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

In re:	)	
	)	Chapter 11
MODIVCARE, INC., *et al*.[1]	)	
	)	Case No. 25-90309 (ARP)
Reorganized Debtors.	)	(Jointly Administered)

WHITE & CASE LLP'S OBJECTION TO MODIVCARE TOPCO, LLC'S EMERGENCY MOTION FOR RECONSIDERATION OF (I) ORDER BIFURCATING LEGAL AND FACTUAL ISSUES AND (II) ORDER REQUIRING DEPOSIT OF FUNDS INTO COURT REGISTRY

White & Case LLP ("White & Case"), counsel for the Official Committee of Unsecured Creditors (the "Committee") in the above-captioned chapter 11 cases, respectfully submits this objection ("Objection")[2] to *Modivcare Topco, LLC's Emergency Motion for Reconsideration of (I) Order Bifurcating Legal and Factual Issues and (II) Order Requiring Deposit of Funds into Court Registry* [Dkt. No. 1427] (the "Motion to Reconsider") filed by ModivCare TopCo, LLC ("TopCo").

[1] A complete list of each of the Reorganized Debtors in these chapter 11 cases and the last four digits of each Reorganized Debtor's taxpayer identification number (if applicable) may be obtained on the website of the Reorganized Debtors' proposed claims and noticing agent at https://www.veritaglobal.net/ModivCare. Reorganized Debtor ModivCare Inc.'s principal place of business and the Reorganized Debtors' service address in these chapter 11 cases is 6900 E. Layton Avenue, Suite 1100 & 1200, Denver, Colorado 80237.

[2] Capitalized terms used but not defined in this Objection have the meanings ascribed to them in *White & Case LLP's Final Application for Allowance of Compensation and Reimbursement of Expenses for the Period from September 9, 2025 Through December 29, 2025* [Dkt. No. 1290] (the "W&C Fee Application") or the *Final Fee Application of AlixPartners, LLP, Financial Advisor to the Official Committee of Unsecured Creditors, for Allowance of Compensation for Professional Services Rendered and Reimbursement of Expenses Incurred for the Period from September 10, 2025 Through December 29, 2025* [Dkt. No. 1288] (the "AlixPartners Fee Application" and, together with the W&C Fee Application, the ("Fee Applications")), as applicable.

PRELIMINARY STATEMENT

1. At the April 6 status conference, the Court ruled that it would first consider TopCo's objection to the Fee Applications based on governing law and the extensive evidentiary record from these chapter 11 cases. That makes abundant sense, as the Court reviewed every document the Committee filed, weighed every piece of evidence the Committee introduced, and considered every argument the Committee made throughout these chapter 11 cases. It can now review time entries that the Committee's professionals submitted with their Fee Applications, describing their work in six-minute increments. That is more than sufficient for the Court to adjudicate this dispute. But if TopCo disagrees, the Court has given TopCo the opportunity to make that argument, and if the Court accepts TopCo's position, the dispute can then be resolved in phase 2.

2. The Court also ordered that the parties responsible for paying estate professional fees need to place unpaid and disputed amounts in the Court's registry. The Court's ruling does not impose new obligations, as the Reorganized Debtors were already required by the Confirmation Order to hold estimated estate professional fees in escrow. This Court is only requiring the Reorganized Debtors to pay into the Court funds that should already be in escrow.

3. The Court's ruling on both issues was well within the Court's broad discretion to manage and govern these proceedings. TopCo's request to reconsider fails to identify any legal basis to justify reconsideration. TopCo points to no manifest error of law or fact, no new evidence and no intervening change in controlling law. Instead, TopCo simply rehashes arguments that the Court has already rejected. Both motions to reconsider should be denied.

