IN THE UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF GEORGIA
NEWNAN DIVISION

In re:	Case No. 25-10356 (PMB)
AFH AIR PROS, LLC,	Chapter 11
Wind Down Debtor.	
_____/	
VALLEY NATIONAL BANK, N.A.,	Adv. Pro. No. _____
Plaintiff,	
v.	
AFH AIR PROS, LLC; LRHIRSH, LLC, in its capacity as Plan Administrator; CONTINENTAL CASUALTY COMPANY; and NATIONAL FIRE INSURANCE COMPANY OF HARTFORD;	
Defendants.	
_____/	

ADVERSARY COMPLAINT

Plaintiff, Valley National Bank, N.A. ("Valley") brings this Complaint against Defendant, AFH Air Pros, LLC in its capacity as Wind Down Debtor ("AFH Air Pros"); LRHIRSH, LLC, in its capacity as Plan Administrator; Continental Casualty Company; and National Fire Insurance Company of Hartford; and states as follows:

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SUMMARY OF THE ACTION

1. This action seeks equitable subrogation and establishment of an equitable lien by way of equitable subrogation and other ground involving the rights of Air Pros Solutions, LLC ("Air Pros Solutions") in the potential return of collateral standing as security for claims held by Continental Casualty Company and National Fire Insurance Company of Hartford (collectively, "CNA") under policies of insurance with Air Pros Solutions and related entities now substantively consolidated into AFH Air Pros.[1]

JURISDICTION

2. This adversary proceeding is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A), (B), (C), and (O) and Federal Rule of Bankruptcy Procedure ("Bankruptcy Rule") 7001 *et seq*.

3. Venue of this action is proper in the Bankruptcy Court for the Northern District of Georgia pursuant to 28 U.S.C. §§ 1408 and 1409.

4. Pursuant to Bankruptcy Rule 7008, this adversary proceeding relates to the above captioned substantively consolidated Chapter 11 cases of the Debtors which are now succeeded by the Wind Down Debtor.

5. Pursuant to Bankruptcy Rule 7008, Plaintiff consents to the entry of final orders or judgments by this Court, in the event it is determined that this Court cannot do so consistent with Article II of the United States Constitution absent consent of the parties.

[1] See Findings of Fact, Conclusions of Law, and Order (I) Approving the Second Amended Disclosure Statement for the Second Amended Plan of Liquidation of AFH Air Pros, LLC and its Debtor Affiliates on a Final Basis; and (II) Confirming Second Amended Plan of Liquidation of AFH Air Pros, LLC and its Debtor Affiliates dated September 4, 2025 (the "Confirmation Order) [D.E. #691].

6. This Court has personal jurisdiction over Defendants consistent with the Constitution and laws of the United States, as well as Bankruptcy Rule 7004(f) and other applicable law.

7. The statutory and legal basis for the relief requested in this Complaint are Section 105(a) of the Bankruptcy Code, Bankruptcy Rules 6009 and 7001, and applicable state law.

PARTIES

8. Valley is a national banking association chartered under the laws of the United States.

9. AFH Air Pros is the Wind Down Debtor pursuant to the terms of the Confirmation Order and the Final Decree[2] such that it is the successor entity to Air Pros Solutions, LLC. AFH Air Pros is the proper party to this action as the surviving party pursuant to the substantive consolidation that took place as part of confirmation process and as the holder of any remaining assets of the consolidated debtors.

10. LRHIRSH, LLC, in its capacity as Plan Administrator is charged by the Confirmation Order with authority over Causes of Action (as that term is defined in the Confirmation Order) of the Wind Down Debtor with standing to enforce, settle, compromise, or litigate any such Causes of Action.

11. Continental Casualty Company is an Illinois corporation and has an interest in the fund which is the subject of this action.

[2] Final Decree Closing Certain of the Chapter 11 Cases and Order (A) Directing that the Administration of All Remaining Matters in Respect of Affiliate Cases Take Place in the Remaining Case, (B) Amending Order Directing Joint Administration of the Chapter 11 Cases, and (C) Granting Related Relief (the "Final Decree") entered on November 24, 2025 [D.E. # 863].

