

IN THE UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF GEORGIA
NEWNAN DIVISION

In re:

AFH AIR PROS, LLC, *et al.*,¹

Debtors.

Chapter 11

Case No. 25-10356 (PMB)

(Jointly Administered)

**DEBTORS' OMNIBUS OBJECTION TO CLAIMS OF THE
U.S. SMALL BUSINESS ADMINISTRATION**

(Reclassification and Disallowance of Claims)

The above-captioned debtors and debtors in possession (collectively, the “Debtors”) submit this objection (the “Objection”) for entry of an order, substantially in the form attached hereto as **Exhibit A** (the “Proposed Order”), pursuant to sections 105 and 502 of title 11 of the United States Code (the “Bankruptcy Code”), Rule 3007 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and Rule 3007-1 of the Local Rules of the United States Bankruptcy Court for the Northern District of Georgia (the “Local Rules”), (i) disallowing and expunging three of the proofs of claim filed by the U.S. Small Business Administration (the “SBA”); (ii) reclassifying four of the proofs of claim filed by the SBA; and (iii) granting related relief. In support of this Objection, the Debtors respectfully state as follows:

¹ The last four digits of AFH Air Pros, LLC’s tax identification number are 1228. Due to the large number of debtor entities in these chapter 11 cases, a complete list of the debtor entities and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the claims and noticing agent at <https://www.veritaglobal.net/AirPros>. The mailing address for the debtor entities for purposes of these chapter 11 cases is: 150 S. Pine Island Road, Suite 200, Plantation, Florida 33324.



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JURISDICTION AND VENUE

1. The United States Bankruptcy Court for the Northern District of Georgia (the “Court”) has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2).

2. Venue is proper in the Court pursuant to 28 U.S.C. §§ 1408 and 1409.

3. The statutory and legal predicates for the relief requested herein are sections 105(a) and 502 of the Bankruptcy Code, Bankruptcy Rule 3007, Local Rule 3007-1, and the *Second Amended and Restated General Order 26-2019, Procedures for Complex Chapter 11 Cases*, dated February 6, 2023 (the “Complex Case Procedures”).

BACKGROUND

A. The Chapter 11 Cases

4. On March 16, 2025 (the “Petition Date”), each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code with this Court.

5. The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

6. On March 31, 2025, the United States Trustee for Region 21 (the “U.S. Trustee”) appointed an official committee of unsecured creditors (the “Committee”) in the above-captioned chapter 11 cases (the “Chapter 11 Cases”). *See Appointment and Notice of Committee of Creditors Holding Unsecured Claims* [D.I. 111].

7. No request has been made for the appointment of a trustee or an examiner.

8. On April 29, 2025, the Court entered the *Order (I) Fixing Deadlines for Filing Proofs of Claim and (II) Approving the Form and Manner of Notice Thereof* [D.I. 283] (the “Bar Date Order”). The Bar Date Order (a) established June 23, 2025 at 11:59 p.m. (prevailing Eastern Time) (the “General Bar Date”) as the last day for creditors that are not governmental units

to file proofs of claim, proofs of interest, and requests for payment of administrative expense claims under Bankruptcy Code section 503(b)(9); (b) established September 12, 2025 at 11:59 p.m. (prevailing Eastern Time) (the “Governmental Bar Date”) as the last day for creditors that are governmental units to file proofs of claim, proofs of interest; and (c) approved a form of bar date notice, proof of claim form, and other procedures.

9. Additional information regarding the Debtors’ businesses, capital structure, and the circumstances leading to the filing of these Chapter 11 Cases is set forth in the *Declaration of Andrew D.J. Hede in Support of Chapter 11 Petitions and First Day Pleadings* [D.I. 8].

B. The Plan and Disclosure Statement

10. On June 24, 2025, the Debtors filed the (i) *Second Amended Plan of Liquidation of AFH Air Pros, LLC and its Debtor Affiliates* [D.I. 479] (as may be further amended, supplemented, or otherwise modified from time to time, and including all exhibits thereto, the “Plan”) and *Second Amended Disclosure Statement for the Second Amended Chapter 11 Plan of AFH Air Pros, LLC and its Debtor Affiliates* [D.I. 480] (as may be further amended, modified, or supplemented from time to time, the “Disclosure Statement”).

