

**Dated: June 15, 2025**  
**The following is ORDERED:**



*Jennie D. Latta*

**Jennie D. Latta**  
**UNITED STATES BANKRUPTCY JUDGE**

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UNITED STATES BANKRUPTCY COURT  
WESTERN DISTRICT OF TENNESSEE  
WESTERN DIVISION

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In re  
RELIABLE HEALTHCARE  
LOGISTICS, LLC,  
Debtor.

Case No. 24-20252-L  
Chapter 11

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**ORDER ESTIMATING AND TEMPORARILY ALLOWING CLAIM  
FOR VOTING PURPOSES**

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VIRTUS PHARMACEUTICALS, LLC (“Virtus”) asks the Court to estimate and temporarily allow its claim solely for the purpose of voting on the competing plans filed by Reliable Healthcare Logistics, LLC (“Reliable” or “Debtor”) and Trusted Partner Pharma Logistics, LLC (“TPPL”) [ECF No. 386]. Virtus filed a proof of claim in the amount of \$50,740,719 on May 6, 2024 [Claim No. 45-1]. Reliable objected August 18, 2024 [ECF No. 220]. A scheduling conference concerning the allowance of the claim is set for July 24, 2025, but a confirmation hearing to consider the competing plans is set for June 26, 2025. Virtus asserts that its claim should be estimated at \$5,000,000 for voting purposes.

Reliable and TPPL filed a joint response to the motion to estimate asking that the claim be estimated at \$2,000,000 for purposes of voting [ECF No. 392]. Reliable does not object to the temporary allowance of Virtus's claim for purposes of voting. Virtus filed a reply on June 11, 2025 [ECF No. 394]. The court heard oral argument on June 12, 2025, and took the matter under submission.

### JURISDICTION, AUTHORITY, AND VENUE

Jurisdiction over a contested matter arising under the Bankruptcy Code lies with the district court. 28 U.S.C. § 1334(b). Pursuant to authority granted to the district courts at 28 U.S.C. § 157(a), the district court for the Western District of Tennessee has referred to the bankruptcy judges of this district all cases arising under title 11 and all proceedings arising under title 11 or arising in or related to a case under title 11. *In re Jurisdiction and Proceedings Under the Bankruptcy Amendments Act of 1984*, Misc. No. 81-30 (W.D. Tenn. July 10, 1984). The estimation of claims for the purpose of confirming a plan under chapter 11 of the Bankruptcy Code is a matter that arises under the Bankruptcy Code and arises in a bankruptcy case. Therefore, it is a core bankruptcy proceeding. *See* 28 U.S.C. § 157(b)(2)(B). The bankruptcy court has authority to enter a final order estimating a claim for purposes of confirming a chapter 11 plan subject only to appellate review. *See* 28 U.S.C. § 157(b)(1). Venue of this contested matter is proper to the Western District of Tennessee because this matter arises in a bankruptcy case pending in this district. *See* 28 U.S.C. § 1409(a).

### BACKGROUND FACTS

Reliable initiated its bankruptcy case by filing a voluntary petition for relief under chapter 11, subchapter V of the Bankruptcy Code on January 19, 2024 [ECF No. 1]. On April 8, 2024, the Debtor amended its petition converting its subchapter V case to a “traditional” or “legacy”

chapter 11 case [ECF No. 153]. The Debtor scheduled Virtus as a creditor holding a contingent, unliquidated, and disputed claim in an unknown amount [ECF No. 76, Schedule E/F].

Virtus filed its proof of claim in the amount of “\$50,740,719 plus other amounts due and owing under applicable law” based upon a “Third Amended Complaint; Case No. 8:21-cv-02427 U.S. District Court M.D. Florida.” [Claim no. 45-1]. Attached to the proof of claim is a copy of this third amended complaint.

