

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

In re:

INSYS THERAPEUTICS, INC., *et al.*,

Liquidating Debtors.<sup>1</sup>

Chapter 11

Case No. 19-11292 (JTD)

(Jointly Administered)

**Re: D.I. 1707**

**ORDER GRANTING THIRTEENTH OMNIBUS OBJECTION OF THE TRUSTEE OF  
THE INSYS LIQUIDATION TRUST TO CLAIMS (SUBSTANTIVE)  
(Reduced Claims, Misclassified Claims, No Liability Claims, and Equity Claims)**

Upon the *Thirteenth Omnibus Objection of the Trustee of the Insys Liquidation Trust to Claims* (the “Objection”) for entry of an order reducing the claims set forth on Exhibit 1, reclassifying the claims set forth on Exhibit 2, disallowing and expunging the claims set forth on Exhibit 3 hereto; and reclassifying and disallowing and expunging the claims set forth on Exhibit 4 (each a “Claim” and collectively, the “Claims”), all as more fully set forth in the Objection; and upon the *Declaration of Edward A. Phillips Pursuant to 28 U.S.C. § 1746 and Local Rule 3007-1 in Support of the Thirteenth Omnibus Objection of the Trustee of the Insys Liquidation Trust to Claims* filed contemporaneously with the Objection and in support thereof; and this Court having jurisdiction to consider the Objection and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334; and consideration of the Objection and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Objection having been provided, and no other or further notice being required; and the Court having

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<sup>1</sup> The Liquidating Debtors in these cases, along with the last four digits of each Debtor’s federal tax identification number, are: Insys Therapeutics, Inc. (7886); IC Operations, LLC (9659), Insys Development Company, Inc. (3020); Insys Manufacturing, LLC (0789); Insys Pharma, Inc. (9410); IPSC, LLC (6577); and IPT 355, LLC (0155).

considered all responses to the Objection, if any, and all such responses having been either overruled or withdrawn; and upon all proceedings had before the Court; and the Court having determined that the legal and factual bases set forth in the Objection establish just cause for the relief granted herein; and

This Court having **FOUND AND DETERMINED THAT:**

A. The holders of the Claims listed on **Exhibits 1, 2, 3, and 4** attached hereto were properly and timely served with a copy of the Objection and all of its accompanying exhibits and notice of a hearing on the Objection and response deadline,

B. Any entity known to have an interest in the Claims subject to the Objection has been afforded reasonable opportunity to respond to, or be heard regarding, the relief requested in the Objection, and

C. The relief requested in the Objection is in the best interests of the Liquidation Trust, its beneficiaries, the Debtors, their estates, their creditors, and other parties in interest; And after due deliberation and sufficient cause appearing therefor,

**IT IS THEREFORE ORDERED THAT:**

1. The Objection is **GRANTED**.
2. The Claims listed on **Exhibit 1** attached hereto are hereby reduced as reflected on the exhibit.
3. The Claims listed on **Exhibit 2** attached hereto are hereby reclassified as general unsecured claims as reflected on the exhibit.
4. The Claims listed on **Exhibit 3** attached hereto are hereby disallowed and expunged in their entirety.
5. The Claims listed on **Exhibit 4** attached hereto are hereby reclassified as Class 13

Equity Interests and are hereby disallowed and expunged in their entirety.

6. Epiq Corporate Restructuring, LLC is authorized and directed to reduce the Claims listed on Exhibit 1 as reflected therein; reclassify the Claims listed on Exhibit 2 to general unsecured claims; and disallow and expunge the Claims listed on Exhibit 3 and Exhibit 4 on the official claims registry pursuant to this Order and to make other changes to the official claims registry as necessary to reflect the terms of this Order.

7. Each Claim addressed in the Objection constitutes a separate contested matter as contemplated by Bankruptcy Rule 9014. This Order shall be deemed a separate Order with respect to each Claim. Any stay of this Order pending appeal by any of the claimants whose Claims are subject to this Order shall apply only to the contested matter which involves such claimant and shall not act to stay the applicability and/or finality of this Order with respect to other contested matters covered hereby.