ARGUMENT

I. Bifurcation Is a Sound Exercise of the Court's Discretion

4. The Court determined that it will first consider the Fee Applications and objections based on the law and the existing record, with a second phase of new evidence to follow if

necessary. TopCo asks the Court to reconsider that decision, arguing that it cannot sever consideration of any aspect of the Fee Applications from the accusation of extortion. Mot. to Reconsider ¶¶ 15-35. That is not a proper basis for reconsideration.[3] TopCo simply rehashes a position that the Court previously rejected when ordering bifurcation. *Templet v. HydroChem Inc.*, 367 F.3d 473, 479 (5th Cir. 2004) (noting that a motion for reconsideration "is not the proper vehicle for rehashing evidence, legal theories, or arguments" but instead "serve[s] the narrow purpose of allowing a party to correct manifest errors of law or fact or to present newly discovered evidence.") (alteration in original) (internal quotations and citations omitted); *Grevious v. Flagstar Bank, FSB*, No. H-11-246, 2012 WL 1900564, at *3 (S.D. Tex. May 24, 2012) (denying a motion for reconsideration because the plaintiff "failed to present any new evidence for the court's consideration or to establish a manifest error of law" and noting that "personal dissatisfaction with the court's ruling" is insufficient to warrant relief).

5. In addition to being an insufficient basis for reconsideration, TopCo's argument is also wrong. The Court can determine whether the Committee prosecuted frivolous arguments, notwithstanding any supposed threat about billing. The Court has already made findings that may dispose of this issue. TopCo seeks to avoid the implications of the existing record and the Court's prior rulings by pointing to a purported statement made in a settlement meeting. This effort should fail. As part of phase 1, TopCo can present whatever arguments it wants as to why the case should

[3] TopCo alleges that "[a] motion to reconsider is also warranted where the court's order rests on an 'erroneous legal standard.'" Mot. to Reconsider ¶ 2 (quoting *Simon v. United States*, 891 F.2d 1154, 1159 (5th Cir. 1990)). This quote is not found in *Simon*. *See Simon*, 891 F.2d at 1159 (affirming the denial of the request to alter or amend the judgment and explaining that, to prevail, the movant "must clearly establish either a manifest error of law or fact or must present newly discovered evidence"). Consistent with the standard actually articulated in *Simon*, a motion to alter or amend a judgment must (i) "clearly establish either a manifest error of law or fact," (ii) "present newly discovered evidence," or (iii) show that "there has been an intervening change in the controlling law." *Schiller v. Physicians Res. Grp. Inc.*, 342 F.3d 563, 567 (5th Cir. 2003). "A motion to reconsider a judgment is treated as a Rule 59(e) motion to alter or amend that judgment." *Livingston Downs Racing Ass'n, Inc. v. Jefferson Downs Corp.*, 259 F. Supp. 2d 471, 474 (M.D. La. 2002).

proceed to phase 2. But these arguments do not provide a reason for the Court to reconsider its bifurcation ruling.

6. TopCo also characterizes a relative comparison of the Debtors' and the Committee's professional fees as a "fact-intensive" inquiry requiring an evidentiary hearing. *See* Mot. to Reconsider ¶ 28. Not so. The Court can consider the reasonableness of the Committee's fees in relation to other estate professionals in these chapter 11 cases, as well as estate professionals in cases of similar duration and with similar disputes. TopCo cites no authority compelling a single-phase evidentiary hearing in this dispute. *See id.* ¶¶ 17-19 (citing *In re First Colonial Corp. of Am.*, 544 F.2d 1291 (5th Cir. 1977) (superseded by § 330); *In re U.S. Golf Corp.*, 639 F.2d 1197, 1202 (5th Cir. 1981) (same); *Sylvester v. Chaffe McCall, L.L.P.*, 23 F.4th 543, 549 (5th Cir. 2022) (addressing whether counsel for a chapter 7 trustee was performing its duties under § 704 or § 330); *Baker Botts L.L.P. v. ASARCO LLC*, 576 U.S. 121, 126 (2015) (considering whether counsel could be compensated for defending fee applications)). Even *In re Assadi* rejected the need for an evidentiary hearing where the objecting party, like TopCo, merely argued that "each time entry contained insufficient detail and that daily tasks should not have been grouped into a single billing." 2025 WL 1576801, *2 (5th Cir. June 4, 2025).