The objection to the claim filed by Reliable recites that the original complaint was one filed October 15, 2021, by Virtus against Woodfield Distribution, LLC (“Woodfield Distribution”) and Adam Runsdorf alleging breach of contract, breach of implied covenant of good faith and fair dealing, gross negligence, and tortious interference with Virtus’s business relationships. It states that Virtus alleged that it was damaged when the Drug Enforcement Administration (“DEA”) suspended Woodfield Distribution’s registration to store controlled substances due to civil regulatory violations and the DEA’s subsequent seizure of Woodfield’s inventory located in Woodfield Distribution’s Sugarland, Texas, warehouse. The objection further states that the complaint was amended to add Woodfield Pharmaceutical, LLC (“Woodfield Pharma”) as a defendant on December 21, 2020.

The Third Amended Complaint recites that Virtus filed suit against Woodfield Distribution, Woodfield Pharma, and Adam Runsdorf for violations of the Racketeer Influenced and Corrupt Organizations (RICO) Act. The addition of this claim may have been the subject of a second amended complaint, but the Court cannot be sure. The Third Amended Complaint recites that Virtus further alleged breach of contract and breach of the implied covenant of good faith and fair dealing under Florida state law (the allegations of the original complaint?), and that “[o]n July 20,

2022, this Court [the Middle District of Florida] denied the defendants' motions to dismiss those claims." The Court is not clear about which claims the defendants' sought to dismiss.

The Third Amended Complaint further states that a month after the court entered its order, on August 23, 2022, Runsdorf and Woodfield Distribution transferred the assets of Woodfield Distribution to Reliable.

The Third Amended Complaint, filed May 8, 2023, added Reliable as a defendant under the theory of successor liability, and in order to avoid the allegedly fraudulent transfer of the assets of Woodfield Distribution to Reliable.

Reliable filed its petition in bankruptcy on January 19, 2024, which stayed the Virtus litigation only as to the Debtor.

According to the Debtor, on September 19, 2024, the U.S. District Court for the Middle District of Florida issued an order partially granting and partially denying competing motions for summary judgment in the Virtus litigation. Significantly for the present proceeding, the court dismissed all claims against Woodfield Distribution, Woodfield Pharma, and Runsdorf based on the alleged RICO violation and all punitive damages claims against Woodfield Distribution. It granted partial summary judgment in favor of Virtus for breach of contract as to sections 1.1 and 1.3 of its contract with Woodfield Distribution. The court reserved for future ruling Woodfield Distribution's motion for summary judgment with respect to the limitation of liability provision contained in Woodfield Distribution's contract with Virtus. No damages were determined on the breach of contract claim. [ECF No.'s 220, 392].

On October 15, 2024, however, Virtus and Woodfield Distribution settled the remaining claim for breach of contract by entry of a Final Consent Judgment against Woodfield Distribution in the amount of \$5,000,000, plus post-judgment interest. [ECF No. 386, Ex. 1].

## ANALYSIS

Section 502 of the Bankruptcy Code governs the allowance of claims or interests. It provides that “(a) a claim or interest, proof of which is filed under section 501 of [title 11], is deemed allowed, unless a party in interest ... objects.” 11 U.S.C. § 502(a). If a party in interest objects, the court is directed to determine the amount of the claim as of the date of the filing of the petition. 11 U.S.C. § 502(b). The court is to allow the claim in that amount except to the extent that it includes one or more of nine listed exceptions. Section 1126 permits the holder of an allowed claim to accept or reject a proposed plan. As the result of the Debtor’s objection to Virtus’s proof of claim, Virtus does not hold an allowed claim and is not entitled to vote to accept or reject either of the competing plans.

Rule 3018(a)(4) of the Federal Rules of Bankruptcy Procedure, however, permits the court to “temporarily allow a claim or interest in an amount that the court considers proper for voting to accept or reject a plan.” Very little guidance is given to the court in how to arrive at an appropriate amount for temporary allowance. *Armstrong v. Rushton (In re Armstrong)*, 294 B.R. 344, 354 (B.A.P. 10th Cir. 2003), *aff’d* 97 Fed. Appx. 285 (10<sup>th</sup> Cir. 2004).

