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 WILLIAM C. WATSON II'S MOTION TO COMPEL AND RELATED FILINGS

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, submits this Response (the "Response") to the *Motion to Compel* [ECF No. 2741] (the "Motion") filed by William C. Watson II ("Watson").[3]

PRELIMINARY STATEMENT

Watson received an initial distribution from the PI/WD Trust after submitting an executed Acceptance and Release. Through the Motion, he now seeks to compel an additional distribution. The confirmed Plan and PI/WD Trust Documents govern the timing and amount of distributions and do not entitle an individual claimant to compel a supplemental distribution. Instead, the PI/WD Trustee must assess available assets, outstanding and anticipated liabilities, pending claims, reserves, and the treatment of similarly situated claimants before determining whether and when a supplemental distribution may be made from the PI/WD Trust. PI/WD Trust Agreement §§ 2.1(a),

[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.
[3] The PI/WD Trustee also addresses Watson's earlier filings [ECF Nos. 2703, 2709, and 2710] although the PI/WD Trustee does not believe the filings seek relief against the PI/WD Trust.

4.2–4.3; TDPs Art. VIII.

Following the Settlement Parties' default on their funding obligations, the PI/WD Trust and GUC Trust commenced recovery litigation that remains pending in this Court. The PI/WD Trust must maintain adequate reserves and presently lacks adequate funds to make a second distribution to all Allowed Claimants, while balancing the need to pursue claims for recovery and administrative obligations. The PI/WD Trust has not established a date for a future supplemental distribution. The PI/WD Trustee therefore requests denial of the Motion and objects to any relief sought against the PI/WD Trust in Watson's earlier filings.

RELEVANT BACKGROUND

1. On February 13, 2023 (the "Petition Date"), Tehum Care Services, Inc. f/k/a Corizon Health, Inc. (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 February 25, 2026, the PI/WD Trust and the GUC Trust filed a Notice of Settlement Payment Default and Settlement Payment Default Cure Notice [ECF No. 2612], reporting that the Settlement Parties had failed to make the $2,012,022.75 installment due on February 17, 2026.

8. On April 27, 2026, following the uncured settlement default, the PI/WD Trustee, the GUC Trustee, and the Post-Effective Date Debtor commenced an adversary proceeding against certain Settlement Parties and other defendants to recover the remaining unpaid balance of the Settlement Payment and to pursue other Retained Causes of Action (the "Recovery Action"). *See* Complaint [Adv. Pro. No. 26-03138, ECF No. 1]. The Recovery Action is pending before this Court.

9. The PI/WD Trust also timely filed a proof of claim in the YesCare bankruptcy which included amounts due and owing on the Settlement Payment.

10. On April 10, 2026, the PI/WD Trust Claims Administrator mailed Watson correspondence including a Notice of Designated Tier and Interim Distribution (the "Tier Notice")

and a Settlement Agreement and Release. *See* ECF No. 2709 (April 10, 2026 correspondence attached thereto).

11. The Tier Notice informed Watson that his claim was designated a Tier 4 Allowed Claim with a scaling factor of 1.0, which entitled him to an initial distribution of $2,020.86.

12. The Tier Notice further informed Watson that the Settlement Parties defaulted on their Installment Settlement Payments and that as a result of the default, the amount and timing of any future distributions were uncertain. *See* ECF No. 2709 (April 10, 2026 correspondence attached thereto).

13. On July 28, 2026, Watson executed and returned the executed Acceptance and Release to the PI/WD Trust Claims Administrator. *See* ECF No. 2741. On that same date, Watson filed a motion addressing his prison-mail issues, his request for legal assistance, and a request for additional time [ECF No. 2703]. Watson's July 28, 2026 filing does not request relief from the PI/WD Trust.

14. On August 10, 2026, Watson filed a motion captioned "Motion for Reconsideration" seeking additional time to pursue claims against third parties YesCare Corp., its wholly-owned subsidiaries (including CHS TX, Inc.) and Isaac Lefkowitz [ECF No. 2709], and a separate motion seeking additional time concerning those asserted claims [ECF No. 2710]. Neither of these filings request relief from the PI/WD Trust or the PI/WD Trustee.

15. On August 17, 2026, Watson received an initial distribution in the amount of $2,020.86 by wire transfer, as Watson acknowledges in the Motion.

