

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

In re: § Chapter 11
MIDWEST CHRISTIAN VILLAGES, § Case No. 24-42473-659
INC. et al,1 § Jointly Administered
Debtors. § Hearing Date: August 13, 2025
§ Hearing Time: 11:00 a.m. (CT)
§ Hearing Location: Courtroom 7 North

DEBTORS' MOTION FOR ENTRY OF AN ORDER (I) AUTHORIZING AND APPROVING SETTLEMENT AGREEMENT BETWEEN HOPP ESTATE AND DEBTORS AND (II) GRANTING RELATED RELIEF

The above-captioned debtors and debtors in possession (collectively, the "Debtors") respectfully state as follows in support of this motion (the "Motion"):

Relief Requested

1. Pursuant to §§ 105(a) and 363(b) of title 11 of the United States Code (the "Bankruptcy Code") and Rule 9019 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), the Debtors respectfully request entry of an order (the "Proposed Order") approving the settlement agreement attached hereto as Exhibit A (the "Settlement Agreement")

1 The address of the Debtors headquarters is 2 Cityplace Dr, Suite 200, Saint Louis, MO 63141-7390. The last four digits of the Debtors' federal tax identification numbers are: (i) Midwest Christian Villages, Inc. [5009], (ii) Hickory Point Christian Village, Inc. [7659], (iii) Lewis Memorial Christian Village [3104], (iv) Senior Care Pharmacy Services, LLC [1176], (v) New Horizons PACE MO, LLC [4745], (vi) Risen Son Christian Village [9738], (vii) Spring River Christian Village, Inc. [1462], (viii) Christian Homes, Inc. [1562], (ix) Crown Point Christian Village, Inc. [4614], (x) Hoosier Christian Village, Inc. [3749], (xi) Johnson Christian Village Care Center, LLC [8262], (xii) River Birch Christian Village, LLC [7232], (xiii) Washington Village Estates, LLC [9088], (xiv) Christian Horizons Living, LLC [4871], (xv) Wabash Christian Therapy and Medical Clinic, LLC [2894], (xvi) Wabash Christian Village Apartments, LLC [8352], (xvii) Wabash Estates, LLC [8743], (xviii) Safe Haven Hospice, LLC [6886], (xix) Heartland Christian Village, LLC [0196], (xx) Midwest Senior Ministries, Inc. [3401], (xxi) Shawnee Christian Nursing Center, LLC [0068], and (xxii) Safe Haven Hospice, LLC [6886].



and authorizing the Debtors to release the Proceeds (as defined below) immediately upon the Proposed Order being entered.

### **Jurisdiction and Venue**

2. The United States Bankruptcy Court for the Eastern District of Missouri (the “Court”) has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. Venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).

3. The bases for the relief requested herein are §§ 105(a) and 363(b) of the Bankruptcy Code and Bankruptcy Rule 9019.

### **Background**

4. On July 16, 2024 (the “Petition Date”), each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. A detailed description of the Debtors, their businesses, and the facts and circumstances supporting the Debtors’ chapter 11 cases are set forth in greater detail in the First Day Declaration [Docket No. 3], which is incorporated herein by reference.

5. The Debtors are operating their businesses and managing their properties as debtors in possession pursuant to §§ 1107(a) and 1108 of the Bankruptcy Code. No request for the appointment of a trustee or examiner has been made in these chapter 11 cases.

6. On August 8, 2024, the United States Trustee appointed an Official Committee of Unsecured Creditors [Docket No. 121] (the “Creditors’ Committee”). The Creditors’ Committee consists of, among others, a resident, Donald H., care of his counsel, Laura Castagna of Kelly & Castagna. In reality, it was the estate of Donald Hopp that was appointed to the Creditors’ Committee.

7. On August 28, 2024 the Court entered the *Order (I) Establishing Deadlines for Filing Proofs of Claim and Procedures Relating Thereto and (II) Approving Form and Manner of Notice Thereof* [Docket No. 221] (the “Bar Date Order”) establishing October 15, 2024 as the General Bar Date (as defined in the Bar Date Order).

8. On October 7, 2024, prior to the expiration of the General Bar Date, the Estate of Donald E. Hopp, Jr. (the “Hopp Estate”) filed a proof of claim against debtor Christian Homes, Inc. [Claim No. 40] (the “Hopp Claim”).

9. The Hopp Claim was the place-holder for claims the estate had previously settled regarding a pre-petition personal injury claim.