Virtus gives no legal or factual support for its assertion that its claim should be estimated and temporarily allowed in the amount of \$5,000,000 for purposes of voting. It simply says that reduction of its claim to this amount “is a gratuitous and incredibly unobjectionable estimate of the lowest or worst case allowed amount of its claim.” [ECF No. 386, ¶ 19]. Virtus fails completely to explain how its claim against Reliable could ever exceed the amount of the consent judgment against Woodfield Distribution, \$5,000,000 together with post-judgment interest. As the judgment was entered after the bankruptcy petition was filed, the amount of the debt owed by Woodfield Distribution to Virtus could not have exceeded \$5 million on that day. The claims of Virtus against

Reliable are derivative of this debt owed by Woodfield. Virtus alleges either that Reliable is liable for the debt of Woodfield Distribution as its successor or that the assets transferred to Reliable should be made available to pay any unpaid portion of the debt owed by Woodfield Distribution because those assets were fraudulently conveyed by Woodfield. In either case, it seems to the Court that the obligation of Reliable cannot exceed the debt owed by Woodfield Distribution, \$5 million, but the Court need not decide that issue today.

Before the Court wades too far into the weeds concerning how to estimate the claim of Virtus for voting purposes, however, it seems important to determine what, if any, difference it makes.

In the Debtor's proposed first amended plan, Virtus is separately classified in Class 7. The Debtor proposes that any allowed claim of Virtus be paid as provided for creditors in Class 10, which consists of allowed prepetition nonpriority unsecured claims not otherwise classified. These claims are to receive quarterly pro rata payments from the Debtor's net cash flow and/or sale of assets until the earlier of 84 months following the Effective Date or until the aggregate payments to Classes 6, 7, 8, and 10 equal \$3,500,000. [ECF No. 321, pp. 12-14]. Under the Debtor's plan, because Virtus's claim is separately classified, the result of a vote against the plan will be a non-accepting impaired class.

In the competing plan filed by Trusted Partner Pharma Logistics, LLC ("TPPL"), Virtus is classified in Class 4.04 together with the claims of Encube Ethicals and Woodfield Distribution. These three claims are described as subject to litigation. In the words of the proposed plan, "TPPL does not proposed [sic] payout to these disputed claims" [ECF No. 318, pp. 12-13]. Although the plan doesn't say that it is, this class is impaired under the TPPL plan because the plan alters the legal, equitable, and contractual rights of these creditors that otherwise would be entitled to

payment should their claims be allowed. *See* 11 U.S.C. § 1124. It can be anticipated that any creditors whose claims, even if allowed, are not to be paid, will vote against the plan. Encube Ethicals has filed a proof of claim in the amount of \$1,030,741.99. The Debtor has objected to its claim, and Encube Ethicals has not asked that its claim be estimated and temporarily allowed for purposes of voting on the competing plans. [See Claim No. 35-1 and ECF No. 350]. Woodfield Distribution's claim has been disallowed by order of this Court [ECF No. 377]. Although an appeal is pending, Woodfield Distribution has not asked that its claims be estimated and temporarily allowed for purposes of voting. Thus, the only claim that could possibly vote in Class 4.04 in TPPL's plan is that of Virtus. If it votes against the TPPL plan, the result will be a nonaccepting impaired class. It makes no difference what amount is estimated by the Court.

#### CONCLUSION

Because Reliable does not object to the temporary allowance of Virtus's claim for purposes of voting to accept or reject the competing plans, Virtus's motion is GRANTED. Its claim will be temporarily allowed solely for the purposes of voting.

Because a vote against either plan will result in a non-accepting impaired class (and, conversely, a vote for the plan will result in an accepting impaired class), it makes no difference what amount is estimated for Virtus's claim. Thus, the Court will temporarily allow Virtus's claim in the amount of \$10 for voting purposes only. The Court signals by choosing this amount that it has made no attempt to anticipate the outcome of the pending objection to Virtus's claim.

cc: Debtor  
Attorney for Debtor  
Trusted Partner Pharma Logistics, LLC  
Attorney for Trusted Partner Pharma Logistics, LLC  
Virtus Pharmaceuticals, LLC  
Attorney for Virtus Pharmaceuticals, LLC  
United States Trustee  
All parties on the CM/ECF servicing list