be contributed to the PI/WD Trust over thirty (30) months following the Effective Date.

The PI/WD Trust Assets will be allocated among the Holders of allowed PI/WD Claims using trust distribution procedures (the "**PI/WD Trust Distribution Procedures**" or "**TDPs**"). The TDPs, which are set forth in the Disclosure Statement and are attached to the Plan, include a claims matrix and scaling factors that will be used to assign claim values to each eligible PI/WD Claim. For example, a PI/WD Claim based on wrongful death will be assigned a dollar value between $1.2 million and $1.597 million.

The PI/WD Trust Assets will be allocated on a *pro rata* basis to the Holders of allowed claims. For example, if the total amount of all allowed claims is $90 million, and the PI/WD Trust Assets available for distribution are worth $30 million, then a claimant will receive distributions equal to 33.3% of the value of his or her claim ($30 million / $90 million = 33.3%). The trust assets are the numerator and the total amount of allowed claims is the denominator. In this scenario (*i.e.*, assuming a payment percentage of 33.3%), the Holder of an allowed PI/WD Claim for wrongful death valued at $1.2 million would receive payments totaling $400,000.

Only claimants who have timely filed individual proofs of claim in the Chapter 11 Case will be eligible to participate in the PI/WD Trust. No additional trust funding is contemplated—*i.e.*, the PI/WD is a limited fund. If the universe of eligible claims unexpectedly expands after the Disclosure Statement is approved, then claimants who timely filed proofs of claim would see their recoveries diluted. The PI/WD Trust guardrails and eligibility criteria are intended to avoid such an outcome and ensure that expectations are consistent with actual outcomes.

The Disclosure Statement includes a range of possible payment percentages so that claimants will understand what their likely recoveries will be from the PI/WD Trust. Until all claims are allowed, and all trust assets are liquidated, the TCC cannot offer an amount certain for any individual claim. However, since at least $25 million of the PI/WD Trust Assets are cash contributions, the TCC can offer a "high" and a "low" with some degree of certainty given the current claimant population. One of the reasons why the TCC insisted on cash funding for the PI/WD Trust was so that the TCC could offer PI/WD Claimants a fair sense of their likely recoveries from the PI/WD Trust prior to plan voting and, more importantly, before PI/WD Claimants agree to the Consensual Claimant Release.

PI/WD Claimants who elect to participate in the PI/WD Trust can pursue recoveries from other co-liable parties, including governmental claimants. Participating in the PI/WD Trust does not cut off or limit a PI/WD Claimant's ability to pursue such recoveries. Participating in the PI/WD Trust is akin to entering into a good faith settlement with one of several defendants in the tort system. The plaintiff can continue to pursue co-liable defendants that do not settle.

However, PI/WD Claimants **cannot** "Opt Out" of the Consensual Claimant Release under the Plan and participate in the PI/WD Trust. Participating in the PI/WD Trust is akin to entering into a voluntary settlement with the Settling Parties and their insiders and affiliates. The Settling Parties and their non-debtor insiders and affiliates will **not** fund the settlement payments unless they receive a release similar in scope to the release that a claimant would be required to sign as a

condition to entering into a voluntary settlement outside of bankruptcy. The Consensual Claimant Release mirrors this type of release.

The TCC anticipates that most PI/WD Claimants will elect to participate in the PI/WD Trust and will not "Opt Out." This will afford such claimants with the ability to recover meaningful compensation from the Debtor in the near term and, if available, leave open the possibility of recovering additional amounts from other potentially liable parties. PI/WD Claimants that are considering this option should carefully review the Disclosure Statement and the TDPs and consult with their legal counsel before making any decisions.

The Insurance Opt Out Option

Second, Holders of PI/WD Claims may elect to pursue insurance recoveries in the tort system. This is referred to herein as the "**Insurance Opt Out**" and is further describe in Article IV.C of the Plan. Claimants who make this election may be entitled to seek a recovery on account of their PI/WD Claims from available insurance coverage in the tort system and may name the PI/WD Trust as a defendant in that litigation, *provided, however*, that these claimants may not name a Released Party as a defendant and these claimants will not receive a distribution from the PI/WD Trust so long as they remain "Insurance Opt Outs."

Claimants who make this election will still be deemed to provide the Consensual Claimant Release and are not ***true*** "Opt Outs" in this respect. Rather, their recoveries will be limited to available insurance coverage, if any, unless they elect to return or are deemed to return to the PI/WD Trust in accordance with the TDPs. By providing the Consensual Claimant Release, these claimants will have the ability to test the waters in the civil justice system to pursue insurance recoveries while, at the same time, retaining an ability to return to the PI/WD Trust under certain circumstances.

The TCC anticipates that PI/WD Claimants who make this election will promptly enter into mediation with potentially responsible insurers and other parties that may be co-liable for the applicable PI/WD Claims and that are also insureds under the policies. PI/WD Claimants that are considering this option should carefully review the Disclosure Statement and the TDPs and consult with their legal counsel before making any decisions.

The inclusion of the Insurance Opt Out was important to the TCC because it should provide PI/WD Claimants who have access to significant insurance recoveries with the ability to obtain those recoveries in a manner similar to what could happen if this Chapter 11 Case were converted to chapter 7 and no plan is confirmed. Thus, the Plan supported by the TCC and the UCC should satisfy the so-called "best interests" test under the Bankruptcy Code.

The True "Opt Out" to the Civil Justice System

Third, Holders of PI/WD Claims may elect to "Opt Out" entirely of the settlement and pursue claims against the Released Parties in the tort system. These claims are referred to as "**Opt-Out PI/WD Claims**" or ***true*** "Opt Outs." Holders of Opt Out PI/WD Claims will ***not*** receive any portion of the PI/WD Trust Assets.

INMATE MAIL: ARIZONA DEPARTMENT OF CORRECTIONS
Inmate WILLIAM C. WATSON II
ADC # 197505 4B18-L
Arizona State Prison Complex Tucson
Unit CIMARRON
801 E. JEFFERSON ST.
City PHOENIX AZ 85034

US POSTAGE
quadient
CORRECTION IMI
$001.65 0
09/19/2026 ZIP 85756
043M31258411

CLERK OF COURT
NATHAN OCHSNER
P.O. BOX-61010
HOUSTON, TX-77208

LEGAL MAIL
ARIZONA DEPARTMENT
OF CORRECTIONS

United States Courts
Southern District of Texas
FILED
OCT 05 2026
Nathan Ochsner, Clerk of Court

LEGAL MAIL