10. As noted above, the Hopp Estate is a member of the Creditors’ Committee.

11. Further, as noted in the *Final Order (1) Authorizing Debtors in Possession to Obtain Post-Petition Financing; (2) Authorizing Debtors in Possession to Use Cash Collateral; (3) Providing Adequate Protection; and (4) Granting Liens, Security Interests and Superpriority Claims* [Docket No 377] (the “Final DIP Order”) the Debtor received certain insurance proceeds, pre-petition, of \$1,750,000. Depending on the timing method and/or accounting conventions used, arguably \$1,666,839.89 or some lesser amount, was on hand as of the Petition Date after a required payment of governmental claims (the “Proceeds”).<sup>2</sup>

12. As of the filing date, those Proceeds were held on a commingled basis in the general operation account. Sometime after the Petition Date, the largest amount attributable to Proceeds was put into a separate account pursuant to an agreed deal with the Committee, the Hopp Estate, and the Bond Trustee to reserve everyone’s rights, claims, and defenses pending a resolution of such matters or a declaratory judgment action to determine the respective rights in the Proceeds.

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<sup>2</sup> Pre-petition, the Debtor wired \$83,160.11 of the \$1.75 million to counsel for the Hopp Estate for payment of a Medicare lien.

13. Pursuant to the Settlement Agreement, the Debtors and the Hopp Estate propose to split the Proceeds, with 34%, or five hundred sixty six thousand seven hundred twenty five dollars and thirty three cents (\$566,725.33), retained by the estate of debtor Christian Homes, Inc., and available for distribution to creditors of the Debtors' estates, and the remaining 66%, or one million, one hundred thousand one hundred fourteen dollars and fifty six cents (\$1,100,114.56) being paid to the Hopp Estate in full and complete satisfaction of the Hopp Claim.

**Basis for Relief**

14. Bankruptcy Rule 9019(a) provides that on motion and after notice and a hearing, “the court may approve a compromise or settlement.” Fed. R. Bankr. P. 9019(a). In granting a motion pursuant to Bankruptcy Rule 9019(a), a Court must find that the proposed settlement is “‘fair and equitable’ and ‘in the best interests of the estate.’” *In re Apex Oil Co.*, 92 B.R. 847, 866-67 (Bankr. E.D. Mo. 1988) (quoting *Protective Comm. for Indep. Stockholders of TMT Trailer Ferry, Inc. v. Anderson*, 390 U.S. 414, 424 (1968)); see also *In re Cockhren*, 468 B.R. 838, 845-46 (8th Cir. 2012). “The purpose of a compromise is to allow the trustee and creditors to avoid the expenses and burdens associated with litigating . . . .” *In re Cockhren*, 468 B.R. at 846 (citation omitted). To amount to a fair and equitable compromise, the agreement need only fall within a range of reasonable compromise alternatives; it need not be the best compromise. *Id.*

15. When assessing the reasonableness of a compromise, the court considers:

- (i) the probability of success in litigation;
- (ii) the difficulties, if any, to be encountered in the matter of collection;
- (iii) the complexity of the litigation involved, and the expense, inconvenience and delay necessarily attending it;
- (iv) the paramount interest of the creditors and a proper deference to their reasonable views in the premises.

*Ritchie Capital Mgmt., LLC v. Kelley*, 785 F.3d 273, 278-79 (8th Cir. 2015).

16. The Court is “not required to conduct an extensive investigation of the claims in order to approve the settlement.” *Id.* (citing *Martin v. Cox (In re Martin)*, 212 B.R. 316, 319 (8th Cir. BAP 1997)). The Court may give weight to the informed judgment of a debtor that a compromise is fair and equitable. See *In re Purofied Down Products Corp.*, 150 B.R. 519, 522 (S.D.N.Y. 1993); *In re Ashford Hotels Ltd.*, 226 B.R. 797, 802 (Bankr. S.D.N.Y. 1998) (“Significantly, that test does not contemplate that [the Court] substitute [its] judgment for the Trustee’s, but only that [the Court] test [its] choice for reasonableness . . . . If the Trustee chooses one of two reasonable choices, [the Court] must approve that choice, even if, all things being equal, [the Court] would have selected the other.”). The Court examines a proposed settlement and determines only whether it “fall[s] below the lowest point in the range of reasonableness.” *In re Petters Co., Inc.*, 455 B.R. 166, 168 (8th Cir. 2011).

17. The Court also may grant a debtor’s request to use property of the estate outside of the ordinary course of business pursuant to section 363(b) of the Bankruptcy Code if that request is supported by sound business reasons. The business judgment rule is highly deferential to debtors and may be satisfied “as long as the proposed action appears to enhance the debtor’s estate.” *Crystalin, LLC v. Selma Props. Inc. (In re Crystalin, LLC)*, 293 B.R. 455, 463–64 (B.A.P. 8th Cir. 2003) (quoting *Four B. Corp. v. Food Barn Stores, Inc. (In re Food Barn Stores, Inc.)*, 107 F.3d 558, 566 n.16 (8th Cir. 1997)); see also *In re Farmland Indus. Inc.*, 294 B.R. 903, 913 (Bankr. W.D. Mo. 2003) (“Under the business judgment standard, the question is whether the [proposed action] is in the Debtors’ best economic interests, based on the best business judgment in those circumstances.”)

