

**ENTERED**

September 15, 2025

Nathan Ochsner, Clerk

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

IN RE:

TEHUM CARE SERVICES, INC.,

Debtor.

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CASE NO: 23-90086

CHAPTER 11

**ORDER GRANTING MOTION DETERMINING THAT ANY PAYMENT  
OBLIGATION BY YESCARE CORP., CHS TX, INC., AND CORIZON  
HEALTH NEW MEXICO OWED TO WARD WAS NOT RELEASED  
UNDER THE PLAN AND CONFIRMATION ORDER  
(ECF NO. 2078)**

Vincent Ward, as personal representative of the wrongful death estate of Leon Casiquito (“**Ward**”), seeks an order confirming that any payment obligation by YesCare Corp., CHS TX, Inc., and Corizon Health New Mexico (“**CHNM**”) (together, “**Objectors**”) owed to Ward was not released under the consensual third-party releases in the “Plan” and related “Confirmation Order.” The Objectors oppose the Motion. After a hearing and careful consideration, the Court grants the Motion.

**BACKGROUND**

In March 2025, this Court entered the Confirmation Order, which confirmed Tehum’s chapter 11 Plan. The Plan incorporated a settlement agreement between Tehum, YesCare Corp. and certain of its affiliates (“**YesCare Parties**”), the Official Committee of Tort Claimants, and the Official Committee of Unsecured Creditors. CHS TX and CHNM are non-debtors and also YesCare Parties.

The settlement resolved, among other things, Tehum’s estate causes of action against YesCare Parties about a Texas divisional merger and related acts.<sup>1</sup> In exchange, YesCare Parties agreed to pay \$50 million. The funds were split evenly between a personal injury and/or wrongful death trust and a general unsecured claim trust.<sup>2</sup> The Plan also provided for consensual third-party releases between, among others, YesCare Parties and personal injury and/or wrongful death (“**PIWD**”) claimants.

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<sup>1</sup> Disclosure Statement, ECF No. 1815-2, at pp. 11–14.

<sup>2</sup> Disclosure Statement, ECF No. 1815-2, at p. 15.



The Court approved voting and solicitation procedures order (“**Solicitation Order**”) required solicitation packages to be sent to eligible claimholders.<sup>3</sup> PI/WD claimants were classified in Classes 6–8 of the Plan and were entitled to receive a ballot and an “Opt-Out Release Form.”<sup>4</sup> A PI/WD claimant who did not opt out of the third-party releases by checking the appropriate box on the Opt-Out Release Form was deemed a “Consenting PI/WD Claimant.” Consenting claimants’ claims were channeled to the PI/WD trust on the effective date of the Plan. Under the Plan, channeled claimants participated in the \$50 million settlement and released claims against YesCare Parties and other “Released Parties.” Claimants who opted out of the third-party releases did not participate in the settlement and could pursue recovery against third parties in the tort system—including YesCare Parties—on theories of successor liability.<sup>5</sup>

In connection with Plan confirmation, the solicitation agent filed a certificate of service of the solicitation materials (“**Solicitation Certificate of Service**”).<sup>6</sup> Some parties received a ballot and an Opt-Out Release Form, some received Plan related materials but did not receive an Opt-Out Release Form, and some did not receive any Plan related materials. The solicitation agent also filed a Declaration Regarding Solicitation and Tabulation of Votes (“**Voting Declaration**”).<sup>7</sup> The Voting Declaration states that the solicitation agent posted certain solicitation materials, including the Plan and the Disclosure Statement on a public access website.<sup>8</sup> The Opt-Out Release Form was not posted or otherwise publicly accessible.<sup>9</sup> The Voting Declaration also states that publication notice was published in the Prison Legal News.<sup>10</sup> And that the solicitation agent served solicitation packages, which should include an Opt-Out Release Form and a ballot, on all holders of claims in Classes 6, 7, and 8.<sup>11</sup>

### **WARD’S MOTION**

Before the petition date, Ward sued Corizon Health, Inc. and CHNM in New Mexico’s Second Judicial District. After the petition date, Corizon filed a “Suggestion of Bankruptcy and Notice of the Automatic Stay” in the New Mexico case. In February 2025, Ward and CHNM agreed to a “Release and Settlement Agreement” (“**Settlement Agreement**”). The Settlement Agreement required CHNM and certain related entities, including the other Objectors, to pay \$350,000

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<sup>3</sup> Solicitation Order, ECF No. 1813, Exhibit 1: Solicitation Procedures, at p. 1.