7. And again, TopCo is free to make its arguments during phase 1.

II. TopCo Has No Basis to Challenge the Escrow Order, and Its Protest Suggests Existing Violations of Court Orders

8. Like with the bifurcation order, TopCo does not come close to meeting the standard necessary for reconsideration of the escrow order. It does not even try to allege a manifest error of law or fact, an intervening change in controlling law, or point to any newly discovered evidence. *See Schiller*, 342 F.3d at 567.

9. TopCo's filing of the Motion to Reconsider and certain of the statements included in the motion also raise significant concerns as to whether the Reorganized Debtors have violated the Confirmation Order. The Plan requires the Reorganized Debtors to escrow the Committee's professional fees "[a]s soon as reasonably practicable after the Confirmation Date and no later than the Effective Date." Plan § 2.5(a). Escrowed funds "***shall not be and shall not be deemed property of the Debtors, their Estates, or the Reorganized Debtors***," but instead "shall be held in trust for the Professionals." *Id.* (emphasis added). If the escrow is insufficient to satisfy allowed professional claims, the Reorganized Debtors must fund any shortfall in cash within five business days of receiving notice of such shortfall. *Id.* § 2.5(b). This provision of the Plan and Confirmation Order—nearly ubiquitous in complex chapter 11 plans and confirmation orders—ensures that the Debtors can satisfy all administrative claims on or promptly after the effective date, as required by section 1129(a)(9) of the Bankruptcy Code. *See* 11 U.S.C. § 1129(a)(9); Plan § 2.5(a); Confirmation Order § C (stating that the Plan satisfies the requirements of section 1129(a) of the Bankruptcy Code); § 3 (incorporating the terms of the Plan). Without this provision, the Plan would not have been confirmable, and the Debtors would not have emerged from bankruptcy under their new ownership.

10. TopCo now argues that professional fees required to be escrowed are the Reorganized Debtors' personal property, and that the Court's escrow order operates as an "injunction" requiring them to be paid to the Committee professionals before their fees are allowed. *See* Mot. to Reconsider ¶¶ 6, 37, 47 (falsely asserting that "TopCo has a concrete property interest in the approximately $1.644 million in disputed funds" and that "[t]hose funds belong to TopCo under the confirmed Plan of Reorganization until a court orders their payment following allowance of the underlying claims"). This Court's April 6, 2026 ruling only required the

Reorganized Debtors to transfer funds that should already be in escrow to the Court's registry. *See* Hr'g Tr. (Apr. 6, 2026) at 6:2-9.

11. If the Reorganized Debtors failed to place these amounts in escrow—as TopCo suggests in the Motion to Reconsider—they are actively violating the Confirmation Order. If the Reorganized Debtors have placed sufficient funds in escrow, then the only apparent basis for TopCo's opposition is a belief that they can prevent the escrow agent from disbursing the fees should this Court grant the Fee Applications. The escrow order merely requires the Reorganized Debtors to place funds that are not their property in the Court's control pending resolution of this dispute. The Motion to Reconsider, and TopCo's vigorous refusal to simply transfer funds that should already be in escrow and that are not TopCo's property in any event, raises significant concerns and warrants a full accounting of the professional fee escrow.

CONCLUSION

12. White & Case respectfully requests that the Court deny the Motion to Reconsider. To the extent a full accounting of the professional fee escrow reveals that the Reorganized Debtors have violated the Confirmation Order, White & Case respectfully requests that the Court fashion an appropriate remedy.

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April 28, 2026
Houston, Texas

/s/ Charles R. Koster

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CERTIFICATE OF SERVICE

I certify that on April 28, 2026, I caused a copy of the foregoing document to be served via the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas.

/s/ Charles R. Koster
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