16. On October 5, 2026, Watson filed the Motion, requesting an order compelling the PI/WD Trust to make an additional distribution.

RESPONSE

The Plan and PI/WD Trust Documents prescribe the exclusive administrative framework for determining, resolving, and paying PI/WD Trust Claims. The PI/WD Trust Agreement provides that claims administered by the Trust are resolved in accordance with the TDPs. PI/WD Trust Agreement § 1.2. The Plan grants the PI/WD Trustee and his designees the exclusive right to object to, allow, or otherwise resolve PI/WD Trust Claims, subject to the Plan and Trust Documents. Plan Art. IV.F.2(f). The Court retains jurisdiction to enforce the Plan, but that retention does not substitute the payment procedures adopted under the confirmed Plan.

The Trust Documents expressly distinguish allowance and valuation of a Personal Injury Claim from the percentage of its value that can be distributed. Because the total liabilities and Trust Assets are uncertain, the PI/WD Trust Agreement states that "no guarantee can be made as to the total payment the PI/WD Trust will be able to pay for any Allowed Trust Claim." PI/WD Trust Agreement § 4.2(a). The PI/WD Trustee periodically reviews the Trust's financial circumstances and determines the timing and amount of distributions based upon available Trust Assets, outstanding and anticipated liabilities, pending claims, necessary reserves, and the equitable treatment of similarly situated claimants. PI/WD Trust Agreement §§ 4.2–4.3; TDPs art. VIII.

The PI/WD Trust received only a small portion of the Installment Settlement Payments that were required by the Plan, which provided sufficient funds to make an initial distribution to eligible claimants. However, under § 4.3(a) of the PI/WD Trust Agreement, supplemental distributions require the PI/WD Trustee to determine that current estimates of PI/WD Trust assets, liabilities, and necessary reserves warrant additional distributions. Moreover, not all Allowed Claims have been paid an initial distribution because certain Claimants have requested arbitration

of their tiering designations. As a result of the Settlement Parties' default on their remaining payment obligations, the PI/WD Trust does not presently have sufficient available funds to make a supplemental distribution without jeopardizing its continued administration. Accordingly, absent additional recoveries, the PI/WD Trustee is not presently in a position to make any such distribution as Watson requests in his Motion. *See* PI/WD Trust Agreement §§ 4.2(b), 4.3(a); TDPs art. VIII.C.

The Recovery Action remains pending in this Court, and the PI/WD Trust has asserted a claim in YesCare's bankruptcy for amounts including the unpaid Settlement Payment balance. The existence of these recovery efforts does not mean that the disputed funds have been collected or are presently available for distribution. The PI/WD Trust cannot distribute the Settling Parties' defaulted funding obligations. At the same time, the PI/WD Trustee must maintain adequate reserves to fund the continued administration of the PI/WD Trust, including the ongoing processing and resolution of claims, arbitration, annual taxes and audits, litigation, and responding to beneficiary filings such as the instant Motion. PI/WD Trust Agreement §§ 2.1(a), 2.1(d)(viii)–(x), 3.1(c).

Watson received his initial payment after submitting the required Acceptance and Release. *See* ECF No. 2741; TDPs art. VIII.D. That payment did not create an independent entitlement to a second payment, and the PI/WD Trustee has established no timetable for further distributions. Compelling a payment to Watson now would bypass the contractual payment-percentage process and risk preferential treatment relative to other beneficiaries of the PI/WD Trust.

RESERVATION OF RIGHTS

ECF Nos. 2703, 2709, and 2710 seem to principally address mail access, timing, legal representation, and Watson's asserted rights against third parties, not the PI/WD Trust.

Accordingly, the PI/WD Trustee reserves all rights and defenses regarding those filings and the scope and effect of Watson's executed Acceptance and Release.

CONCLUSION

For these reasons, the PI/WD Trustee respectfully requests that the Court deny the Motion [ECF No. 2741], deny any relief sought against the PI/WD Trust in ECF Nos. 2703, 2709, and 2710 to the extent such relief is requested, and grant such other 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:

William C. Watson II
Inmate ID #197565
ASPC–Tucson, Winchester Unit (904-L)
801 E. Jefferson St.
Phoenix, AZ 85034

William C. Watson II
ADC #197565 – 4B18-L
ASPC–Tucson, Winchester Unit – Cimarron
801 E. Jefferson St.
Phoenix, AZ 85034

/s/ Becca Casteel