

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

In re:

NEIGHBORS LEGACY HOLDINGS, INC.,
et al.,

Debtors.

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Chapter 11

Case No. 18-33836

(Jointly Administered)

**LIQUIDATING TRUSTEE'S AMENDED (I) REPLY IN SUPPORT OF
OBJECTION TO SOHAIL'S CLAIM NO. 197; AND (II) RESPONSE TO
REQUESTS FOR AFFIRMATIVE RELIEF CONTAINED IN
MR. ALAM'S FILINGS AT DOCKET NOS. 1045 AND 1046¹**

Tensie Axton, Trustee (the "Liquidating Trustee") of the Liquidating Trust (the "Liquidating Trust") of Neighbors Legacy Holdings, Inc. and certain of its affiliates and subsidiaries (the "Debtors"), files her *Amended Reply to Alam's Objection and Response to Liquidating Trustee's Objection to Sohail Alam's Claim as a Creditor and Request to Appoint the United States Attorney Mr. Ryan Kelley Goeb Patrick to Investigate the Cover Up that Lingers in This Bankruptcy* (the "Reply").²

I. PRELIMINARY STATEMENT

Mr. Alam has filed dozens of pleadings in this bankruptcy case and in a related adversary proceeding.³ Those filings contain serial misstatements that require the Liquidating Trustee to file responses. The most recent pleadings, docket numbers 1045 and 1046, are no different. The Liquidating Trustee filed an objection to Mr. Alam's claim number 197 (the "Claim Objection").

¹ Mr. Alam filed identical pleadings at Docket Nos. 1045 and 1046 (collectively, the "Objection"). This Reply jointly responds to both.

² All terms not specifically defined in this Reply shall be defined by the *Liquidating Trustee's Objection to Sohail Alam's Claim No. 197* [Docket No. 1039] (Claim No. 197 hereinafter referred to as the "Claim").

³ See *Alam v. Neighbors GP LLC, et al.*; Adversary Proceeding Number 19-3442.



In response, Mr. Alam filed two pleadings that fail to address the merits of the Claim Objection and instead contain new—and wholly unfounded—requests for relief. Despite his 18-page Objection and his patently false allegations, Mr. Alam has failed to provide any support for an administrative, secured, or priority claim, and his Claim should be disallowed. The Court should sustain the Claim Objection, deny Mr. Alam’s requests for affirmative relief (including his request for the United States Attorney to investigate this case) and bar Mr. Alam from filing further pleadings without prior Court approval. Mr. Alam cannot be allowed to continue to assert inflammatory and false accusations with absolutely no support and no relation to the proceedings before the Court.

II. RESPONSE TO MR. ALAM’S ALLEGATIONS

1. The Liquidating Trustee denies the allegations in paragraph 1.
2. The Liquidating Trustee denies the allegations in paragraph 2.
3. The Liquidating Trustee denies the allegations in paragraph 3. Mr. Alam did appear and argued at the Confirmation Hearing, *see* Confirmation Hearing Transcript, attached as **Exhibit A**, pages 9–26, Mr. Alam left the hearing prior to the close of evidence. *See id.* at 86–87.
4. The Liquidating Trustee denies the allegations in paragraph 4. The Court did conclude that Mr. Alam had opted out of the releases under the Debtors’ Plan. *See id.* at 31. The fact that Mr. Alam opted out of the releases, however, has no bearing on whether he holds an administrative, secured, or priority claim against the Debtors’ estates.
5. The Liquidating Trustee denies the allegations in paragraph 5. As stated above, Mr. Alam appeared and argued at the Confirmation Hearing.
6. The Liquidating Trustee is without sufficient information to admit or deny Mr. Alam’s allegations and assumptions and therefore denies all allegations in paragraph 6.

7. The Liquidating Trustee admits that she is named as a defendant in adversary proceeding no. 19-3442. The Liquidating Trustee denies all remaining allegations in paragraph 7.

8. The Liquidating Trustee denies the allegations in paragraph 8.

9. The Liquidating Trustee denies the allegations in paragraph 9. The Administrative Services Agreement was rejected as of August 31, 2018. *See Order Approving Debtors' Emergency Motion to Reject Administrative Services Agreement* [Docket No. 357], attached as **Exhibit B**. At the hearing to consider the Debtor's rejection, the Debtor adduced testimony that the Debtor received no benefit from the agreement. Mr. Alam did not object to the rejection and the Order is final.

