

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION**

In re:

City of Detroit, Michigan,
Debtor.

Bankruptcy Case No. 13-53846

Judge Thomas J. Tucker

Chapter 9

CITY OF DETROIT’S STATUS REPORT ON BANKRUPTCY CASE

On June 10, 2024, the Court entered its *Order Requiring the City to File a Further Status Report by December 9, 2025* (“Order,” Doc. No. 13966). The Order states that the City of Detroit (“City”) must file a status report by December 9, 2025, updating the June 9, 2025, status report (“Prior Status Report,” Doc. No. 13965), and “discussing whether this Chapter 9 bankruptcy case then should be closed, and if not, why not, and if not, when the City contends that the case will be ready to be closed.” The City files this Report as directed, respectfully stating as follows.

I. INTRODUCTION

This bankruptcy case may be closed when administration is complete, subject to the Court’s retained jurisdiction for as long as necessary for successful Plan implementation. 11 U.S.C. § 945. The City believes its bankruptcy case is nearly complete. The City intends to move for a final decree during the first quarter of 2026.

The City needs to complete distributions to Allowed Class 14 Claim Holders, but this work should not require Court supervision. To date, the City has distributed



96% of the New B Notes¹ allocated for distribution (amounting to \$19.2 million in face value). Recipients of these New B Notes account for approximately two-thirds in number of all Allowed Class 14 Claim Holders. Using the additional authority recently granted by this Court, the City is working to complete New B Note transfers to the remaining 29 Allowed Class 14 Claim Holders. Although the City has the authority to declare the remaining 4% of New B Notes (approximately \$800 thousand in face value) undeliverable after having made two unsuccessful attempts to distribute them, the City, without undertaking a legally enforceable obligation to do so, intends to make at least one more attempt to transfer these New B Notes—and may continue attempts where the City has reason to believe an additional attempt to a recipient might succeed.

The City also must distribute accrued interest on these New B Notes. As the Court may recall, the New B Notes were issued to a Distribution Trustee to hold and collect interest on behalf of Allowed Class 14 Claim Holders. To date, approximately \$10 million in interest has been collected for distribution to Allowed Class 14 Claim Holders. The City will soon file a Distribution Notice detailing its plans for distribution of these funds, specifying the date and amounts of expected

¹ Terms capitalized but not defined in this Report have the meanings ascribed to them in the City's *Eighth Amended Plan for the Adjustment of Debts of the City of Detroit* ("Plan"), as filed as Docket Number 8045 and confirmed with minor modifications by this Court's order filed at Docket Number 8272.

distributions. After the City completes its first distribution attempt of accrued interest, the City intends to file a motion with the Court seeking a final decree.

Thus, the City would ask the Court to set April 15, 2026, as the date by which the City must either file a motion for a final decree or file a status report explaining why a final decree should be delayed and not entered at such time. Keeping the case open for a short while longer will allow the City to file the Distribution Notice required by the Plan and distribute accrued interest. This timetable is in keeping with the City's position stated in the Prior Status Report: "Assuming there are no unanticipated issues with the Class 14 Distribution of New B Notes, the City anticipates that the bankruptcy case likely can be closed shortly after [this] status report is filed." (Prior Status Report, p. 1).

The City is available to address any questions the Court may have regarding this Report or the continuing administration of this case.

II. BACKGROUND

A. The Class 14 New B Note Distribution Process

1. On September 17, 2019, the City filed the *City of Detroit's Motion to Implement Distributions of B Notes to Holders of Allowed Class 14 Claims Under the City's Confirmed Plan of Adjustment* [Doc. No. 13126] ("Brokerage Motion") to establish procedures for the *pro rata* distribution of New B Notes to Holders of Allowed Class 14 Claims.

2. The Court approved the Brokerage Motion, entering its *Order Granting the City of Detroit's Motion to Implement Distributions of B Notes to Holders of Allowed Class 14 Claims Under the City's Confirmed Plan of Adjustment* [Doc. No. 13173] ("Brokerage Order"). The Brokerage Order approved certain forms and required Claimholders to return these forms properly filled out in order to participate in Distributions on claims against the City. Brokerage Order, ¶¶ 2, 6.