<sup>4</sup> Solicitation Order, ECF No. 1813, Exhibit 1: Solicitation Procedures, at pp. 7, 9.

<sup>5</sup> Disclosure Statement, ECF No. 1815-2, at v–vi.

<sup>6</sup> Certificate of Service of Solicitation Materials, ECF No. 1852. The solicitation agent also filed Supplemental Certificates of Service at ECF Nos. 1867, 1868, 1925, 1928, 1958, 1960, and 1988.

<sup>7</sup> Declaration Regarding the Solicitation and Tabulation of Votes, ECF No. 1993.

<sup>8</sup> Declaration Regarding the Solicitation and Tabulation of Votes ¶8, ECF No. 1993.

<sup>9</sup> See Declaration Regarding the Solicitation and Tabulation of Votes ¶8, ECF No. 1993.

<sup>10</sup> Declaration Regarding the Solicitation and Tabulation of Votes ¶9, ECF No. 1993; *see also* Order Approving Disclosure Statement, ECF No. 1813, Exhibit 4-2: Publication Notice.

<sup>11</sup> Declaration Regarding the Solicitation and Tabulation of Votes ¶6, ECF No. 1993.

to Ward. If Ward did not receive the payment, Ward would be entitled to entry of a judgment against CHNM for the unpaid amount. It appears Ward did not receive the payment.

The Objectors then filed a motion with this Court seeking an order (i) enjoining the New Mexico court from acting related to the Settlement Agreement and (ii) declaring that the Objectors had no payment obligations under the Settlement Agreement. This Court entered an order enjoining actions under the Settlement Agreement because the debtor was included as a party required to pay Ward, and that violated the automatic stay.<sup>12</sup> No decision was made about the Objectors' payment obligations under the Settlement Agreement. Since that time, Ward worked with the debtor's professionals and removed the debtor as a payee under the Settlement Agreement. Thus, the Settlement Agreement now only involves non-debtors.<sup>13</sup>

In March 2025, following Plan confirmation, the Objectors' bankruptcy counsel informed Ward that they had no more payment obligations or other potential liabilities associated with Ward's claims unless a party opted out of the consensual third-party releases in the Plan. And, because Ward did not opt-out, the asserted payment obligations and potential liabilities were allegedly released under the Plan and Confirmation Order. Ward now seeks a determination that the Objectors' payment obligations to Ward were not released. Ward primarily argues that he is not bound by the consensual third-party releases because he was not served with the Plan, the related Disclosure Statement, a ballot to vote, or an opt-out form.

### ANALYSIS

The Southern District of Texas Complex Case Procedures require a creditor to receive a notice that provides a box to check indicating assent or opposition to proposed consensual third-party releases in a chapter 11 plan.<sup>14</sup> The Solicitation Order followed the Complex Case Procedures and required parties asked for a consensual third-party release to receive a Court approved Opt-Out Release Form.<sup>15</sup>

Ward was not served an Opt-Out Release Form. The Objectors rely on publication notice and other forms of notice unrelated to plan confirmation. The Objectors argue that notice about the bankruptcy case in the New Mexico litigation put Ward on notice and triggered a duty to monitor the bankruptcy court docket for matters that may impact his rights. The Objectors claim Ward was put on notice

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<sup>12</sup> ECF No. 2059.

<sup>13</sup> ECF No. 2445. In addition, the Effective Date of the Plan occurred in March 2025. Thus, the Court's injunction prohibiting action in New Mexico is no longer in effect.

<sup>14</sup> Procedures for Complex Cases in the Southern District of Texas, Section O, Plan Confirmation ¶40.

<sup>15</sup> Solicitation Order, ECF No. 1813.

about 2025 plan confirmation issues—including releases between third parties—because of a Suggestion of Bankruptcy in 2023 stating that Tehum had started a bankruptcy case.<sup>16</sup> The Objectors speculate that *if* Ward had filed a proof of claim,<sup>17</sup> then he *would have* filed a claim, and then he *would have* received a ballot and opt-out form. It is somehow Ward’s fault that he didn’t get constitutional due process or Plan related documents, including an opt-out form. The Objectors are wrong.