10. The Liquidating Trustee denies the allegations in paragraph 10.

11. The Liquidating Trustee denies the allegations in paragraph 11.

12. The Liquidating Trustee denies the allegations in paragraph 12.

13. The Liquidating Trustee denies the allegations in paragraph 13.

14. The Liquidating Trustee denies the allegations in paragraph 14.

15. The Liquidating Trustee denies the allegations in paragraph 15.

16. The Liquidating Trustee admits that Mr. Alam filed proof of claim no. 197 and admits that Mr. Alam filed adversary proceeding no. 19-3442. The Liquidating Trustee denies all remaining allegations in paragraph 16.

17. The Liquidating Trustee denies the allegations in paragraph 17.

18. The Liquidating Trustee denies the allegations in paragraph 18.

19. The Liquidating Trustee denies the allegations in paragraph 19.

20. The Liquidating Trustee denies the allegations in paragraph 20.

21. The Liquidating Trustee denies the allegations in paragraph 21.

22. The allegations in paragraph 22 are incomprehensible and therefore the Liquidating Trustee denies them.

23. The Liquidating Trustee denies the allegations in paragraph 23.

24. Paragraph 24 contains no factual allegations to be admitted or denied, but to the extent required the Liquidating Trustee denies the allegations.

25. The Liquidating Trustee denies the allegations in paragraph 25.

26. The Liquidating Trustee is without sufficient information to admit or deny what Mr. Alam envisioned and therefore denies the allegations in paragraph 26.

27. Paragraph 27 contains no factual allegations to be admitted or denied.

28. The Liquidating Trustee admits that a cease and desist letter and two Rule 11 Letters have been sent to Mr. Alam. The Liquidating Trustee denies all remaining allegations in paragraph 28.

29. The Liquidating Trustee denies the allegations in paragraph 29.

30. The Liquidating Trustee is without sufficient information to admit or deny the allegations in paragraph 30 and therefore denies them.

31. The Liquidating Trustee denies the allegations in paragraph 31.

32. The Liquidating Trustee is without sufficient information to admit or deny the allegations in paragraph 32 and therefore denies them.

33. The Liquidating Trustee is without sufficient information to admit or deny the allegations in paragraph 33 and therefore denies them.

34. The Liquidating Trustee is without sufficient information to admit or deny the allegations in paragraph 34 and therefore denies them.

35. The Liquidating Trustee is without sufficient information to admit or deny the allegations in paragraph 35 and therefore denies them.

36. The Liquidating Trustee is without sufficient information to admit or deny the allegations in paragraph 36 and therefore denies them.

37. The Liquidating Trustee is without sufficient information to admit or deny the allegations in paragraph 37 and therefore denies them.

38. The Liquidating Trustee is without sufficient information to admit or deny the allegations in paragraph 38 and therefore denies them.

39. The Liquidating Trustee is without sufficient information to admit or deny the allegations in paragraph 39 and therefore denies them.

40. The Liquidating Trustee is without sufficient information to admit or deny the allegations in paragraph 40 and therefore denies them.

41. The Liquidating Trustee is without sufficient information to admit or deny the allegations in paragraph 41 and therefore denies them.

42. The Liquidating Trustee is without sufficient information to admit or deny the allegations in paragraph 42. Further, Mr. Alam does not have standing to make such allegations or requests for relief.

43. The Liquidating Trustee is without sufficient information to admit or deny the allegations in paragraph 43 and therefore denies them.

44. The Liquidating Trustee denies the allegations in paragraph 44.

45. The Liquidating Trustee denies the allegations in paragraph 45 and opposes the relief requested.

III. REPLY

46. Neighbors Telehealth LLC (“NTH”) is not a Debtor entity. As the Court’s docket makes clear, NTH is *not* a Debtor entity. NTH was formed as a Texas limited liability company by Setul G. Patel, Rajan Popat, and Mr. Alam. *See* NTH Certificate of Formation, attached as Exhibit C.⁴ NTH is not—and has never been—owned by the Debtors in this case.