3. On November 24, 2021, the City filed its *Motion to Establish Procedures for Distribution of New B Notes to Holders of Allowed Class 14 Claims Under the City's Plan of Adjustment* [Doc. No. 13476] ("Procedures Motion") to establish procedures should a distribution to a Claimholder fail. On December 22, 2021, this Court granted the Procedures Motion. [Doc. No. 13488.]

4. On March 16, 2022, the City filed its *Motion for an Order (A) Approving First and Final Distribution of New B Notes to Holders of Allowed Class 14 Claims Under the City's Plan of Adjustment and (B) Granting Other Related Relief* [Doc. No. 13521] ("Distribution Motion"). The Distribution Motion provided "interested parties the opportunity to review the planned Distribution and to timely raise any concerns they may have or be permanently and forever barred, estopped, and enjoined from raising any objection to the proposed first and final Distribution or asserting any Class 14 Claim against the City or any of its property." Distribution Motion, p. 3. The Distribution Motion included, as Exhibit 6-B, a list

of all Holders of Allowed Class 14 Claims whom the City believed were entitled to receive a distribution under the Plan.

5. The City received informal objections to the Distribution Motion, which resulted in a few Claims being added to Exhibit 6-B. A revised Exhibit 6-B, reflecting these changes, was attached to the City's certification to the Court that no timely formal objections were received to the Distribution Motion and that all informal objections had been resolved. [Doc. No. 13568.]

6. The Court approved the Distribution Motion by entering the Distribution Order [Doc. No. 13570]. In the Distribution Order, the Court found that the revised Exhibit 6-B contained a complete and exhaustive list of Allowed Class 14 Claims and that only claims on the revised Exhibit 6-B would receive Distributions under Class 14 of the Plan. Distribution Order, ¶ 2. The Distribution Order further stated that "no other alleged Holder of a Class 14 Claim will be entitled to a Distribution under the Plan, and each such other alleged Holder of a Class 14 Claim will be permanently estopped, barred, and enjoined from seeking a Distribution or any other relief from the City or any of its property." *Id.*, ¶ 8.

7. The City entered into additional stipulations, each effecting minor adjustments to the planned distribution. [Doc. Nos. 13621, 13622, 13650, 13654.]

B. The Wershe Litigation

8. On July 20, 2021, Richard Wershe Jr. filed case number 21-cv-11686 (“City Wershe Case”) against the City in the District Court for the Eastern District of Michigan (“District Court”), seeking damages on account of events that allegedly occurred long before the City filed for bankruptcy. Mr. Wershe also filed case number 22-cv-12596 against the United States (“US Wershe Case,” and with the City Wershe Case, the “Wershe Cases”) in the District Court.

9. On January 4, 2022, the City filed its *Motion for the Entry of an Order Enforcing the Bar Date Order and Confirmation Order Against Richard Wershe Jr.* [Doc. No. 13491] (“Wershe Motion to Enforce”). On May 9, 2022, Mr. Wershe filed *Richard Wershe, Jr.’s Motion for Entry of Notice of Claim After Bar Date* [Doc. No. 13560] (“Motion to File Late Claim,” and with the Wershe Motion to Enforce, the “Wershe Filings”), seeking a \$100 million unsecured claim against the City.

10. The City and Mr. Wershe filed additional related papers as directed by the Court. [Doc. Nos. 13572, 13643, 13655.]

11. On September 18, 2023, the District Court dismissed both Wershe Cases. Mr. Wershe appealed (the “Wershe Appeal”). This Court allowed the City and Mr. Wershe to file briefs discussing the effect that dismissal of the Wershe Cases should have on the Wershe Filings. [Doc. Nos. 13742, 13756, 13791.]

12. On April 19, 2024, the Court entered opinions and orders that held that Mr. Wershe could not file a claim against the City, but that the Court would revisit the matter should the Wershe Appeal succeed. [Doc. Nos. 13900-03.]

13. On August 8, 2024, the Sixth Circuit affirmed the District Court. Sixth Circuit Case Nos. 23-1902, 23-1903. Although Mr. Wershe filed a petition for *certiorari* with the United States Supreme Court, it was denied on January 21, 2025.

14. The City thus filed a Revised Notice of First and Final Distribution and Distribution Date on June 9, 2025 [Doc. No. 13964] (“Distribution Notice”) and, shortly thereafter, began distributing New B Notes to Allowed Class 14 Claim Holders.