8. Nothing contained in the Objection or this Order is intended to be or shall be deemed as (i) an admission as to the validity of any claim against the Debtors or its estates, (ii) waiver of rights to dispute the amount of, basis for, or validity of any claim, (iii) a waiver of rights under Bankruptcy Code or any applicable non-bankruptcy law, (iv) an agreement or obligation to pay any claims, or (v) a waiver of any claims or causes of action which may exist against any creditor or interest holder.

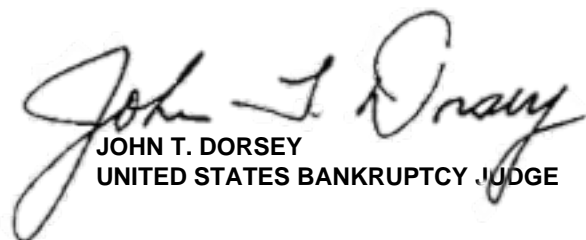
9. Nothing in the Objection or this Order shall be construed as an allowance of any Claim.

10. The Trustee's rights to amend, modify, or supplement the Objection, to file additional objections to the Claims, any other claims (filed or not) which have or may be asserted against the Debtors or their estates, and to seek further reduction of any Claim, are preserved.

Additionally, should the grounds of objection stated in the Objection be dismissed, the Trustee's right to object on other stated grounds or any other grounds that the Trustee discovers during the pendency of these cases are further preserved.

11. This Court shall retain jurisdiction to hear and determine all matters arising from the interpretation and/or implementation of this Order.

Dated: July 16th, 2021  
Wilmington, Delaware

  
JOHN T. DORSEY  
UNITED STATES BANKRUPTCY JUDGE

**Thirteenth Omnibus Claims Objection  
Exhibit 1 - Reduced Claims**

Name of Claimant	Claim No.	Debtor	Current Claim Amount		Modified Claim Amount		Reason for Modification
			Claim Amount	Claim Classification	Claim Amount	Claim Classification	
BIOCLINICA INC.	10018	Insys Therapeutics, Inc.	\$ 25,996.59	General Unsecured	\$ 19,033.77	General Unsecured	Claimant overstated the balance owed. According to the Debtors' books and records, the amount owed is \$19,033.77
BRETT PROPERTIES LLC D/B/A/ VANGUARD CLEANING SYSTEMS OF AUSTIN	10003	Insys Therapeutics, Inc.	\$ 9,428.16	General Unsecured	\$ 7,321.62	General Unsecured	Claimant overstated the amount owed. According to the Debtors' books and records, the amount owed is \$7,321.62. The Debtors prorated, and paid, \$2,106.54 of this claim as a post-petition administrative expense.
CAZ I DE, LLC	10568	Insys Therapeutics, Inc.	\$1,795,402.68	General Unsecured	\$ 699,488.40	General Unsecured	Claimant overstated the amount owed. Claimant improperly calculated permissible rejection damages. Debtors' books and records and the relevant lease reflect maximum rejection damages of \$699,488.40.
KOETTER FIRE PROTECTION OF AUSTIN LLC	40	Insys Therapeutics, Inc.	\$ 2,740.41	General Unsecured	\$ 1,131.21	General Unsecured	Claimant overstated the amount owed. Claimant provided prepetition invoices totaling \$1,131.21. The remainder of the invoices were dated after the Petition Date and were paid in the ordinary course of business.
J.M. SMITH CORP D/B/A SMITH DRUG CO	10571	Insys Therapeutics, Inc.	\$ 297,107.30	General Unsecured	\$ 182,191.75	General Unsecured	Claimant overstated the amount owed. According to the Debtors' books and records, the amount owed is \$182,101.75.
ROCHESTER DRUG COOPERATIVE INC	10400	Insys Therapeutics, Inc.	\$ 323,974.58	General Unsecured	\$ 213,726.16	General Unsecured	Claimant overstated the amount owed. According to the Debtors' books and records, the amount owed is \$213,726.16. Claimant attached supporting documentation that claimed a credit for \$20,823.02 not reflected on the Debtors' books and records and failed to take into account \$89,425.40 of outstanding invoices owed to the Debtors.

