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

In re:	Chapter 11
TEHUM CARE SERVICES, INC.,[1]	Case No. 23-90086 (CML)
Debtor.	

RESPONSE BY THE PI/WD TRUSTEE TO MOTION TO AUTHORIZE JOINT FILING AND MOTION FOR RECONSIDERATION

Michael Zimmerman (the "PI/WD Trustee"),[2] the trustee for the Tehum Personal Injury Settlement Trust (the "PI/WD Trust"), by and through his undersigned counsel, hereby submits this Response ("Response") to the *Motion to Authorize Joint Filing* [ECF No. 2720] (the "Joint Filing Motion") and the *Motion for Reconsideration* [ECF No. 2721] (the "Reconsideration Motion," and together with the Joint Filing Motion, the "Motions") filed by Wayne Douglas Merkley ("Merkley") and Stephen Floyd Ullrich ("Ullrich"). Merkley and Ullrich may each be referred to herein as a "Claimant" and collectively as the "Claimants."

PRELIMINARY STATEMENT

The Claimants ask the Court to reconsider the PI/WD Trustee's determination that their PI/WD Trust Claims are ineligible for compensation and to permit them to proceed jointly. The Plan and PI/WD Trust Documents, however, provide the exclusive process for resolving PI/WD Trust Claims and expressly establish reconsideration through the PI/WD Trust's ADR Procedures for disputes concerning claim eligibility. Because the Reconsideration Motion was filed within

[1] The last four digits of the Debtor's federal tax identification number is 8853. The Debtor's service address is: 205 Powell Place, Suite 104, Brentwood, Tennessee 37027.

[2] Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Plan and the PI/WD Trust Documents.

ninety (90) days after the Claimants received their Disallowed Claim Notices and seeks reconsideration of claim eligibility, the PI/WD Trustee has treated the Claimants' Reconsideration Motion as a timely Reconsideration Request by each Claimant. The PI/WD Trustee has already processed the Claimants' requests for reconsideration and has scheduled arbitration in accordance with the TDPs and ADR Procedures. The Court therefore need not independently reconsider the merits of either Claim, and the relief requested in the Reconsideration Motion and the Joint Filing Motion should be denied.

RELEVANT BACKGROUND

1. On February 13, 2023 (the "Petition Date"), Tehum Care Services, Inc. f/k/a Corizon Health Services (the "Debtor") filed its voluntary petition for relief under chapter 11 of the Bankruptcy Code in this Court (the "Bankruptcy Case").

2. On February 28, 2025, the Debtor, the Tort Claimants' Committee, and the Official Committee of Unsecured Creditors filed the First Modified Joint Chapter 11 Plan of Reorganization [ECF No. 2010-1] (the "Plan").

3. On March 3, 2025, the Court entered the Order Confirming the First Modified Joint Chapter 11 Plan of Reorganization [ECF No. 2014] (the "Confirmation Order"). The Confirmation Order approved the PI/WD Trust Agreement and authorized establishment of the PI/WD Trust to administer, process, settle, resolve, liquidate, satisfy, and pay Allowed Channeled PI/WD Trust Claims in accordance with the Plan and the PI/WD Trust Documents. *See* Confirmation Order ¶¶ 25–26; Plan art. IV.F.2(d), (f)–(g).

4. The Confirmation Order further provided that, on the Effective Date, the TDPs became effective and authorized the PI/WD Trustee to implement the TDPs in accordance with the PI/WD Trust Documents to reach fair, reasonable, and equitable settlements with holders of

Allowed Channeled PI/WD Trust Claims. Confirmation Order ¶ 26.

5. The Plan became effective on March 31, 2025 [ECF No. 2088] (the "Effective Date"). As of that date, the PI/WD Trust and the TDPs became operative in accordance with the Plan, Confirmation Order, and PI/WD Trust Agreement.

6. The PI/WD Trust Agreement identifies the Confirmation Order, the Plan, the PI/WD Trust Agreement, and its exhibits, including the Trust Distributions Procedures for Personal Injury Claims (the "TDPs"), as the governing "Trust Documents." PI/WD Trust Agreement §§ 1.1–1.2.

7. On August 19, 2026, the PI/WD Trust Claims Administrator sent each Claimant a Notice of Disallowed Claim (each, a "Disallowed Claim Notice"), advising that the information and documentation submitted by each Claimant did not support a claim for medical malpractice against the Debtor. Accordingly, the Disallowed Claim Notices advised that the PI/WD Trustee had determined that each Claimant's PI/WD Trust Claim failed to satisfy the criteria required under the TDPs to receive a distribution from the PI/WD Trust.

8. On September 2, 2026, fourteen (14) days after the Disallowed Claim Notices, the Claimants filed the Motions. The Reconsideration Motion challenges the PI/WD Trustee's eligibility determinations and asks the Court to reconsider those determinations. The Joint Filing Motion asks that the Claimants be permitted to proceed jointly.

9. The Claimants' Reconsideration Requests were submitted for arbitration pursuant to the procedures established by the PI/WD Trust Agreement and the TDPs. Arbitration instructions were provided to the Claimants. **A pre-arbitration conference is scheduled for October 19, 2026**. The arbitration hearing will be scheduled after completion of the pre-arbitration conference.