18. Here, the terms of the Settlement Agreement are fair and reasonable and in the best interest of the Debtors, their estates, and creditors. The Settlement Agreement should be approved based upon the factors considered by the Eighth Circuit.

19. The Settlement Agreement is the result of good faith negotiations amongst the Hopp Estate, the Debtors, the Bond Trustee, and the Creditors' Committee.

20. Based upon the foregoing, and under these circumstances, entry into and performance under the Settlement Agreement is in the best interest of the Debtors, their estates, and creditors. The Settlement Agreement is fair and reasonable and is the result of extensive cost, time, and negotiations. Therefore, the Debtors respectfully request that the Court approve the terms of the Settlement Agreement and authorize performance thereunder and modify the automatic stay to allow the movants to pursue approval of the settlement agreement in the state court.

#### **Reservation of Rights**

21. Nothing contained herein is intended to be or shall be deemed as: (i) an admission as to the validity of any claim against the Debtors; or (ii) a waiver or limitation of the Debtors' rights under the Bankruptcy Code or any other applicable law.

#### **Notice**

22. This Motion and notice of this Motion will be served on the current Master Service List, the current Master Notice List, and counsel for the Hopp Estate. Notice of this Motion and any order entered hereon will be served in accordance with Local Rule 9013-3(E). The Debtors submit that, under the circumstances, no other or further notice is required.

#### **No Prior Request**

23. No prior request for the relief sought herein has been made by the Debtors to this or any other Court.

Dated: July 16, 2024  
St. Louis, Missouri

Respectfully submitted,

**DENTONS US LLP**

/s/ Clay Taylor

Clay Taylor (admitted *pro hac vice*)

**DENTONS US LLP**

100 Crescent Court  
Suite 900  
Dallas, Texas 75201  
Telephone: (214) 259-0900  
clay.taylor@dentons.com

Stephen O'Brien

MoBar # 43977

**DENTONS US LLP**

211 N Broadway Ste 3000  
St. Louis, MO 63102  
Telephone: (314) 241-1800  
stephen.obrien@dentons.com

Robert E. Richards (admitted *pro hac vice*)

Samantha Ruben (admitted *pro hac vice*)

Elysa Chew (admitted *pro hac vice*)

**DENTONS US LLP**

233 S. Wacker Drive, Suite 5900  
Chicago, Illinois 60606-6404  
Telephone: (312) 876-8000  
robert.richards@dentons.com  
samantha.ruben@dentons.com  
elysa.chew@dentons.com

– and –

David A. Sosne

MoBar # 28365

**SUMMERS COMPTON WELLS  
LLC**

903 South Lindbergh Blvd., Suite 200  
St. Louis, Missouri 63131  
Telephone: (314) 991-4999  
dsosne@scw.law

*Co-Counsel to the Debtors and Debtors-in-Possession*

**EXHIBIT A**

**Settlement Agreement**



## SETTLEMENT AGREEMENT

This Settlement Agreement (the “**Agreement**”) is entered into as of July 15, 2025 by and between (i) Christian Homes, Inc. (the “**Debtor**”) and (ii) the Estate of Donald E. Hopp, Jr. (“**Hopp Estate**,” together, the “**Parties**”) to resolve all outstanding issues relating to certain insurance proceeds in the original total amount of \$1,750,000 (“**Proceeds**”).<sup>1</sup> Capitalized terms used but not defined herein shall have the meaning ascribed to them in the *Debtors’ Motion for Entry of an Order (I) Authorizing and Approving Settlement Agreement between Hopp Estate and Debtors and (II) Granting Related Relief* (the “**Motion**”).

**WHEREAS**, on October 7, 2024, the Hopp Estate filed Claim No. 40 against the Debtor asserting an interest in the Proceeds (the “**Hopp Claim**”);

**WHEREAS**, the Debtor disputes the Hopp Estate’s entitlement to the Proceeds; and

**WHEREAS**, the Parties desire to settle all such disputes on the terms and conditions set forth herein.

**NOW, THEREFORE**, in consideration of the foregoing premises and the mutual covenants and agreements hereinafter set forth, the Parties agree as follows:

I. Distribution of Proceeds.

In full and complete satisfaction of the Hopp Claim, the Parties agree that the Hopp Estate shall receive 66% of the Proceeds (\$1,100,114.56), with 34% of the Proceeds (\$566,725.33) remaining in the Debtor’s estate as an additional distribution to the Debtor’s creditors. The Distribution to the Hopp Estate will occur within five (5) business days of the approval by both the bankruptcy court overseeing the Debtor’s bankruptcy proceeding (the “**Bankruptcy Court**”) and the Logan County, Illinois state court (Case No. 2021-L-18) overseeing the Hopp Estate’s claim against the Debtor (upon such payment, the “**Effective Date**”). Notice of the motion to approve the settlement by the state court, any hearings thereon, and court proceedings related thereto shall be provided to counsel for the Debtor, Clay M. Taylor, 100 Crescent Court, Suite 900, Dallas Texas 75201; clay.taylor@dentons.com. The Proceeds of \$1,100,114.56 shall be made payable to: “Derek Hopp as Executor of the Estate of Donald E. Hopp, Jr., deceased and Castagna Law Offices, LLC.”

II. Mutual Release: Dismissal of State Court Proceeding.

On the Effective Date, each party hereby releases and forever discharges the other party and their affiliated entities (including all Debtors), and each of their respective past, present and future officers, directors, employees, agents, successors and assigns, from any and all claims, demands, actions, causes of action, suits, debts, sums of money, accounts, reckonings, covenants, contracts, agreements, controversies, damages, judgments, orders, executions, liens, attachments

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<sup>1</sup> The Proceeds are currently \$1,666,839.89 after the payment of certain required governmental claims in the amount of \$83,160.11.

and liabilities of every kind and nature whatsoever, whether known or unknown, suspected or unsuspected, in law or in equity, which such Party ever had, now has or hereafter may have against such other Party, arising out of or relating to the Hopp Claim or the Debtors' bankruptcy cases.

On the Effective Date, the Hopp Estate shall diligently pursue dismissal of the state court action.

III. Representations and Warranties.

Each of the Parties warrants and represents that, prior to the execution of this Agreement: (i) each of them has thoroughly read this Agreement and conducted an independent and thorough investigation of all pertinent facts; (ii) each of them has thoroughly informed itself of the terms, consents, conditions, and effects of this Agreement; (iii) each of them has obtained the advice and benefit of counsel of its own choosing and no rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall be employed in the interpretation of this Agreement; (iv) no representations of any kind have been made by or on behalf of any of the Parties other than as expressly set forth in this Agreement; and (v) each Party thereafter elected knowingly and voluntarily to execute and enter into this Agreement.

IV. Further Assurances.

Each Party hereto covenants and agrees that it will take such other reasonable actions as any other party may reasonably request from time to time to accomplish the objectives of this Agreement.

V. Miscellaneous.

(a) Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective successors and assigns; provided, however, that the foregoing shall not authorize any assignment by any Party of its rights or duties hereunder.

(b) Integration. This Agreement contains the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior agreements, understandings, offers and negotiations, oral or written, with respect thereto and no extrinsic evidence whatsoever may be introduced in any judicial or arbitration proceeding, if any, involving this Agreement.

(c) No Admission of Liability. This Agreement shall not be construed or interpreted as an admission of liability by any Party or an admission of the truth by any Party, expressed or implied, and all such liability is expressly denied.

(d) Severability. If any provision of this Agreement is held to be invalid or unenforceable, such provision shall be struck from this Agreement and the remaining provisions shall remain in full force and effect.

(e) Counterparts. This Agreement may be signed in counterparts and all of such counterparts when properly executed by the appropriate parties thereto together shall serve

as a fully executed document, binding upon the parties. Facsimile or PDF copies of signatures on this agreement shall have the same force and effect as an original.

(f) Bankruptcy Court Jurisdiction. Any disputes arising out of this Agreement shall be heard exclusively by the Bankruptcy Court.

*[Remainder of page intentionally left blank; signature page(s) to follow.]*

**IN WITNESS WHEREOF**, this Agreement has been duly executed and delivered by each Party or the duly authorized officer of each Party as of the date set forth above.

**Christian Homes, Inc.**

By \_\_\_\_\_

Name:

Title:

**Estate of Donald E. Hopp, Jr.**

By  \_\_\_\_\_

Name: Derek Hopp

Title: Executor of the Estate of Donald E. Hopp, Jr.,  
deceased

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[Signature Page to Settlement Agreement]

**IN WITNESS WHEREOF**, this Agreement has been duly executed and delivered by each Party or the duly authorized officer of each Party as of the date set forth above.

**Christian Homes, Inc.**

By  \_\_\_\_\_

Name: Shawn O'Conner

Title: Chief Restructuring Officer

**Estate of Donald E. Hopp, Jr.**

By \_\_\_\_\_

Name: Derek Hopp

Title: Executor of the Estate of Donald E. Hopp, Jr.,  
deceased

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[Signature Page to Settlement Agreement]