11. On June 24, 2025, the Court entered an *Order (A) Approving the Disclosure Statement on an Interim Basis, (B) Establishing Procedures for Solicitation and Tabulation of Votes to Accept or Reject the Plan, (C) Approving the Form of Ballot and Solicitation Materials, (D) Establishing Voting Record Date, (E) Fixing the Date, Time, and Place for the Hearing on Final Approval of the Disclosure Statement and Confirmation of the Plan and the Deadline for Filing Objections Thereto, and (F) Approving Related Notice Procedures and Deadlines* [D.I. No. 477], which scheduled a hearing to consider final approval of the Disclosure Statement and confirmation of the Plan for August 6, 2025 (the “Confirmation Hearing”).

C. The SBA Claims

12. The SBA filed seven proofs of claim in the Debtors cases listing each claim as “secured” on account of four separate SBA loans made to four of the Debtors: (i) Air Pros West LLC; (ii) Air Pros Texas LLC; (iii) Air Pros LLC; and (iv) Air Pros Colorado LLC. A chart listing the SBA claims is set forth below:

No.	Claimant Name	Claim No.	Claim Amount	Claim Filed Against	Alleged Collateral	UCC Filing Date
1.	U.S. Small Business Administration	87	\$177,554.79	AFH Air Pros, LLC	Assets of Air Pros West LLC	6/27/2020
2.	U.S. Small Business Administration	88	\$177,416.09	AFH Air Pros, LLC	Assets of Air Pros Texas LLC	6/28/2020
3.	U.S. Small Business Administration	89	\$177,369.86	AFH Air Pros, LLC	Assets of Air Pros LLC	6/27/2020
4.	U.S. Small Business Administration	90	\$177,431.50	Air Pros Colorado LLC	Assets of Air Pros Colorado LLC	6/29/2020
5.	U.S. Small Business Administration	117	\$177,431.50	AFH Air Pros, LLC	Unknown	Unknown
6.	U.S. Small Business Administration	118	\$177,431.50	AFH Air Pros, LLC	Assets of Air Pros Colorado LLC	6/29/2020
7.	U.S. Small Business Administration	119	\$177,416.09	AFH Air Pros, LLC	Assets of Air Pros Texas LLC	6/28/2020

13. For the reasons set forth below, the Debtors object to Claim Nos. 87-90 and Claim Nos. 117-119 filed by the SBA (collectively, the “Disputed SBA Claims”).

RELIEF REQUESTED

14. By this Objection, the Debtors request that the Court enter the Proposed Order, pursuant to section 502(b) of the Bankruptcy Code, Bankruptcy Rule 3007, and Local Rule 3007-1, disallowing three of the Disputed SBA Claims—Claim Nos. 117-119 (the “Duplicative Claims”) and reclassifying four of the Disputed SBA Claims—Claim Nos. 87-90 (the “Reclassified Claims”).

BASIS FOR RELIEF REQUESTED

15. Bankruptcy Code section 502 provides, in pertinent part, that “[a] claim or interest, proof of which is filed under section 501 of [the Bankruptcy Code], is deemed allowed, unless a party in interest . . . objects.” 11 U.S.C. § 502(a). The debtor has a duty to object to the allowance of any claim that is improper. See 11 U.S.C. § 1107(a).

16. When asserting a proof of claim against a bankrupt estate, a claimant must allege facts that, if true, would support a finding that the debtor is legally liable to the claimant. *See In re Allegheny Int’l, Inc.*, 954 F.2d 167, 173 (3d Cir. 1992). Where the claimant alleges sufficient facts to support its claim, its claim is afforded prima facie validity. *See id.*; *see also* Bankruptcy Rule 3001(f) (a properly executed and filed proof of claim “constitute[s] prima facie evidence of the validity and amount of the claim”).