15. Two attempts to transfer New B Notes have been made. In total, New B Notes with a face value of \$19.2 million have been distributed to 55 claimants, representing 96.0% in amount of the New B Notes and 65.5% in number of recipients, respectively.

16. The City is still attempting to distribute the remaining \$807,429 in New B Notes that remain to the 29 Allowed Class 14 Claim Holders who have not yet received them. Some of these claimants have been in contact with the City to provide updated brokerage account information; the City continues to work with these claimants.

17. A few Allowed Class 14 Claim Holders have neither successfully received New B Notes nor responded to the City's repeated mailings. If this continues, the City will regretfully exercise its authority to declare the distributions to these Allowed Class 14 Claim Holders undeliverable. *See* ¶ 8 of Doc. 13980 discussed below.

C. Motion for Flexibility in Distribution Procedures

18. On July 14, 2025, the City filed a motion to alter the procedures approved by the Procedures Motion. (“Modification Motion,” Doc. No. 13979). Through the Modification Motion, the City sought additional flexibility to work with Allowed Class 14 Claim Holders whose initial New B Note distributions were unsuccessful. The City's goal was (and remains) to ensure that as many Allowed Class 14 Claim Holders as possible receive the New B Notes to which they are entitled.

19. The Court granted the Modification Motion on July 14, 2025. [Doc. No. 13980.] The flexibility permitted under the Court's order has helped the City distribute 96% in amount of its New B Notes thus far. The City anticipates reaching additional Allowed Class 14 Claim Holders under this authority in the coming months, even after a final decree is entered in this bankruptcy case.

D. Class 15 Claims

20. As noted in the Prior Status Report, in conducting due diligence in winding down this bankruptcy case, the City uncovered that a small number of Allowed Class 15 Claims remained unpaid. Although the City had paid 218 Allowed Class 15 Claims, there were 55 Allowed Class 15 Claims that remained unpaid in the total amount of \$79,622.75. These 55 Allowed Claims were held by 32 unique Holders; *i.e.*, some creditors were Holders of more than one Allowed Class 15 Claim.

21. The City engaged with its claims agent to arrange for payment of these Allowed Class 15 Claims.

22. Article V.J.2 of the Plan requires the claims agent to comply with tax reporting requirements. *See* Plan, pp. 66 (Doc. No. 8045, pp. 73-74 of 82). The claims agent may require submission of IRS W-9 forms to meet these requirements. *Id.* The Plan requires that Holders be given at least 180 days to supply these forms. *Id.* Accordingly, on May 30, 2025, the claims agent sent out a letter to the Holders requesting W-9 forms, setting a deadline of November 26, 2025, to return them.

23. On June 18, 2025, the claims agent confirmed that the City had deposited \$79,622.75 with it, which is sufficient to make the required payments to Allowed Class 15 Claim Holders.

24. As of the filing of this report, nine of the 32 Holders of Allowed Class 15 Claims have returned W-9 forms. These Holders hold Allowed Class 15 Claims with a cash value of \$29,823.42, representing a little more than one-third of the total. These claims will be paid by the claims agent.

25. In accordance with Plan Article V.J.2, the Allowed Class 15 Claim Holders that failed to provide a W-9 form within 180 days of the request, *i.e.*, by November 26, 2025, have forfeited their distribution.

26. Class 15 Claim distribution will be complete after required payments have been made to those Allowed Class 15 Claim Holders who returned completed W-9 forms. The claims agent has the funds to make this distribution and will do so shortly. The remaining Allowed Class 15 Claims are forfeited, and the excess funds will be returned to the City.

E. Matters Resolved Since Last Report

1. Motion to Enforce Against Lorenzo Rippy

27. On or around March 18, 2025, Lorenzo Rippy filed a complaint in the Circuit Court for the County of Wayne, Michigan against the City, the General Retirement System for the City of Detroit (“GRS”), and the GRS’s Board of Trustees, commencing case number 25-003999-CZ (the “Lawsuit”).

