

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE MIDDLE DISTRICT OF TENNESSEE
NASHVILLE DIVISION**

In re:

Curae Health, Inc., *et al.*¹

1721 Midpark Road, Suite B200
Knoxville, TN 37921

Debtors.

Chapter 11

Case No. 18-05665

Judge Walker

Jointly Administered

STEVEN D SASS LLC, in its capacity as
Liquidating Trustee and Debtor
Representative,

Plaintiff,

v.

Windham, Thomas L., M.D.,

Defendant.

Adv. No. _____

**COMPLAINT TO AVOID AND RECOVER TRANSFERS
PURSUANT TO 11 U.S.C. §§ 547 AND 550 AND TO DISALLOW
CLAIMS PURSUANT TO 11 U.S.C. § 502**

Plaintiff, Steven D Sass LLC, in its capacity as Liquidating Trustee and Debtor Representative (the “Plaintiff” or “Trustee”) for the estate of Curae Health, Inc., *et al.* (the “Debtors”), by way of complaint against Windham, Thomas L., M.D. (the “Defendant”), alleges as follows:

¹ The Debtors in these chapter 11 cases (the “Chapter 11 Cases”), along with the last four digits of each Debtor’s federal tax identification number, are Curae Health, Inc. (5638); Amory Regional Medical Center, Inc. (2640); Batesville Regional Medical Center, Inc. (7929); and Clarksdale Regional Medical Center, Inc. (4755); Amory Regional Physicians, LLC (5044); Batesville Regional Physicians, LLC (4952); Clarksdale Regional Physicians, LLC (5311).

NATURE OF THE ACTION

1. Plaintiff seeks to avoid and recover from Defendant, or from any other person or entity for whose benefit the transfers were made, all preferential transfers of property of the Debtors that occurred during the Preference Period (defined below) pursuant to sections 547 and 550 of chapter 5 of title 11 of the United States Code (the “Bankruptcy Code”).

2. In addition, Plaintiff seeks to disallow, pursuant to sections 502(d) and (j) of the Bankruptcy Code, any claim that Defendant has filed or asserted against the Debtors or that has been scheduled for Defendant until such time as Defendant pays to Plaintiff the amount equal to the Preferential Transfers (defined below). Plaintiff reserves all of its rights and the rights of the Debtors and the Trustee to object to any such claim for any reason.

JURISDICTION

3. This is an adversary proceeding seeking the entry of money judgments against the Defendant.

4. This adversary proceeding arises in and relates to the above-captioned Chapter 11 Cases now pending in this District.

5. This Court has jurisdiction over this adversary proceeding pursuant to 28 U.S.C. § 1334.

6. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A), (F) and (O). To the extent that this matter is not a core proceeding, this Court has jurisdiction over this matter because it is related to the Chapter 11 Cases.

7. Venue of this adversary proceeding in this District is proper pursuant to 28 U.S.C. § 1409.

8. The statutory predicates for the relief sought herein are sections 502, 547 and 550 of the Bankruptcy Code.

9. Plaintiff consents to the entry of final orders or judgments by this Court.

PARTIES

10. On August 24, 2018 (the “Petition Date”), the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code with the United States Bankruptcy Court for the Middle District of Tennessee.

11. On September 6, 2018, the Office of the United States Trustee appointed the Official Committee of Unsecured Creditors (the “Committee”) pursuant to 11 U.S.C. §§ 1102(a) and 1102(b)(1). [Dkt. No. 112].

12. On March 4, 2019, the Debtors and the Committee filed the *Joint Chapter 11 Plan of Liquidation* (the “Plan”).² The Plan provided that upon the Effective Date, the Debtors’ Assets would revert in the Trust to be administered by the Liquidating Trustee and Debtor Representative. On May 13, 2019, the Court confirmed the Plan pursuant to the entry of the Confirmation Order. [Dkt No. 1074]. On June 11, 2019, the Effective Date of the Plan occurred, the Liquidating Trust was established, and the Trustee was appointed. [Dkt No. 1120].