**Thirteenth Omnibus Claims Objection  
Exhibit 2 - Misclassified Claims**

Name of Claimant	Claim No.	Debtor	Asserted Claim Amount	Asserted Claim Status	Modified Claim Status and Amount	Reason for Modification
DESIGN DREAMS, LLC	10008	Insys Therapeutics, Inc.	\$7,050.00	Priority under 11 U.S.C. Section 507(a)(4)	\$7,050.00 General unsecured claim	Claimant was not Debtors' employee as is required under 11 U.S.C. Section 507(a)(4)
ELLMAN LAW GROUP, LLC	10204	Insys Therapeutics, Inc.	\$3,492.00	Priority under 11 U.S.C. Section 507(a)(4)	\$3,492.00 General unsecured claim	Claimant was not Debtors' employee as is required under 11 U.S.C. Section 507(a)(4)
EUTECHIC SERVICES LLC	10009	Insys Therapeutics, Inc.	\$14,852.80	Administrative under 11 U.S.C. Section 503(b)(9)	\$14,852.80 General unsecured claim	Claim does not reflect goods provided to Debtors within 20 days of the commencement of case as is required under 11 U.S.C. Section 503(b)(9).
RED COATS INC. D/B/A ADM SECURITY	10012	Insys Therapeutics, Inc.	\$12,984.68	Administrative under 11 U.S.C. Section 503(b)(9)	\$12,984.68 General unsecured claim	Claim does not reflect goods provided to Debtors within 20 days of the commencement of case as is required under 11 U.S.C. Section 503(b)(9).

**Thirteenth Omnibus Claims Objection  
Exhibit 3 - No Liability Claims**

Name of Claimant	Claim No.	Debtor	Claim Amount	Reason for Disallowance
HERRERA, MIGUEL	10360	Insys Therapeutics, Inc.	\$ 3,577.75	Claimant asserts a priority claim under 11 U.S.C. Section 507(a)(5). Debtors' books and records do not reflect that claimant was an employee. No evidence in books and records for any of the amount claimed.
ILLINOIS DEPT OF EMPLOYMENT SECURITY	2621	IC Operations, LLC	\$ 1,544.31	Claimant asserts a priority claim under 11 U.S.C. Section 507(a)(8) for unemployment insurance taxes for quarters 1 and 2 of 2020. Debtors had not employees during 2020 and thus owed no unemployment insurance.
LOGATTI, LILIAN	230	Insys Therapeutics, Inc.	\$ 500,000.00	Claimant asserts an unliquidated claim that is unsupported in Debtors' books and records. Claimant was granted right to sue by the EEOC, but never filed an action.
LOUISIANA DEPARTMENT OF REVENUE	2276	Insys Pharma, Inc.	\$ 1,289.19	Claimant asserts that a portion of its claim is entitled to priority under 11 U.S.C. Section 507(a)(8) for withholding taxes for the quarter ending 6/30/2019. This Debtor had no employees during this period, so owed no withholding taxes.
LOUISIANA DEPARTMENT OF REVENUE	2277	Insys Pharma, Inc.	\$ 4,467.78	Claimant asserts a priority claim under 11 U.S.C. Section 507(a)(2) for withholding taxes allegedly incurred post-petition for the quarters ending 9/30/2019 and 12/31/2019. This Debtor had no employees during this period, so owed no withholding taxes.
NUNN, KYLE	98	Insys Therapeutics, Inc.	\$ 200,000.00	Claimant asserts that a portion of his claim (\$13,175.00) is entitled priority under 11 U.S.C. Section 507(a)(4) for wages owed, with the balance of the claim for wrongful termination and defamation of character. Claimant was terminated in 2016. Thus, there is no basis for the 507(a)(4) claim. There is no basis Debtors' books and records for the remainder of the claim and Claimant provides no supporting documentation to establish the claim.
NY STATE DEPT OF TAXATION AND FINANCE	50009	IPSC, LLC	\$ 2,018.66	Claimant asserts a priority claim under 11 U.S.C. Section 507(a)(8) for withholding taxes allegedly incurred post-petition for the quarters ending 6/30/2020 and 9/30/2020. This Debtor had no employees during this timeframe and thus there is no basis for withholding taxes. Additionally, this Debtor was only a holding company.
NY STATE DEPT OF TAXATION AND FINANCE	50010	IC Operations, LLC	\$ 2,018.66	Claimant asserts a priority claim under 11 U.S.C. Section 507(a)(8) for withholding taxes allegedly incurred post-petition for the quarters ending 6/30/2020 and 9/30/2020. This Debtor had no employees during this timeframe and thus, there is no basis for withholding taxes.