17. A party wishing to dispute a claim’s validity must produce evidence sufficient to negate the claim’s prima facie validity. *See Allegheny*, 954 F.2d at 173–74. Once an objecting party produces such evidence, the burden shifts back to the claimant to prove the validity of his or her claim by a preponderance of the evidence. *Id.* at 174; *see also Dollinger v. BV Retail, LLC (In re S&Q Shack, LLC)*, 2015 Bankr. LEXIS 1166, at *6-7 (N.D. Ga. Feb. 13, 2015); *Chambliss v. Oakwood Acceptance Corp. (In re Chambliss)*, 315 B.R. 166, 169 (Bankr. S.D. Ga. 2004). Ultimately, the burden of persuasion is on the claimant. *See In re Moss*, No. 94- 11959, 1995 WL 17005342, at *1 (Bankr. S.D. Ga. Sept. 28, 1995).

18. Bankruptcy Rule 3007(d)(1) permits objections to multiple claims to be joined in a single omnibus objection where the claims were all filed by the same entity. Accordingly, the Debtors object to each of the Disputed SBA Claims in this objection.

A. Duplicative Claims

19. Each of the Duplicative Claims is duplicative of an earlier filed claim and should be disallowed. More specifically:

- Claim No. 117 lacks supporting information and is duplicative of Claim Nos. 90 and 118;
- Claim No. 118 is duplicative of Claim No. 90; and
- Claim No. 119 is duplicative of Claim No. 88.

20. It does not appear to have been the intention of the SBA to assert multiple identical claims to seek a double recovery against the Debtors' estates nor is the SBA entitled to any such double recovery. If the Duplicative Claims are not disallowed, the SBA could receive an unwarranted double recovery against the Debtors' estates, to the detriment of other creditors in the Chapter 11 Cases.

21. Accordingly, the Debtors object to the Duplicative Claims and request entry of the Proposed Order disallowing and expunging each of the Duplicative Claims.

B. Reclassified Claims

(a) *The SBA Claims Against Air Pros Texas LLC and Air Pros Colorado LLC are Rendered Unsecured by 11 U.S.C. § 506(a)(1)*

22. Claim No. 88 asserts a secured claim against substantially all of the assets of Debtor Air Pros Texas LLC ("AP Texas"). Claim No. 90 asserts a secured claim against substantially all of the assets of Debtor Air Pros Colorado LLC ("AP Colorado").

23. As set forth in the AP Texas *Schedules of Assets and Liabilities* [Case 25-10365-pmb, D.I. 9], AP Texas had no assets as of the Petition Date. The *Monthly Operating Report* filed by AP Texas for May 2025 [D.I. 491] also reflects that AP Texas has no assets.

24. As set forth in the AP Colorado *Schedules of Assets and Liabilities* [Case 25-10360-pmb, D.I. 10], AP Colorado had only \$49,995.12 in identified assets as of the Petition Date in the form of prepaid expenses. The *Monthly Operating Report* for May 2025 filed by AP Colorado [D.I. 486], however, reflects that AP Colorado has no assets whatsoever.

25. In accordance with section 506(a)(1) of the Bankruptcy Code, “[a]n allowed claim of a creditor secured by a lien on property in which the estate has an interest...is a secured claim to the extent of the value of such creditor’s interest in the estate’s interest in such property.” 11 U.S.C. § 506(a)(1). As the Supreme Court has explained, “a secured creditor’s claim is to be divided into secured and unsecured portions, with the secured portion of the claim limited to the value of the collateral.” *Associates Commercial Corp. v. Rash*, 520 U.S. 953 (1997).

26. Because each of AP Texas and AP Colorado have no assets, the secured portion of the SBA claims against those two entities (Claim Nos. 88 & 90) are equal to zero and those claims should be reclassified in full as general unsecured claims.

27. Accordingly, the Debtors object to Claim Nos. 88 & 90 and request entry of the Proposed Order reclassifying each of these to general unsecured claims in the claim amount asserted as owing as of the Petition Date.