13. Under the Plan, all Claims and Causes of Action were “reserved and preserved, and the Liquidating Trustee and the Debtor Representative . . . retain[ed] and preserv[ed] for the benefit of all creditors the rights to commence, pursue, and settle, as appropriate, any and all such Claims and Causes of Action” on the terms set forth in the Plan. *See* Confirmation Order ¶ 7(vi). As such, Plaintiff has standing to pursue the causes of action asserted in this Complaint.

14. Upon information and belief, Defendant was, at all relevant times, a creditor of the Debtors, having been paid for the provision of goods and/or services to the Debtors.

² Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Plan.

15. During the ninety (90) day period prior to the Petition Date, that is, between May 26, 2018 through and including August 24, 2018 (the “Preference Period”), the Debtors operated their business affairs, including the transfer of property, either by checks, wire transfers, direct deposits or otherwise, to various entities.

16. Plaintiff has determined that, after undertaking reasonable due diligence in the circumstances of the case and taking into account a party’s known or reasonably knowable affirmative defenses, transfer(s) of interests of the Debtors in property were made to or for the benefit of Defendant during the Preference Period aggregating an amount not less than \$41,500.00 (the “Preferential Transfer” or collectively, the “Preferential Transfers”). All known avoidable Preferential Transfers are listed on Exhibit A hereto.

17. Each Preferential Transfer was to or for the benefit of Defendant, as a creditor, within the meanings of section 547(b)(1) because each Preferential Transfer either reduced or fully satisfied a debt or debts then owed by the Debtors to Defendant.

18. Each Preferential Transfer was made for, or on account of, an antecedent debt or debts owed by the Debtors to Defendant before such Preferential Transfers were made, each of which constituted a “debt” or “claim” (as those terms are defined in the Bankruptcy Code).

19. Each Preferential Transfer was made while the Debtors were insolvent. Among other things, as evidenced by the Debtor’s schedules filed in the Chapter 11 Cases (the “Schedules”), as well as the proofs of claim that have been received to date, the Debtors’ liabilities exceeded its assets on the Petition Date.

20. Each Preferential Transfer was made during the Preference Period.

21. As a result of each Preferential Transfer, Defendant received more than it would receive if (i) this case was under chapter 7 of the Bankruptcy Code; (ii) the Preferential Transfers

had not been made; and (iii) the Defendant received payments of its debts under the provisions of the Bankruptcy Code. This is evidenced by the fact that unsecured creditors, under the Plan, have received or will receive less than the full amounts they are owed.

22. During the course of this adversary proceeding, Plaintiff may learn (through discovery or otherwise) of, among other things, additional transfers made to Defendant during the Preference Period and/or additional unauthorized post-petition transfers made by Debtors to Defendant. It is Plaintiff's intention to avoid and recover all (i) transfers of an interest of the Debtors in property that were made by the Debtors to or for the benefit of Defendant or any other transferee and/or (ii) unauthorized post-petition transfers to Defendant. Plaintiff reserves its right to amend this original Complaint to include: (i) further information regarding the Preferential Transfers, (ii) additional transfers (including unauthorized post-petition transfers), (iii) modifications of and/or revisions to Defendant's name, (iv) additional defendants, and/or (v) additional causes of action, including without limitation, actions under 11 U.S.C. §§ 542, 544, 545, 548 and/or 549, if applicable (collectively, the "Amendments"), that may become known to Plaintiff at any time during this adversary proceeding, through formal discovery or otherwise, and for the Amendments to relate back to the date of the filing of this original Complaint.

FIRST CLAIM FOR RELIEF

(Avoidance of Preference Period Transfers – 11 U.S.C. § 547)

23. Plaintiff hereby incorporates all previous allegations.
24. Each Preferential Transfer constituted a transfer of an interest in property of the Debtors.
25. Defendant was a creditor of the Debtors at the time of each Preferential Transfer, as more fully set forth on Exhibit A hereto.

