Docket #0518 Date Filed: 09/01/2026

IT IS ORDERED as set forth below:

Date: August 31, 2026

Sage M. Sigler
U.S. Bankruptcy Court Judge

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

In re:	CASE NUMBER
WELLMADE FLOOR COVERINGS INTERNATIONAL, INC., et al.,	**25-58764-SMS**
	(Jointly Administered)
Debtors.[1]	CHAPTER 11

ORDER DENYING DEBTORS' MOTION TO RECONSIDER ORDER GRANTING HAITAO LI'S MOTION FOR LEAVE

Before the Court is the *Motion to Reconsider Order Regarding Haitao Li's Motion for Leave to File Late Proofs of Claim* (the "Motion," Doc. 474) filed on behalf of Wellmade Floor Coverings International, Inc., et al. ("Debtors") on August 3, 2026. In the Motion, Debtors ask the Court to reconsider its *Order Regarding Creditors' Motions for Leave to File Late Proofs of Claim* (the

[1] Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, include: Wellmade Industries MFR, N.A. LLC (1058) and Wellmade Floor Coverings International, Inc. (8425). The mailing address for Debtors for purposes of these chapter 11 cases is: 1 Wellmade Drive, Cartersville, GA 30121.

"Late Claim Order," Doc. 457) granting the *Motion for Allowance to File Late Proof of Claim* filed by Haitao Li ("Mr. Li's Motion," Doc. 395) to the extent that Claim Nos. 142 and 148 are deemed timely filed. The Late Claim Order was entered on July 20, 2026, following June 17 and July 16, 2026 hearings on Mr. Li's Motion. Debtors seek relief under Fed. R. Civ. P. ("Rule") 59, made applicable here by Fed. R. Bankr. P. 9023, on the bases that: (1) Mr. Li failed to disclose his arguments and evidence until the July 16 hearing; (2) Mr. Li was aware of the Debtors' bankruptcy proceeding in January 2026 and is estopped from arguing to the contrary; and (3) Mr. Li's version of events is not credible. The findings and conclusions set forth in the Court's Late Claim Order are incorporated into this Order by reference as if fully set forth herein.[2] For the reasons set forth below, Debtors' Motion is denied.[3]

I. LEGAL STANDARD

A. Standard for Reconsideration; Burden of Proof

The Eleventh Circuit and courts under it have consistently observed that relief under Rule 59(e) may be granted only upon the movant showing newly discovered evidence or manifest errors of law or fact. *In re Kellogg*, 197 F.3d 1116, 1119 (11th Cir. 1999); *Arthur v. King*, 500 F.3d 1335, 1343 (11th Cir. 2007); *Jacobs v. Tempur-Pedic Int'l, Inc.*, 626 F.3d 1327, 1344 (11th Cir. 2010); *Rohrig Invs., LP v. Knuckle P'ship, LLLP (In re Rohrig Invs., LP)*, 584 B.R. 382, 390 (Bankr. N.D. Ga. 2018). Evidence is not "newly" discovered within the meaning of Rule 59(e) merely because the movant discovered the evidence after judgment was entered. *See Carn v. Audientis LLC (In re SpecAlloy Corp.)*, 585 B.R. 916, 920 (Bankr. M.D. Ala. 2018); *see, e.g.*, *Richards v. Wells Fargo Bank (In re Richards)*, No. 09-69716-WLH, 2012 Bankr. LEXIS 2806, at *19–21 (Bankr. N.D.

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[2] Defined terms not defined herein shall have the meaning ascribed to them in the Late Claim Order.

[3] Debtors contacted chambers requesting a hearing date for the Motion, but the Court determined no hearing was necessary and would be an inefficient use of the estates' resources.

Ga. June 7, 2012) (denying debtor's motion for reconsideration based on new evidence when debtor was aware of the issue and the evidence would have been discovered through "routine discovery requests"). If the evidence was available or reasonably discoverable at the time judgment was entered, a movant must show "that counsel made a diligent yet unsuccessful effort to discover the evidence." *Carn,* 585 B.R. at 920 (internal quotation omitted). A motion for reconsideration based on a manifest error of law or fact may be granted if the movant demonstrates the court wholly disregarded, misapplied, or failed to recognize controlling precedent in reaching its decision. *See Shuler v. Garrison*, 718 F. App'x 825, 828 (11th Cir. 2017); *Richards*, at *18.