(b) *The Reclassified Claims are Unsecured as Against Other Creditors Because the UCC Financing Statements for Each of the Claims Has Lapsed*

28. As set forth above, the SBA filed UCC-1 Financing Statements (the “UCC-1s”) in connection with its claims against the Debtors. Those UCC-1s, however, lapsed post-petition in June 2025 when the SBA failed to file continuation statements as to each of the UCC-1s. *See* Fla. Stat. § 679.515(3) (financing statement no longer effective upon lapse).²

² “The effectiveness of a filed financing statement lapses on the expiration of the period of its effectiveness unless, before the lapse, a continuation statement is filed pursuant to subsection (4). Upon lapse, a financing statement ceases

29. The SBA’s failure to extend the UCC-1s renders those security interests ineffective as against (formerly junior) creditors with perfected security interests in the same collateral as the SBA. *See 800 Bourbon St., LLC v. Bay Bridge Building Ltd. Co., LLC (In re 800 Bourbon St., LLC)*, 541 B.R. 616 (Bankr. E.D. La. 2015) (failure to reinscribe a Louisiana mortgage postpetition meant that the secured creditor was now junior to any other recorded liens); *Highland Constr. Mgmt. Servs. v. Wells Fargo, N.A. (In re Highland Constr. Mgmt. Servs.)*, 497 B.R. 829, 843 (a pre-petition junior secured creditor takes priority over a creditor with a financing statement that lapsed post-petition). As result, the security interests of the Debtors’ prepetition and postpetition lenders (“Secured Lenders”)—which have perfected security interests in all of the Debtors’ assets as confirmed by this Court’s final debtor-in-possession financing order [D.I. 255]—are deemed senior to those of the SBA.

30. Because the Debtors’ assets are insufficient to satisfy the claims of the Secured Lenders in full, *see generally* Plan and Disclosure Statement, the Reclassified Claims are rendered wholly unsecured in accordance with section 506(a)(1) of the Bankruptcy Code.

31. Accordingly, the Debtors object to the secured nature of the Reclassified Claims and request entry of the Proposed Order reclassifying each of the Reclassified Claims to general unsecured claims in the claim amount asserted as owing as set forth below:

Claimant Name	Claim No.	Claim Amount	Filed As	Reclassified As
U.S. Small Business Administration	87	\$177,554.79	Secured	Unsecured
U.S. Small Business Administration	88	\$177,416.09	Secured	Unsecured
U.S. Small Business Administration	89	\$177,369.86	Secured	Unsecured

to be effective and any security interest or agricultural lien that was perfected by the financing statement becomes unperfected, unless the security interest.”

U.S. Small Business Administration	90	\$177,431.50	Secured	Unsecured
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RESERVATION OF RIGHTS

32. The Debtors reserve any and all rights to amend, supplement or otherwise modify this Objection and the Proposed Order, and to file additional objections to any and all claims filed in these Chapter 11 Cases, including, without limitation, any and all of the Disputed SBA Claims. The Debtors also reserve any and all rights, claims and defenses with respect to any and all of the Disputed SBA Claims, and nothing included in or omitted from this Objection and the Proposed Order is intended or shall be deemed to impair, prejudice, waive or otherwise affect any rights, claims, or defenses of the Debtors and their estates with respect to the Disputed SBA Claims.

NOTICE

33. The Debtors will provide notice of this Objection to the following parties or their respective counsel, if known: (a) the Office of the U.S. Trustee for the Northern District of Georgia, (b) the Committee; (c) the Debtors' prepetition and postpetition lenders and collateral agent; (d) the Limited Service List; (e) the SBA; and (f) any party that has requested notice pursuant to Bankruptcy Rule 2002. The Debtors submit that, in light of the nature of the relief requested, no other or further notice need be given.

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CONCLUSION

WHEREFORE, the Debtors request that the Court enter the Proposed Order granting the relief requested herein and such other relief as is just and proper under the circumstances.

Dated: July 3, 2025

Respectfully submitted,

GREENBERG TRAURIG, LLP

/s/ David B. Kurzweil

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Counsel for the Debtors and Debtors in Possession

CERTIFICATE OF SERVICE

I hereby certify that all ECF participants registered in these cases were served electronically with the foregoing Objection through the Court's ECF system at their respective email addresses registered with this Court. The Debtors' claims and noticing agent will be filing a supplemental certificate of service on the docket to reflect any additional service of the foregoing document via first-class mail, including the notice parties enumerated in the Objection.

