

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF ALABAMA  
SOUTHERN DIVISION

<b>In re:</b>	)	
	)	
<b>JEFFERSON COUNTY, ALABAMA,</b>	)	<b>Case No. 11-05736-TBB9</b>
<b>a political subdivision of the State of</b>	)	
<b>Alabama,</b>	)	<b>Chapter 9</b>
	)	
<b>Debtor.</b>	)	

**JEFFERSON COUNTY’S LIMITED OBJECTION TO PROOF OF CLAIM  
NUMBER 395 FILED BY JAMES PRUITT**

Jefferson County, Alabama (the “County”), pursuant to 11 U.S.C. § 502 and Federal Rule of Bankruptcy Procedure 3007, objects to the allowance of Claim Number 395 (the “Claim”)<sup>1</sup> filed by James Pruitt (the “Claimant”) other than as a Class 8 Other Unimpaired Claim under the *Chapter 9 Plan of Adjustment of Jefferson County, Alabama (Dated November 6, 2013)* [Docket No. 2182] (the “Plan”). As set forth below, the Claim should be classified as a Class 8 Other Unimpaired Claim and liquidated in accordance with applicable nonbankruptcy law as set forth in the Plan, subject to the rights, claims, and defenses of the parties, and should not be Allowed or treated under any other Class.

**BACKGROUND**

**A. Case Background.**

1. On November 9, 2011, the County filed a voluntary petition for relief under chapter 9 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the “Bankruptcy Code”).

<sup>1</sup> The Claim is numbered as set forth in the claims register maintained by Kurtzman Carson Consultants LLC, the County’s duly-appointed claims agent.



2. On March 4, 2012, the Court entered the order for relief in the County's case [Docket No. 778], confirming the County's eligibility to be a debtor under chapter 9 of the Bankruptcy Code.

3. By order dated November 22, 2013, the Court confirmed the Plan [Docket No. 2248] (the "Confirmation Order").<sup>2</sup>

4. The Effective Date of the Plan occurred on December 3, 2013. *See* Docket No. 2274.

**B. The Claims Process in the County's Case.**

5. On April 6, 2012, the Court entered its *Order (i) Setting Bar Dates and Procedures for Filing Proofs of Claim; (ii) Setting the Bar Date and Procedures for Filing Requests for Allowance of Section 503(b)(9) Claims; and (iii) Approving Form and Manner of Serving and Publishing the Notice of Bar Dates and the Entry of the Order for Relief* [Docket No. 889] (the "Bar Date Order").

6. Among other things, the Bar Date Order set June 4, 2012 as the deadline for filing proofs of claim. Moreover, the Court approved the County's proposed Proof of Claim Form and Bar Date Notice (as those terms are defined in the Bar Date Order).

7. The County duly served the Bar Date Notice and Proof of Claim Form. The County also published notice of the General Bar Date in *The Birmingham News* and *The Bond Buyer*. *See* Docket No. 1057.

**C. Background Regarding the Claimant's Purported Claim Against the County.**

8. On May 21, 2010, Claimant filed an action against Jefferson County Rehabilitation and Health Care ("JCRHC") in the United States District Court for the Northern District of Alabama (the "District Court"), case 2:10-cv-01295-RRA (the "Action").

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<sup>2</sup> Unless otherwise defined, all capitalized terms have the meanings provided in the Plan or Confirmation Order.

9. In the Action, Claimant alleged that JCRHC violated Title VII of the Civil Rights Act of 1964 (“Title VII”). Among other things, Claimant alleged that he was victim of sexual harassment and retaliation. In the Action, Claimant requested (i) a declaratory judgment finding JCRHC’s policies, practices and procedures violated the Claimants rights under Title VII; (ii) a permanent injunction enjoining JCRHC from violating Title VII; and (iii) an order awarding Claimant compensatory damages, punitive damages, interest, attorneys’ fees, expenses, and costs. The County reserves all rights, claims, and defenses.

10. On November 11, 2011, JCRHC filed a Notice of Bankruptcy in the Action. The District Judge dismissed the Action without prejudice, granting the Claimant the right to reopen the Action to adjudicate any issues not resolved in this Court.