**Thirteenth Omnibus Claims Objection  
Exhibit 3 - No Liability Claims**

Name of Claimant	Claim No.	Debtor	Claim Amount	Reason for Disallowance
NY STATE DEPT OF TAXATION AND FINANCE	50011	IC Operations, LLC	\$ 3,058.87	Claimant asserts a priority claim under 11 U.S.C. Section 507(a)(8) for withholding taxes allegedly incurred post-petition for the quarters ending 6/30/2020, 9/30/2020 and 12/31/2020. This Debtor had no employees during this timeframe and thus, there is no basis for withholding taxes.
NY STATE DEPT OF TAXATION AND FINANCE	50012	IPSC, LLC	\$ 3,058.87	Claimant asserts a priority claim under 11 U.S.C. Section 507(a)(8) for withholding taxes allegedly incurred post-petition for the quarters ending 6/30/2020, 9/30/2020 and 12/31/2020. This Debtor had no employees during this timeframe and thus, there is no basis for withholding taxes. Additionally, this Debtor was only a holding company.
SOUTH CAROLINA DEPARTMENT OF REVENUE	1386	Insys Pharma, Inc.	\$ 500.00	Claimant asserts a priority claim under 11 U.S.C. Section 507(a)(8) for withholding taxes for the quarter ending 6/30/2019. This Debtor had no employees during this timeframe and thus, there is no basis for withholding taxes.



**Thirteenth Omnibus Claims Objection  
Exhibit 4 - Equity Claims**

Name of Claimant	Claim Number	Debtor	Asserted Claim Amount	Asserted Claim Classification	Reason for Reclassification to Class 13 Equity Interest and Disallowance.
FRANCOIS, MAX	11745	Insys Therapeutics, Inc.	Undetermined	Administrative expense under 11 U.S.C. Section 503(b)(9)	The claimant asserts an equity interest in one or more of the Debtors. Equity Interests were cancelled as of the Effective Date and as such, the claimant is not entitled to receive any distributions in the cases under the Plan.
GRAVES, TERRI	10606	Insys Therapeutics, Inc.	Undetermined	Secured; Setoff; and Priority under 11 U.S.C. Section 507(a) Administrative Expenses under 11 U.S.C. Section 503(b)(9)	The claimant asserts an equity interest in one or more of the Debtors. Equity Interests were cancelled as of the Effective Date and as such, the claimant is not entitled to receive any distributions in the cases under the Plan.
NASH, DALE	550	Insys Therapeutics, Inc.	\$ 1,120.00	Administrative expense under 11 U.S.C. Section 503(b)(9); General Unsecured	The claimant asserts an equity interest in one or more of the Debtors. Equity Interests were cancelled as of the Effective Date and as such, the claimant is not entitled to receive any distributions in the cases under the Plan.