Dated: July 3, 2025

GREENBERG TRAURIG, LLP

/s/ David B. Kurzweil

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Counsel for the Debtors and Debtors in Possession

Exhibit A

Proposed Order

**IN THE UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF GEORGIA
NEWNAN DIVISION**

In re:

AFH AIR PROS, LLC, *et al.*,³

Debtors.

Chapter 11

Case No. 25-10356 (PMB)

(Jointly Administered)

Re: Docket No. ____

**ORDER SUSTAINING DEBTORS' OMNIBUS OBJECTION TO CLAIMS
OF THE U.S. SMALL BUSINESS ADMINISTRATION**

Upon the *Omnibus Objection to Claims of the U.S. Small Business Administration*, dated July 3, 2025 [D.I. [•]] (the “Objection”)⁴ filed by the above-captioned debtors and debtors in possession (collectively, the “Debtors”), for entry of an order (this “Order”) disallowing and

³ The last four digits of AFH Air Pros, LLC’s tax identification number are 1228. Due to the large number of debtor entities in these chapter 11 cases, a complete list of the debtor entities and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the claims and noticing agent at <https://www.veritaglobal.net/AirPros>. The mailing address for the debtor entities for purposes of these chapter 11 cases is: 150 S. Pine Island Road, Suite 200, Plantation, Florida 33324.

⁴ Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Objection.

expunging, and reclassifying the claims of the U.S. Small Business Administration (the “SBA”); and the Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and the matter being a core proceeding within the meaning of 28 U.S.C. § 157(b)(2); and venue of this proceeding and the Objection in this District being proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court being able to issue a final order consistent with Article III of the United States Constitution; and it appearing that due and adequate notice of the Objection has been given under the circumstances; and the Court having reviewed the Objection and having heard the statements in support of the relief requested therein at a hearing before this Court (the “Hearing”); and the Court having determined that the legal and factual bases set forth in the Objection and at the Hearing establish just cause for the relief granted herein; and upon the record of the Hearing, this Court having determined that there is good and sufficient cause for the relief set forth in this Order; and after due deliberation thereon, it is hereby **ORDERED** that:

1. The Objection is SUSTAINED, as set forth herein.
2. The Duplicative Claims (Claim Nos. 117-119) are hereby disallowed in their entirety.
3. Claim No. 87 is hereby reclassified from a secured claim to a general unsecured claim in the amount of \$177,554.79. Claim No. 87 shall remain on the claims register as a general unsecured claim, subject to the Debtors’ or other party-in-interest’s further objections on any substantive or non-substantive grounds.
4. Claim No. 88 is hereby reclassified from a secured claim to a general unsecured claim in the amount of \$177,416.09. Claim No. 88 shall remain on the claims register as a general unsecured claim, subject to the Debtors’ or other party-in-interest’s further objections on any substantive or non-substantive grounds.

5. Claim No. 89 is hereby reclassified from a secured claim to a general unsecured claim in the amount of \$177,369.86. Claim No. 89 shall remain on the claims register as a general unsecured claim, subject to the Debtors' or other party-in-interest's further objections on any substantive or non-substantive grounds.

6. Claim No. 90 is hereby reclassified from a secured claim to a general unsecured claim in the amount of \$177,431.50. Claim No. 90 shall remain on the claims register as a general unsecured claim, subject to the Debtors' or other party-in-interest's further objections on any substantive or non-substantive grounds.

7. Nothing set forth in this Order shall be construed as, or shall in any way constitute, a waiver of the Debtors' rights to assert objections to the Reclassified Claims on any additional grounds whatsoever.

8. The Debtors and their claims and noticing agent, Verita, as well as the Clerk of the Court, are authorized to take all such actions as are necessary and appropriate to effectuate the terms of this Order.

9. This Court retains jurisdiction over any and all affected parties with respect to any and all matters, claims or rights arising from or related to the implementation or interpretation of this Order.

END OF DOCUMENT

Prepared and presented by:

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