First, there can never be constructive notice of a consensual release between third-parties under a chapter 11 plan. The Court approved publication notice was not for consensual third-party releases. The plan proponents asked the Court to approve publication notice because it would provide sufficient notice of the deadline to object to plan confirmation and the confirmation hearing date for unknown creditors.<sup>18</sup> There was a separate procedure approved in the Solicitation Order that required parties to receive an Opt-Out Release Form, which gave them the right to check a box and opt out of the releases. Every party asked for a third-party release had to receive an Opt-Out Release Form. Ward never received an Opt-Out Release Form so he cannot be bound by the third-party releases.

Second, Ward sued CHNM prepetition. And CHNM and the Objectors were listed as parties to the Settlement Agreement.<sup>19</sup> A Suggestion of Bankruptcy was also filed in the New Mexico case. So Ward is unquestionably a known creditor constitutionally entitled to actual notice—and not publication notice—before his claims against non-debtors, or payment obligations by non-debtors to him, could be released under the Plan. *See, e.g., In re Placid Oil Co.*, 753 F.3d 151, 154 (5th Cir. 2014) (quoting *Mullane v. Cent. Hanover Bank & Tr. Co.*, 339 U.S. 306, 313–15 (1950) (concluding that Due Process requires actual notice for known creditors).

The Objectors rely on cases saying that “[o]nce creditors know about the bankruptcy, then they must take steps to protect their rights.” *In re Schepps Food Stores, Inc.*, 152 B.R. 136, 138 (Bankr. S.D. Tex. 1993); *see also Matter of Sam*, 894 F.2d 778 (5th Cir. 1990). The quoted language is accurate, but it does not apply here. None of those cases involve enforcing consensual releases between third parties and none of them involve enjoining a non-debtor party despite failure to comply with court approved solicitation procedures. For example, *Matter of Sam* involved a creditor not filing a complaint seeking to except debt from an individual debtor’s discharge before expiration of a statutory deadline under § 523 of the Bankruptcy Code. Ward is not seeking relief related to the debtor here. This case is about consensual releases between non-debtor parties. In this case, a party who did not receive the Court approved Opt-Out Release Form did not have an opportunity to express consent about releasing claims against third parties. Ward could never be

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<sup>16</sup> ECF No. 2106.

<sup>17</sup> The claims bar date was established by this Court’s order. The Bar Date Order required the debtor to mail notice of the deadline to file proofs of claim to known creditors. ECF No. 499, at 5. Ward did not receive notice of the bar date.

<sup>18</sup> ECF No. 1741, at ¶100.

<sup>19</sup> CHNM’s counsel was involved in drafting the Settlement Agreement, ECF No. 2078, Exhibit 1.

bound by any other unrelated notice or pleading in this case. The Court's ruling here is consistent with the U.S. Supreme Court's decision in *Harrington v. Purdue Pharma L.P.* barring nonconsensual third-party releases.<sup>20</sup>

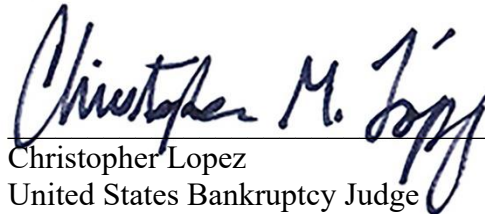
In sum, Ward had to receive actual notice—i.e., the Opt-Out Release Form. And, again, the Solicitation Order required it too. That did not happen. This Court makes no finding about the rights of the parties related to the Settlement Agreement. This Court does find that Ward is not bound by the third-party releases under the Plan. Nothing in the Plan or the Confirmation Order released any payment obligation the Objectors may have to Ward.

**ORDER**

For the reasons stated above, the Court finds and Orders that:

1. Ward was not served an Opt-Out Release Form and is not bound by the third-party releases in the Plan. Nothing in the Plan or the Confirmation Order released any payment obligation the Objectors may have to Ward.
2. The Court retains jurisdiction to interpret and enforce this Order.

Signed on September 15, 2025

  
Christopher Lopez  
United States Bankruptcy Judge

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<sup>20</sup> 603 U.S. 204 (2024).