28. The Lawsuit sought to prevent the GRS from withholding ASF Recoupment² payments from Mr. Rippy's pension.

29. On June 12, 2025, the City filed the *City of Detroit's Motion for the Entry of an Order Enforcing the Confirmation Order and the City's Confirmed Plan Against Lorenzo Rippy* ("Rippy Motion," Doc. No. 13967). GRS and its Board of Trustees filed a concurrence with the Rippy Motion. (Doc. No. 13971.)

30. No timely response was filed to the Rippy Motion. (Doc. No. 13972.) Thus, the Court entered an order granting it. ("Rippy Order," Doc. No. 13973.)

31. Mr. Rippy's counsel filed a motion to allow her to file an untimely response to the Rippy Motion. ("Rippy Response Motion," Doc. No. 13975.). As the Rippy Response Motion did not seek relief from the order granting the Rippy Order, however, the Court denied the Rippy Response Motion, finding that it would "serve no useful purpose" to file a response. (Doc. No. 13978.)

2. Cook Motion to Modify ASF Recoupment

32. On October 17, 2025, Ronald Cook filed his *Motion to Reduce or Modify the ASF Recoupment* ("Cook Motion," Doc. No. 13987). Mr. Cook asserted that he should be relieved of the requirement imposed by the Plan for ASF Recoupment because it created a financial burden for him.

² This term is defined in the Plan.

33. The parties stipulated to two extensions for the City to respond to the Cook Motion. (Doc. Nos. 13994, 13995, 13996, 13997.) The City anticipates filing a stipulation with Mr. Cook shortly which will resolve the Cook Motion.

III. THIS CASE IS, OR WILL SOON BE, “FULLY ADMINISTERED”

34. In the City’s confirmed Plan, the Court retained jurisdiction to “[e]nter a final decree closing the Chapter 9 Case pursuant to section 945(b) of the Bankruptcy Code[.]” Plan, Art. VII.P (Doc. No. 8045, p. 78 of 82; Doc. No 8272, p. 211 of 225).

35. Section 945(b) states that “Except as provided in subsection (a) of this section, the court shall close the case when administration of the case has been completed.” 11 U.S.C. § 945(b). Subsection (a) states that a bankruptcy court may retain jurisdiction for whatever time is necessary for successful plan implementation. 11 U.S.C. § 945(a).

36. The Bankruptcy Code does not explain when administration of a chapter 9 case is complete and, to the City’s knowledge, only one reported decision has addressed the question. *In re Lake Lotawana Cmty. Improvement Dist.*, Case No. 10-44629-can9; 2017 WL 1968282 (Bankr. W.D. Mo. May 11, 2017).

37. The *Lake Lotawana Community Improvement District* court noted that neither the Bankruptcy Code nor the Bankruptcy Rules offer guidance as to when a chapter 9 case has been administered. *Id.* at *2. The court then observed

Returning to § 945(b) then, cannons of statutory construction require that when Congress does not define a term, courts must give it its ordinary meaning. *Taniguchi v. Kan Pac. Saipan, Ltd.*, 566 U.S. 560, 566 (2012). Black’s Law Dictionary defines “administration” as the “judicial action in which a court undertakes the management and distribution of property.” Black’s Law Dictionary 49 (9th ed. 2009).

Id. at *3.

38. Thus, the court determined that a case is administered when there is no longer anything for the court to manage in the case. *Id.*

39. In this case, the majority of New B Notes have been distributed to Allowed Class 14 Claim Holders. Allowed Class 15 Claims have been fully funded for all Claim Holders who have returned or may return W-9 forms.

40. But, the City still wishes to file its Distribution Notice for accrued interest and make its first (and, it hopes, final) Distribution of this accrued interest before the bankruptcy case is closed.

IV. CONCLUSION

41. For the reasons described above, the City respectfully asks that the Court not close this bankruptcy case at this time, but instead set April 15, 2026, as the date by which the City must either file a motion for a final decree or file a status report explaining why a final decree should not be entered at that time.

42. The City is available to address any questions the Court may have regarding this Report or the continuing administration of this case.

Dated: December 9, 2025

MILLER, CANFIELD, PADDOCK AND
STONE, P.L.C.

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Chapter 9

CERTIFICATE OF SERVICE

I hereby certify that on December 9, 2025, I electronically filed the *City of Detroit's Status Report on Bankruptcy Case* with the Clerk of the Court via the Court's ECF electronic filing system which will serve notice to all ECF participants.

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