11. The Claimant filed the Claim on May 16, 2012 asserting an unsecured claim in the amount of \$100,000.00 plus expenses, attorneys’ fees, and costs. The Claimant describes the “Basis for Claim” as “Title VII Sexual Harassment, Hostile Environment and Retaliation Claims.”

12. Under the Plan, to the extent the Claim is a claim for back wages and other employment benefits included within the Plan’s definition of Employee Compensation Claims, the Claim is an Other Unimpaired Claim and is classified in Class 8. *See* Plan § 2.3(v).

13. Similarly, to the extent the Claim is a claim arising from or in connection with that certain Consent Decree entered by the United States District Court for the Northern District of Alabama on December 29, 1982, in the litigation styled as *United States of America v. Jefferson County, et al.*, Civil Action No. 2:75-cv-00666-CLS (N.D. Ala.), the Claim is a Consent Decree Claim that is treated as an Other Unimpaired Claim and is classified in Class 8. *See* Plan § 2.3(v).

14. On information and belief, the Claimant has no other right of payment from the County other than Employee Compensation Claims or Consent Decree Claims. The Claim states no other right to payment.

15. Other Unimpaired Claims, including Employee Compensation Claims and Consent Decree Claims, are unimpaired by the Plan, do not share in the General Unsecured Claims Pool, and are not otherwise paid or treated pursuant to the Plan. *Id.*

### **JURISDICTION AND NOTICE**

16. The County brings the instant objection (the “Objection”) pursuant to 11 U.S.C. § 502 and Federal Rule of Bankruptcy Procedure 3007.

17. The Court has jurisdiction over the Objection pursuant to 28 U.S.C. §§ 157 and 1334. The Objection is a core proceeding within the meaning of 28 U.S.C. § 157(b). Venue of the County’s case and the Objection is proper before the Court under 28 U.S.C. §§ 1408 and 1409.

18. The County will serve a copy of this Objection on the Claimant and all parties on the Master Service List, as that term is defined in the Court’s *Order Establishing Notice, Service, and Case Management Procedures Pursuant to 11 U.S.C. §§ 102(1)(A) and 105(a) and Bankruptcy Rule 2002(m)* [Docket No. 89].

### **OBJECTION**

19. To the extent the Claimant asserts Employee Compensation Claims or Consent Decree Claims, such claims are Class 8 Other Unimpaired Claims under the Plan.

20. Notwithstanding any other term or provision of the Plan, the legal, equitable, and contractual rights of the Claimant, to the extent the Claimant is the holder of Employee Compensation Claims or Consent Decree Claims, are unaltered by the Plan, and the Plan leaves

unaltered the legal, equitable, and contract rights of the Claimant with respect to Employee Compensation Claims or Consent Decree Claims. *See* Plan § 2.3(v).

21. Accordingly, the Claimant may exercise all legal, equitable, and contractual rights with respect to Employee Compensation Claims and Consent Decree Claims pursuant to applicable law in any appropriate forum and the County retains all Causes of Action, defenses, deductions, assessments, setoffs, recoupment, and other rights under applicable nonbankruptcy law with respect to any and all Employee Compensation Claims and Consent Decree Claims. *See id.*

22. The County objects to the allowance of the Claim as anything other than a Class 8 Other Unimpaired Claim. Without limitation or waiver of any other basis for objection or disallowance, to the extent the Claimant asserts claims or rights to payment other than Employee Compensation Claims or Consent Decree Claims, the County denies the allegations on which the Claim is based, denies liability to the Claimant, and demands strict proof thereof.

23. The County reserves all rights, claims, and defenses with respect to the Claim and all other proofs of claim filed in its case, including the right to contest the classification of any claim under the Plan.

24. The County files this Objection without prejudice to or waiver of its rights pursuant to section 904 of the Bankruptcy Code, and nothing herein is intended as or shall be deemed to constitute the County's consent to this Court's interference with (a) any of the political or governmental powers of the County, (b) any of the property or revenues of the County, or (c) the County's use or enjoyment of any income-producing property.

**WHEREFORE**, the County respectfully requests the Court to enter an order disallowing the Claim in its entirety except to the extent it asserts any Employee Compensation Claims or Consent

Decree Claims, expunging the Claim from the County's claims register in its entirety, and granting such other, further, and different relief as may be just and proper.

Respectfully submitted this 5th day of May, 2014.

/s/ J. Patrick Darby

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