Rule 59(e) motions are not routinely granted. A court retains significant discretion when determining whether to alter or amend a judgment. *In re Farnham*, 666 B.R. 693, 698 (Bankr. M.D. Ga. 2024) (citing *Am. Home Assurance Co. v. Glenn Estess & Assocs., Inc.*, 763 F.2d 1237, 1238–39 (11th Cir. 1985)). The movant bears the burden of proof to "set forth facts or law of a strongly convincing nature to induce the court to reverse its prior decision." *Id.* at 698 (quoting *Gold Cross EMS, Inc. v. Child.'s Hosp. of Ala.*, 108 F. Supp. 3d 1376, 1379 (S.D. Ga. 2015); *see also Mannings v. Sch. Bd. of Hillsborough Cnty., Fla.*, 149 F.R.D. 235, 235 (M.D. Fla. 1993) ("The burden is upon the movant to establish the extraordinary circumstances supporting reconsideration.").

II. ANALYSIS

A. Debtors Offer No Newly Discovered Evidence

Debtors aver they were "surprise[d]" by Mr. Li's testimony at the July 16 hearing that he was directed by Debtors' management to not use a qq.com email address in the United States (the "Directive"). Debtors claim that Mr. Li, by not raising the issue of the Directive before the July 16 hearing, "depriv[ed] the Debtors of an opportunity to prepare for the hearing." Doc. 474, ¶ 23. The Court disagrees.

Mr. Li filed his motion on June 8, 2026, and the Court held an initial hearing on June 17, 2026. At the initial hearing, the Court asked the parties their scheduling preferences for the final evidentiary hearing and Debtors indicated they preferred that the final hearing occur before Debtors' July 21 disclosure statement approval hearing. Without opposition from other parties, the Court accommodated Debtors' request and scheduled the final hearing for July 16, 2026. Ultimately, the final evidentiary hearing on Mr. Li's Motion was held six weeks after he filed the Motion and four weeks after the initial hearing. Debtors claim Mr. Li "had ample opportunity [to disclose the Directive] given that he filed two replies to the Debtors' Response." *Id.* at ¶ 23-24. But ample time for Mr. Li was also ample time for Debtors to conduct discovery.

Mr. Li's papers filed with the Court prior to the hearings indicated that he had not received notice of the Bar Date. The dispute between Debtors and Mr. Li has, from the outset, concerned whether the notice to Mr. Li was adequate. After the initial hearing, Debtors were aware that the Court would have two primary factual inquiries at the July 16 hearing. First, whether Mr. Li received the bar date notice (the "Bar Date Notice," Doc. 222) in the mail and if not, why not? Second, whether Mr. Li received the emailed Bar Date Notice and if not, why not? Debtors questioned Mr. Li about the emailed Bar Date Notice at trial, demonstrating they were aware of

the Court's second area of focus. In response to Debtors' inquiries about why he had not received the email notice, Mr. Li testified about the Directive.

After the July 16 hearing, Debtors continued investigating Mr. Li's testimony regarding the Directive. Debtors claim their investigation determined Mr. Li's assertions "meritless" based on a declaration by Hong Lan Sun, a former employee of a non-debtor affiliate (the "Declaration"). Debtors assert they obtained Ms. Sun's Declaration after the July 16 hearing in response to Mr. Li's trial testimony. But Debtors offer no reason this evidence could not have been obtained prior to the hearing.

