

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

VWS HOLDCO, INC., *et al.*,

Debtors.¹

Chapter 11

Case No. 25-10979 (JKS)

(Jointly Administered)

Re Docket Nos. 15, 42, 146

**LIMITED OBJECTION AND RESERVATION OF RIGHTS OF
SCS ENGINEERS TO DEBTORS' DIP MOTION**

SCS Engineers (“SCS”), by and through its undersigned counsel, hereby submits this limited objection and reservation of rights (the “Limited Objection”) to final approval of the *Debtors’ Motion for Entry of Interim and Final Orders Pursuant to Sections 105, 361, 362, 363, 364, 503, 506, 507 and 552 of the Bankruptcy Code and Rules 2002, 4001, 6004 and 9014 of the Federal Rules of Bankruptcy Procedure (I) Authorizing the Debtors to (A) Use Cash Collateral, (B) Obtain Senior Secured Superpriority Postpetition Financing and Granting Liens and Superpriority Administrative Claims, and (C) Provide Adequate Protection, (II) Modifying the Automatic Stay, (III) Scheduling a Final Hearing, and (IV) Granting Related Relief* [Docket No. 15] (the “DIP Motion”).² In support of this Limited Objection, SCS respectfully states as follows:

BACKGROUND

1. SCS is an employee-owned environmental consulting and construction firm that designs and implements sustainable environmental solutions. SCS is a full-service provider, and as such studies challenges and designs solutions; remediates, builds and operates environmental

¹ The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtors’ federal tax identification numbers are as follows: VWS Holdco, Inc. (5412) and Shoosmith Bros., Inc. (6914). The Debtors’ mailing address is P.O. Box 2770, Chesterfield, VA 23832.

² Capitalized terms not otherwise defined herein shall have such meanings as defined in the DIP Motion.



and energy projects and systems; and monitors a wide range of environmental control systems. SCS's core capabilities are solid and hazardous waste management, landfill gas, site remediation, renewable energy, and regulatory compliance for air, water, and soil.

2. Prior to and through the Petition Date, SCS has performed both critical regulatory services for the Debtors and engineering services related to construction of landfill "capping"³ for the Shoosmith Landfill. As to the construction engineering work performed prepetition, SCS holds a secured claim (the "Secured Claim") secured by a mechanics' lien pursuant to Section 43-3 of the Virginia Code.⁴ SCS is listed in debtor Shoosmith Bros., Inc.'s schedules of assets and liabilities [Docket No. 173] with an "unsecured trade claim" of \$372,034.93.⁵ SCS's Secured Claim is not listed in the Debtors' schedules.

ARGUMENT

3. SCS does not object to the Debtors obtaining postpetition financing. However, SCS objects to any priming of SCS's mechanics' lien without providing adequate protection to SCS. The DIP Motion requests approval of a senior secured superpriority DIP Facility in an aggregate amount of \$5,400,000, including a roll-up of \$500,000 of Bridge Note Obligations. The DIP Motion provides that all DIP Obligations shall be secured by (i) first-priority liens on and security interests in all DIP Collateral that is not subject to any liens or encumbrances immediately

³ Landfill capping refers to the process of sealing and securing a landfill site once it reaches its capacity or at the end of its operational life. This closure procedure involves the installation of various layers and materials to contain waste and prevent environmental contamination.

⁴ Mechanics' liens in Virginia are inchoate liens that attach to property by operation of statute when the work is done and materials furnished, and once perfected, the priority of its enforcement relates back to the date the lien was created. *See Harrison & Bates, Inc. v. Featherstone Associates Ltd. Partnership*, 253 Va. 364, 370 (1997), *citing to Hadrup v. Sale*, 201 Va. 421, 424-425 (1959) (comparing inchoate liens under Va. Code § 43-3 to other statutory liens). SCS intends to perfect the mechanics' lien in Virginia as permitted pursuant to sections 362(b)(3) and 546(b) of the Bankruptcy Code, and to file a notice of perfection of mechanics' lien with the Bankruptcy Court.

⁵ Official Form 204 attached to Shoosmith's voluntary petition (Case No. 25-10980, Docket No. 1) lists SCS with a \$322,734.61 unsecured claim. SCS continues to review the extent of its unsecured claim against the Debtors.

prior to the Petition Date, and (ii) first-priority, priming liens on and security interests on all other DIP Collateral, subject only to the Carve-Out and:

any valid, enforceable, perfected, and non-avoidable lien or security interest in favor of any person other than the Prepetition Secured Parties that was in existence immediately prior to the Petition Date or that is perfected as permitted by Section 546(b) of the Bankruptcy Code, in each case, with respect to any DIP Collateral comprised of Prepetition Collateral, solely to the extent such lien is senior to the Prepetition Liens (a “Permitted Encumbrance”)

4. The DIP Motion does not propose to provide SCS adequate protection for its Secured Claim. The Debtors only propose to give adequate protection to the Prepetition Secured Parties. To the best of SCS’s knowledge, the only Prepetition Secured Party at this time is Volunteer Enterprises, LLC (“Volunteer”), a part-owner of non-debtor VWS Acquisitions, LLC (“VWS Acquisitions”), that in turn owns 100% of Debtor VWS Holdco. SCS has serious concerns about potential insider connections between Volunteer, VWS Acquisition and the Debtors.⁶ SCS objects to the priming of its mechanics’ lien without adequate protection for SCS’s Secured Claim.

RESERVATION OF RIGHTS

5. SCS expressly reserves the right to amend, modify, or supplement this Limited Objection, and to raise further and other objections to the DIP Motion and to entry of a final order approving the DIP Motion, prior to or at the final hearing thereon in the event SCS’s concerns are not resolved prior to such hearing or in the event that any further changes to the Final Order or the

⁶ As discussed in the *Declaration of Steven F. Agran in Support of First Day Relief* [Docket No. 12] (the “First Day Declaration”), the Debtor’s president Fred G. Nichols and vice-president Paul Lawrence McGee each hold 50% of membership units of Volunteer. VWS Acquisition’s membership units are held by Volunteer, Mr. McGee in his individual capacity, and Environmental Services Management of Virginia, LLC (“ESM Virginia”). ESM Virginia is 100% owned by ESM Management Group, LLC (“ESM Management”). Mr. Nichols and Mr. McGee own a combined 78.72% of membership units of ESM Management. First Day Declaration ¶¶ 10-15.

DIP Motion are proposed; and further reserves the right to address other motions and any other ancillary issues.

6. Notwithstanding anything contained in this Limited Objection, nothing herein will be construed as a waiver of any rights that SCS may have to enforce any rights against the Debtors.

[Remainder of page intentionally left blank.]

WHEREFORE, SCS respectfully requests that any final order entered granting the relief requested in the DIP Motion provide that SCS shall receive adequate protection on account of its Secured Claim, and grant such other and further relief as the Court deems just and proper.

Dated: July 24, 2025

/s/ Frederick B. Rosner

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