12. National Fire Insurance Company of Hartford is an Illinois corporation and has an interest in the fund which is the subject of this action.

BACKGROUND

13. On March 16, 2025 (the "Petition Date"), Air Pros Solutions filed a voluntary petition under Chapter 11 of the Bankruptcy Code.

14. Prior to the filing of the voluntary petition, on October 23, 2023, Valley issued on behalf of Air Pros Solution, a Clean, Irrevocable and Unconditional Standby Letter of Credit in the amount of $935,000.00 (the "Letter of Credit"). The Letter of Credit was increased on November 10, 2023, by $467,500.00, and again on February 10, 2024, also by $467,500.00. Thereafter a subsequent amendment was executed increasing the Letter of Credit in definitive increments at regular intervals so the Letter of Credit was $3,449,000.00 as of February 10, 2025 (the "Amendment"). Attached hereto as Composite Exhibit "A" is a true and correct copy of the Letter of Credit and the Amendment. The purpose of the Letter of Credit was to secure Air Pros Solutions' obligations to CNA under certain insurance policies (the "Insurance Policies") obtained by Air Pros Solutions related to securing any claims that might need to be paid under such Insurance Policies.

15. As part of this transaction, on August 1, 2023, Air Pros Solutions executed and delivered to Valley a Pledge Agreement (the "Initial Pledge Agreement") whereby Solutions pledged, assigned and granted a security interest and lien upon a certificate of deposit, account number x9001. Attached hereto as Exhibit "B" is a true and correct copy of the Initial Pledge Agreement. Thereafter, the certificate of deposit was converted to a money market account to allow for deposits into the account. Thus, on July 5, 2024, Air Pros Solutions executed and delivered to

Valley a Pledge Agreement (the "Pledge Agreement") whereby Air Pros Solutions pledged, assigned and granted a security interest and lien upon a Money Market Account at Valley in the name of Solutions, account number x7300 (the "Pledged Account"). Attached hereto as Exhibit "C" is a true and correct copy of the Pledge Agreement. Air Pros Solutions was not permitted to make any withdrawals from or terminate the Pledged Account.

16. On September 25, 2025, CNA, the beneficiary of the Letter of Credit, initiated a site draft to effect a draw against the Letter of Credit in the full amount of $3,449,000.00, which was significantly higher than the funds in the Pledged Account. Valley honored the site draft issued by CNA on October 23, 2025, by payment of $3,449,000.00 to CNA. A copy of the confirmation of payment to CNA is attached hereto as Exhibit "D".

17. Valley filed its Unopposed Motion for Relief from the Plan Injunction on December 15, 2025 [D.E. #870] to liquidate the Pledged Account. The Court's Consent Order Granting Valley National Bank Limited Relief from the Plan Injunction was entered on December 16, 2025 [D.E. # 871]. The Pledged Account was liquidated leaving a shortfall of $1,125,646.26.

18. Valley has been advised by CNA that pursuant to the terms of the Insurance Policies between CNA and Air Pros Solutions that CNA is entitled to retain the funds paid by Valley to CNA on Air Pros Solutions behalf ($3,449,000.00) to pay any claims that might be made against the Insurance Policies related to workers' compensation.

19. Valley has been further advised that resolution of such claims may take a period of years, but that upon completion of such resolution, Air Pros Solutions will be refunded any remaining sums paid by Valley on Air Pros Solutions behalf.

20. It is this potential refund that Valley seeks to establish equitable rights to given Valley was the source of funds as detailed above which Valley involuntarily paid on behalf of Air Pros Solutions.

21. Pursuant to the confirmed plan of reorganization, AFH Air Pros (the surviving Wind Down Debtor) is the proper party to this action as the surviving party pursuant to the substantive consolidation that took place as part of confirmation process.

22. Valley has no adequate remedy at law and requires a determination by this Court establishing its right of equitable subrogation and an equitable lien on funds being held by CNA.