Had Debtors asked Mr. Li the same questions at deposition as they did at trial, they presumably would have discovered the Directive and could have obtained Ms. Sun's testimony for the July 16 hearing. Had Debtor conducted discovery, they could perhaps show "a diligent yet unsuccessful effort to discover the evidence" prior to the July 16 hearing.[4] *See Carn*, 585 B.R. at 920 (Bankr. M.D. Ala. 2018) (internal quotation omitted). But Debtors proceeded to their requested final hearing date without attempting to discover additional facts. Their surprise at Mr. Li's Directive testimony is not a basis to determine that Ms. Sun's Declaration presents newly discovered evidence within the meaning of Rule 59(e).[5]

Mr. Li's testimony regarding the Directive was credible and uncontroverted. The Court has no reason to believe either that Mr. Li would have testified differently about the Directive if deposed or would have testified differently at trial had Debtors deposed him prior. Debtors may

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[4] Nor did Debtors request a continuance of the hearing to allow for the presentation of further evidence before the Court took the matter under advisement and issued its ruling.

[5] Debtors assert their surprise in learning of the Directive at the July 16 hearing constitutes "surprise" under Rule 60(b), made applicable here by Fed. R. Bankr. P. 9024. Surprise describes "[a]n occurrence for which there is no adequate warning or that affects someone in an unexpected way." Black's Law Dictionary (11th ed. 2019). Debtors had adequate warning that Mr. Li would testify at the July 17 hearing and had adequate opportunity to depose Mr. Li prior to the hearing. Thus, Mr. Li's testimony did not "surprise" Debtors within the meaning of Rule 60.

have failed to learn about the Directive until Mr. Li's cross examination, but Debtors' late discovery does not mean the Directive is newly discovered evidence under Rule 59(e) and does not provide a basis to reconsider the Late Claim Order.

B. Mr. Li's Testimony is Credible

Debtors argue Mr. Li's version of events is not credible. Debtors emphasize that Mr. Li left Wellmade's employment and company housing in March 2025[6] and was served with the Claim Package in October 2025. *See* Doc. 474, ¶ 33. It follows, Debtors argue, that Mr. Li's assertion that he did not check his 91771095@qq.com email address pursuant to Wellmade's Directive "rings hollow" because he "would have no reason to follow Wellmade's directive regarding his email address" after he left company housing. *Id.*

But Debtors' argument avoids the Court's conclusion that Debtors failed to satisfy their obligation to provide notice to Mr. Li that was "reasonably calculated, under all the circumstances, to apprise [Mr. Li] of the pendency of the action." *See In re Vital Pharms., Inc.*, No. 22-17842, 2026 WL 1529022, at *7 (Bankr. S.D. Fla. May 29, 2026) (citing *Mullane v. Central Hanover Bank & Trust Co.*, 339 U.S. 306, 314 (1950)). Providing email notice to Debtors' former employees was a backup method intended to provide notice to parties for whom Debtors could not locate a mailing address. The Court authorized such email notice based upon Debtors' representations that they had valid email addresses for the former employees. But the email notice was not the primary method of service approved by the Court—it was a backstop.

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[6] Mr. Li's consistent and uncontroverted testimony at trial was that he left Wellmade's employ on May 23, 2025, and moved out of company housing the same day. Mr. Li tied this to the date he received authorization to work in the United States for an employer other than Wellmade. *See* Late Claim Order at n.7. Debtors' Motion and the attached declaration indicate that Mr. Li left Wellmade's employ on March 26, 2025, without providing further detail or documentation. It is unclear who has the date wrong, but the evidentiary record was closed at the conclusion of the July 16 hearing and whether Mr. Li left in March or May would make no difference in the Court's decision to deem Mr. Li's claims timely filed.

Mailing the Bar Date Notice to an address at which the Debtors knew Mr. Li did not live and emailing it to an email address Debtors directed Mr. Li not to use was not "reasonably calculated" to provide Mr. Li with notice of the Bar Date. Beyond the Directive, Mr. Li's testimony was that the email address was created and provided to Wellmade for the purpose of obtaining a bank account; it was not Mr. Li's regularly used email address. That Mr. Li, after he left Wellmade's employ, should have started monitoring an unused email address, which he had never used to communicate with Debtors, for communications from Debtors—just in case Debtors sent him a notice—is preposterous.

