

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

<p>IN RE</p> <p>IEH Auto Parts Holdings, LLC., et al.,¹</p> <p style="text-align: center;">Debtors.</p>	§ § § § § § § §	<p>Chapter 11</p> <p>Case No. 23-90054 (CML)</p> <p>(Jointly Administered)</p>
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**LIMITED OBJECTION TO THE FIRST AMENDED COMBINED
DISCLOSURE STATEMENT AND JOINT PLAN OF LIQUIDATION OF IEH
AUTO PARTS HOLDING LLC AND ITS DEBTOR AFFILIATES**

The United States of America files this *Limited Objection to the First Amended Combined Disclosure Statement and Joint Plan of Liquidation of IEH Auto Parts Holding LLC and Its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code.* The United States files this Limited Objection for the sole purpose of opting out of the releases contained in the *First Amended Combined Disclosure Statement and Joint Plan of Liquidation of IEH Auto Parts Holding LLC and Its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code* [ECF No. 465] (the “**Plan**”) and elects to not grant the releases contained in the Plan.

1. Non-consensual, non-debtor releases violate Sections 1129(a)(1) and 1129(a)(3) of the Bankruptcy Code because they are forbidden in the Fifth Circuit, and the United States expressly objects to, and should not be deemed to have opted into, any non-debtor releases, exculpation or injunctions provided for in Article VIII.F of the Plan. *Matter of Highland Capital Management, LLC*, 48 F.4th 419 (5th Cir. 2022), *In re Pac. Lumber Co.*, 584 F.3d 229, 251-52 (5th Cir. 2009); see also, *In re Pilgrim’s Pride Corp.*, No. 08-45664, 2010 WL 200000 at *4 (Bankr. N.D. Tex. Jan. 14, 2010) (“Code § 524(e) and applicable precedent do not allow the court to protect third parties from liability for debts on which they are liable with the debtor. . . [t]he



protection for claims arising through [the non-debtor party's] conduct during a case that a bankruptcy court may grant third parties . . . has also been limited by the Fifth Circuit's decision in *Pacific Lumber*."); *In re Patriot Place Ltd.*, 486 B.R. 773, 821 (Bankr. W.D. Tex. 2013) (non-consensual non-debtor releases and exculpations violate Fifth Circuit precedent).

2. The Plan broadly defines "Released Parties" to include virtually every constituent in the case.

3. To resolve the United States' concerns regarding the overbroad releases described herein, the United States requests that the following language be included in the proposed Confirmation Order:

"The United States opts out of the releases provided in Article VIII.F of the Plan and is not a Releasing Party."

Respectfully submitted,

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CERTIFICATE OF CONFERENCE

On May 24 and 25, 2023, I reached out to debtor's counsel by e-mail and phone to see if we could work this out and, out of an abundance of caution, I am filing this objection since, despite reaching out, I was unable to confer with counsel prior to the objection deadline.

/s/ Daniel Hu
Assistant U.S. Attorney

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on May 26, 2023, a true and correct copy of the foregoing document was served upon all parties who have consented to service via this Court's CM/ECF System.

/s/ Daniel D. Hu
DANIEL D. HU
Assistant United States Attorney