COUNT I - EQUITABLE SUBROGATION

23. Valley realleges and incorporates the allegations contained in Paragraphs 1 through 22 above.

24. Under the doctrine of equitable subrogation, one who involuntarily pays the debt of another may be allowed to succeed to the rights of the original creditor (step into the shoes of or enforce the rights of the original creditor) with respect to the debt paid.

25. Valley's payment to CNA of the funds under the Letter of Credit was required pursuant to the terms of the Letter of Credit at a time when Valley was holding insufficient funds in the Pledged Account from Air Pros Solutions to cover the amounts paid by Valley to CNA. Valley involuntarily paid Air Pros Solutions debt to protect its own interests. The actions of Valley were not the act of a volunteer, intermeddler, or a stranger to the transaction. As a result of that payoff, Air Pros Solutions was unjustly enriched in the amount of $1,125,646.26 directly related to Air Pros Solutions obligations to CNA under the Insurance Policies.

26. Valley is entitled to succeed to the rights of AFH Air Pros (as the successor to Air Pros Solutions) as to any refund or reimbursement under the Insurance Policies from CNA that AFH Air Pros may be entitled to at some point in the future related to Valley's payment to CNA of the funds under the Letter of Credit.

27. It would be unfair, unjust, and inequitable for AFH Air Pros to achieve a windfall by receiving a refund or reimbursement from CNA of funds paid on its behalf by Valley in excess of the amount provided to Valley by Air Pros Solutions pursuant to the Pledge Agreement.

28. Valley should be allowed to step into the shoes of and enforce the rights of AFH Air Pros as to the Insurance Policies up to the amount of $1,125,646.26 in relation to any refunds or reimbursements Air Pros Solutions may be entitled to under the Insurance Policies.

WHEREFORE, Valley respectfully requests this Court enter judgment in favor of Valley providing that Valley is equitably subrogated to the rights of Air Pros Solutions (and now AFH Air Pros) as to any sums such entities may be entitled to under the Insurance Policies with CNA, and that this Court grant such other and further relief it deems appropriate under the circumstances.

COUNT II – EQUITABLE LIEN

29. Valley realleges and incorporates the allegations contained in Paragraphs 1 through 22, and 25 through 28 above.

30. The imposition of an equitable lien is a remedy for a debt that cannot be legally enforced but, based upon considerations of right and fairness, should be recognized.

31. Given the circumstances involving Valley's payment to CNA of the obligations of Air Pros Solutions when there were insufficient funds in the Pledged Account to satisfy the

obligations to CNA, considerations of fairness and justice require imposing a lien even without express agreement between the parties creating such lien.

32. There exists a debt, duty, or obligation owed by Air Pros Solutions (now AFH Air Pros) to Valley in relation to Valley's payment to CNA in excess of the funds in the Pledged Account.

33. Pursuant to the Insurance Policies there exists a *res* or contractual right of refund or reimbursement in favor of AFH Air Pros that is particularly related to the debt, duty, or obligation created by Valley's payment of Air Pros Solutions' obligation to CNA.

34. Without the imposition of an equitable lien on the funds which may be due to AFH Air Pros from CNA under the Insurance Policies, AFH Air Pros will be unjustly enriched and will reap a huge windfall at Valley's expense.

35. Recognition of an equitable lien in this case will not lead to an inequitable result as it places AFH Air Pros into no worse position than it was before Valley paid Air Pros Solutions obligations to CNA.

WHEREFORE, Valley respectfully requests this Court enter judgment in favor of Valley (1) providing that Valley is granted an equitable lien in any sums Air Pros Solutions (and now AFH Air Pros) may be entitled to under the Insurance Policies with CNA related to the payment by Valley to CNA; (2) directing CNA to deliver any funds that AFH Air Pros may be entitled to over to Valley at such time as CNA may be required to deliver such funds to Air Pros Solutions; and (3) granting such other and further relief it deems appropriate under the circumstances.

Respectfully submitted this 12th day of October 2026.

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