RESPONSE

The Plan and PI/WD Trust Documents establish the exclusive procedures for the administration and resolution of PI/WD Trust Claims. The PI/WD Trust Agreement requires claims asserted against the Debtor that are administered by the PI/WD Trust to be resolved exclusively in accordance with the TDPs. PI/WD Trust Agreement § 1.2. The Plan likewise gives the PI/WD Trustee and his designees or representatives the exclusive right, on and after the Effective Date, to object to, allow, or otherwise resolve PI/WD Trust Claims administered by the PI/WD Trust, subject to the Plan and PI/WD Trust Documents. Plan art. IV.F.2(f).

The TDPs identify the threshold and evidentiary requirements for a PI/WD Trust Claim. Article IV.C requires, among other things, a timely and personally verified Proof of Claim that is free of material defect such that the PI/WD Trustee can determine that the claim is prima facie valid and is not barred by an applicable statute of limitations or repose. TDPs art. IV.C. For a Personal Injury Claim, Article VI.A further requires that the claim be valid under applicable state or federal law and not subject to disallowance or subordination under applicable law. TDPs art. VI.A. The claimant must also provide medical records or other medical evidence sufficient to support a diagnosis or treatment of the alleged injury, a description and timeline of the injury or treatment, and evidence of incarceration at a facility where the Debtor or its predecessor provided medical services and the approximate dates of incarceration. TDPs art. VI.B. Where a submission lacks presumptively reliable evidence or additional evidence is reasonably required to establish validity or amount, the PI/WD Trust may issue a deficiency notice, and failure to provide requested information is grounds for disallowance. TDPs arts. IV.F–G.

The TDPs specifically prescribe the procedure for reconsideration. A claimant may request reconsideration of a determination that a Submitted Claim is ineligible for compensation

within ninety (90) days after receipt of a Disallowed Claim Notice. TDPs art. IV.K. Disputes over the validity of a PI/WD Trust Claim are eligible for reconsideration and resolution under the ADR Procedures, and the claimant may submit further evidence as part of that process. *Id*. The PI/WD Trust Agreement correspondingly requires the PI/WD Trustee to develop non-binding arbitration procedures to resolve Reconsideration Requests. PI/WD Trust Agreement § 4.1(b).

The Claimants filed the Reconsideration Motion within fourteen (14) days after the Disallowed Claim Notices. Although the Reconsideration Motion was filed with the Court rather than submitted to the PI/WD Trust as contemplated by Article IV.K of the TDPs, without waiving any requirements contained in the Plan or PI/WD Trust Documents, the PI/WD Trustee has treated the Reconsideration Motion as a timely Reconsideration Request by each Claimant, and the Reconsideration Requests were submitted for arbitration in accordance with the TDPs and ADR Procedures.

Treating the Reconsideration Motion as a Reconsideration Request does not constitute an allowance of either Claim, a determination that either Claimant satisfies the TDPs, or a concession regarding the sufficiency of any evidence submitted by either Claimant. Those matters will be addressed through the reconsideration process established by the Trust Documents.

The Reconsideration Motion should not create a parallel avenue for review by the Court. The confirmed Plan and PI/WD Trust Documents require PI/WD Trust Claims to be resolved exclusively through the TDPs, and Article IV.K establishes the specific mechanism for reconsidering eligibility determinations. At the conclusion of the ADR Procedures, the Allowed Claim Amount, if any, set by the PI/WD Trustee constitutes a "Final Determination," and the TDPs expressly provide that "[i]n no event will a Trust Claim that has completed the reconsideration process be subject to any further reconsideration." TDPs art. IV.K. Thus, the

Claimants may pursue reconsideration through the ADR Procedures, but they may not obtain an additional or parallel reconsideration of their eligibility determinations from the Court or through another procedure outside the TDPs.

The Joint Filing Motion should likewise be denied. The ADR Procedures expressly provide that, as a general matter, "there shall be no grouping or bundling of claims by separate Claimants at any stage of the ADR even if the claims are related," and that "[e]ach Claimant must proceed individually through the ADR process." ADR Procedures § V.B. Although the PI/WD Trustee, in his sole discretion, may permit an arbitration proceeding involving more than one claimant if he determines that doing so would be expeditious, the ADR Procedures do not give Claimants a right to joint reconsideration. *Id.* Accordingly, filing the Joint Filing Motion does not alter the applicable ADR Procedures, and each Claimant's Reconsideration Request will be administered in accordance with those procedures.

Because the PI/WD Trustee has treated the Reconsideration Motion as a timely Reconsideration Request by each Claimant and the Reconsideration Requests have been submitted for arbitration under the exclusive reconsideration procedures established by the Plan and PI/WD Trust Documents, the Court should deny the Reconsideration Motion and the Joint Filing Motion.

CONCLUSION

For the foregoing reasons, the PI/WD Trustee respectfully requests that the Court deny the Motions and grant such other and further relief as the Court deems appropriate.

Dated: October 15, 2026
Phoenix, AZ

Respectfully submitted,

NACH, RODGERS, HILKERT & SANTILLI

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COUNSEL FOR THE PI/WD TRUST

CERTIFICATE OF SERVICE

I certify that on October 15, 2026, I caused a true and correct copy of the foregoing document to be served by the Court's CM/ECF notification system, which will send notice of electronic filing to all counsel of record. I further caused a true and correct copy of the foregoing document to be served on October 15, 2026 by U.S. Mail to the following addresses:

Wayne D. Merkley
#87699 Idaho State Correctional Institution Medical Annex
P.O. Box 14
Boise, ID 83707

Stephen Floyd Ullrich
#56989 Idaho State Correctional Institution Medical Annex
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/s/ Becca Casteel