47. Mr. Alam Appeared and Argued at the Debtors’ Confirmation Hearing. Notwithstanding the false statements in his Objection, Mr. Alam appeared *and* argued at the Debtors’ March 22, 2019 confirmation hearing. *See* Confirmation Hearing Transcript, attached as Exhibit A, pages 9–26. Although Mr. Alam left prior to the close of evidence, *see id.* at 86–87, he argued in support of his objection to the Debtors’ confirmation and voluntarily chose to leave.

COURT: So tell me now what is your confirmation objection to liquidating the Debtor -- which is what we're doing -- taking the proceeds and then allocating them out. Tell me your objection to that. [Confirmation Hearing Transcript, 14:1–4].

MR. ALAM: The fundamental objection basically is that and as I have supported this with 16 exhibits saying that if you go sequentially from day one to day last that -- and without respect to everyone concerned -- that this has been botched bankruptcy. In that everything that has been filed in this Court and has been filed with all federal agencies has been nothing more and nothing less but has been, for lack of better word, has been -- excuse the word, but has been a lie. [Confirmation Hearing Transcript, 14:5–12].

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COURT: . . . If the Plan sets up a mechanism where people can evaluate and determine whether to sue the directors and that money comes back and it gets distributed out to the holders of claims. I thought that's what you told me you wanted to have happen. And if that's what the Plan does, I need to understand why you're not happy. [Confirmation Hearing Transcript, 19:9–15].

⁴ Neighbors Telehealth Services, LLC is a non-debtor entity owned by Debtor Neighbors Health, LLC. *See* Neighbors Telehealth Services, LLC Certificate of Formation, attached as Exhibit D. Neighbors Telehealth Services, LLC is not, and has never been, affiliated with Mr. Alam.

MR. ALAM: I will admit, Your Honor, I did not know that that's what the intention . . . of the Plan was. [Confirmation Hearing Transcript, 19:16–17].

. . . [later in the proceedings, after the close of evidence]

COURT: For any appellate record [Mr. Alam] is not in the courtroom and was not here when witnesses were on the stand in order to cross-examine them and that is why there was no cross-examination by him.

He was not asked to leave by me and I don't think by anyone else and was free to stay in the courtroom but chose to leave and he was also free to leave. I have no problem with that.

But I'm overruling any objection that he made. It is not supported by anything in the evidentiary record. [Confirmation Hearing Transcript, 86:24–25 – 87:1–8].

48. Although Mr. Alam voluntarily left the courtroom, prior to his leaving the Court told Mr. Alam that he was “fully welcome to participate in [the Confirmation Hearing].” *See* Confirmation Hearing Transcript, 24:18–19.

49. Claims Against Officers and Directors Were Transferred to the Unsecured Creditor Trust. To the extent that the Debtors' estates hold any claims against the Debtors' officers or directors, such claims have been transferred to the Unsecured Creditor Trust for investigation and prosecution. *See* Plan, Art. I(A)(137) (Unsecured Creditor Trust Assets includes all recoveries under the Debtors' D&O Policies); Plan, Art. V.D (“all assets vested in the Unsecured Creditor Trust . . . shall be transferred [as of the Effective Date]”). To the extent that Mr. Alam holds any direct claims against the Debtors' officers or directors, however, his claims were not affected by the Plan and were not transferred to the Unsecured Creditor Trust.

50. Mr. Alam has not shown—and cannot show—that he holds an administrative, priority, or secured claim against the Debtors' estates.

IV. CONCLUSION

51. The Liquidating Trustee respectfully requests that the Court (i) disallow Alam's Claim as a priority, administrative, or secured claim; (ii) award attorneys' fees, costs and expenses to the Liquidating Trustee incurred in responding and prosecuting the objection and responding to frivolous pleadings and (iii) grant such other and further relief as may be just and proper.

Dated: Houston, Texas
February 19, 2020.

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CERTIFICATE OF SERVICE

I certify that on February 19, 2020, the foregoing Reply was served via electronic mail and USPS, postage prepaid, on the party below and was also served via CM/ECF on all parties requesting notice.

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