Mr. Li's testimony at the July 16 hearing about both the Directive and when he became aware of these bankruptcy cases was credible. Debtors are hung up on the fact that Mr. Li's papers indicated that he learned about "the bankruptcy" in January 2026. Debtors argue that because Mr. Li indicated as much in his filings he should be judicially estopped from testifying otherwise.[7] The Court already addressed this discrepancy in the Late Claim Order. *See* Late Claim Order, n.6. Mr. Li testified that he learned that other former employees were asserting overtime claims against Wellmade in January 2026, but did not learn about the bankruptcy proceedings until May.

To determine whether a litigant should be judicially estopped from asserting an inconsistent position, the Court must look at the "totality of the circumstances." *Keathley v. Buddy Ayers Constr., Inc.*, 146 S. Ct. 1532, 1540 (2026). Debtors knew most of their former employees have very limited English vocabulary. And both the Court and Debtors were aware that Mr. Li,

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[7] In asserting this position, Debtors seem to assume that if Mr. Li had known about the bankruptcy proceedings in January, his claim would not have been deemed timely filed. But the Court did not, and need not, make a determination as to whether the filing of Mr. Li's Motion in June 2026 would have been a reasonable delay under the circumstances following a January 2026 discovery of the bankruptcy case. Indeed, once Mr. Li clarified that he did not know about the bankruptcy proceedings until May 2026, he abandoned his arguments that an attorney involved in the case misled him to believe he was represented by counsel in asserting an overtime claim against Wellmade during the intervening months. Had the Court concluded that Mr. Li knew of the bankruptcy case in January, evidence regarding the communications between Mr. Li and that counsel would have been relevant to the Court's analysis.

proceeding *pro se*, was using electronic translation resources to draft his documents. That a non-English speaking creditor in Mr. Li's situation could inadvertently include a misstatement in English regarding the nature of an unfamiliar legal proceeding is credible. That he could not simply review the translation for accuracy because he cannot read English is uncontroverted, and the Court finds credible Mr. Li's testimony that while he was aware of legal proceedings against the Debtors generally in January 2026, he did not become aware they were in the context of a bankruptcy case until May. Under these circumstances, the Court will not estop Mr. Li from clarifying the factual assertions contained in his filings during in-person sworn testimony. The Court believes that Mr. Li's testimony on July 16 clarified what he submitted to the Court in writing via electronic translation. Debtors' argument otherwise is not compelling and offers no basis to reconsider the Late Claim Order.

C. Debtors Have Not Shown a Manifest Error of Law or Fact

Debtors argue that the Court should reconsider the Late Claim Order "[t]o avoid manifest error." Doc. 474, ¶ 30. Debtors explain that "Li's timeline of events is not an adequate basis for relief. Reliance on his factual assertions would be manifest error." *Id.* at ¶ 31. The Court disagrees for two reasons.

First, in deeming Mr. Li's claims as timely filed, the Court did not simply rely only on Mr. Li's timeline and testimony. The Court recognized controlling precedent, analyzed all relevant factors, and considered the evidence and arguments submitted by all involved parties. Second, Debtors do not point to any law or precedent supporting their argument that the Court wholly disregarded, misapplied, or failed to recognize in allowing and considering Mr. Li's uncontroverted testimony or deeming Mr. Li's claims timely filed.

The Court did not overlook the issue of the Directive or whether the Bar Date Notice was adequate in the Late Claim Order. Debtors simply disagree with the Court's conclusion. But mere disagreement with a court's judgment is not a basis for relief under Rule 59(e), and Debtors' Motion must be denied.

III. CONCLUSION

None of the evidence Debtors submitted with their Motion is newly discovered, and Debtors have not shown the Late Claim Order relied on a manifest error of law or fact. Mr. Li's testimony about the Directive was reasonably discoverable by Debtors prior to the July 16 hearing. Debtors' choice not to depose Mr. Li does not render his testimony a surprise or newly discovered evidence under Rules 59 or 60, and Debtors have not shown that the Court misunderstood or misapplied applicable law or Mr. Li's July 16 testimony. Debtors' Motion does not meet the standards set forth under Rules 59 or 60 and must therefore be denied. Accordingly, it is

ORDERED that Debtors' Motion (Doc. 474) is **DENIED**.

END OF DOCUMENT

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