26. Each Preferential Transfer was to or for the benefit of Defendant, as a creditor, within the meaning of 11 U.S.C. § 547(b)(1) because each Preferential Transfer either reduced or fully satisfied a debt or debts then owed by the Debtors to the Defendant.

27. Each Preferential Transfer was made for, or on account of, an antecedent debt or debts owed by the Debtors to Defendant before such Preferential Transfers were made, each of which constituted a “debt” or “claim” (as those terms are defined in the Bankruptcy Code).

28. Each Preferential Transfer was made while the Debtors were insolvent. Among other things, as evidenced by the Debtors’ Schedules, as well as the proofs of claim that have been received to date, the Debtors’ liabilities exceeded its assets on the Petition Date.

29. Each Preferential Transfer was made during the Preference Period.

30. As a result of each Preferential Transfer, Defendant received more than Defendant would receive if: (i) this case was under chapter 7 of the Bankruptcy Code; (ii) the Preferential Transfers had not been made; and (iii) Defendant received payments of its debts under the provisions of the Bankruptcy Code. This is evidenced by the fact that unsecured creditors, under the Plan, have received or will receive less than the full amounts they are owed.

31. Based on the foregoing, each Preferential Transfer is voidable pursuant to 11 U.S.C. § 547(b).

SECOND CLAIM FOR RELIEF
(Recovery of Avoided Transfers – 11 U.S.C. § 550)

32. Plaintiff hereby incorporates all previous allegations.

33. Plaintiff is entitled to avoid the Preferential Transfers pursuant to 11 U.S.C. § 547(b).

34. Defendant was the initial transferee of the Preferential Transfers or the immediate or mediate transferee of such initial transferee or the person for whose benefit the Preferential Transfers were made.

35. Based upon the foregoing, Plaintiff is entitled to recover the Preferential Transfers, or the value thereof, from Defendant under 11 U.S.C. § 550(a), together with an award of pre- and post-judgment interest thereon from the date of demand to the date of payment and the costs of this action.

THIRD CLAIM FOR RELIEF
(Disallowance of all Claims – 11 U.S.C. § 502(d) and (j))

36. Plaintiff hereby incorporates all previous allegations.

37. Defendant is a transferee of transfers avoidable under section 547 of the Bankruptcy Code, which property is recoverable under section 550 of the Bankruptcy Code.

38. Defendant has not satisfied its liability for the Preferential Transfers.

39. Pursuant to section 502(d) of the Bankruptcy Code, any and all claims of Defendant and/or its assignee against Plaintiff must be disallowed unless Defendant has paid the amount for which Defendant is liable under 11 U.S.C. § 550.

40. Pursuant to section 502(j) of the Bankruptcy Code, any and all previously allowed claims of Defendant against the Debtors, including any and all claims assigned by Defendant, must be reconsidered and disallowed until such time as Defendant pays to Plaintiff the amount equal to the Preferential Transfers, plus interest thereon and costs.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays that this Court grant the following relief against Defendant:

A. On Plaintiff's First and Second Claims for Relief, awarding judgment in favor of Plaintiff and against Defendant: (i) avoiding all of the Preferential Transfers, (ii) directing

Defendant to return to Plaintiff the amount of the Preferential Transfers, pursuant to 11 U.S.C. §§ 547(b) and/or 550(a), and (iii) for money damages against Defendant in the amount of the Preferential Transfers, together with interest from the date of demand at the maximum legal rate, to the extent allowed by law; and

B. On Plaintiff's Third Claim for Relief, awarding judgment in favor of Plaintiff and against Defendant disallowing any claims held or filed by Defendant against the Plaintiff until Defendant pays Plaintiff an amount equal to the Preferential Transfers pursuant to 11 U.S.C. § 502(d) and (j); and

C. Awarding Plaintiff the costs and expenses of this action; and

D. Awarding Plaintiff attorneys' fees, to the extent allowed by law; and

E. Awarding Plaintiff such other and further relief as this Court may deem just and proper.

Dated: August 21, 2020
Nashville, Tennessee

Respectfully submitted,

MANIER & HEROD, P.C.

/s/ Robert W. Miller

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