

UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF MISSISSIPPI
JACKSON DIVISION

IN RE:

COMMUNITY HOME FINANCIAL
SERVICES, INC.,

CASE NO. 12-01703-JAW

DEBTOR.

CHAPTER 11

TRUSTEE'S SIXTH STATEMENT OF INVESTIGATION AND REPORT

Kristina M. Johnson, Chapter 11 Trustee ("**Trustee**") of the Estate of Community Home Financial Services, Inc. ("**Debtor**"), files her Sixth Statement of Investigation and Report ("**Sixth Statement**") pursuant to 11 U.S.C. § 1106 (4) in the above-referenced Chapter 11 proceeding. In support thereof, the Trustee states as follows:

Introduction

The Trustee's First Statement of Investigation and Report ("**First Statement**") [Dkt. #918] on December 17, 2014, Second Statement of Investigation and Report ("**Second Statement**") [Dkt. #1017] on March 28, 2015, Third Statement of Investigation and Report ("**Third Statement**") [Dkt. #1188] on October 8, 2015, Fourth Statement of Investigation and Report ("**Fourth Statement**") [Dkt. #1648] on February 15, 2017, and Fifth Statement of Investigation and Report ("**Fifth Statement**") [Dkt. #3039] on September 8, 2022 (collectively, the "**Trustee's Reports**") are incorporated herein by reference.

CHFS Business Operations, Status and Compliance

1. The Trustee has filed and paid all state and federal tax returns for 2022 and estimated payments for 2023. All taxes due and payable were calculated by Stephen Smith as the Trustee's certified public accountant.

2. The Court-approved loan servicing company retained by the Trustee to service the consumer loans on behalf of the estate changed its name effective May 15, 2023, to Insight One Recovery Solutions, Inc. This change will be made on the website maintained by the Trustee on behalf of the estate.

3. The Trustee had recently filed several motions to begin the liquidation and wind down of operations relating to the estate's consumer loan servicing business, including a motion to abandon certain loan assets [Dkt. #3047], a motion to reject certain servicing obligations [Dkt. # 3048] and a motion to sell other loan assets [Dkt. #s 3102, 3103],. These pending matters were not yet set for hearing and are abated pending the settlement discussed below.

4. In June of 2022, the U.S. Supreme Court held an unequal increase in U.S. Trustee fees in 2017 to be unconstitutional in *Siegel v. Fitzgerald*, 142 S.Ct. 1770, 213 L. Ed. 2d 39 (2022)(Congressional enactment of significant U.S. Trustee fee increase in 2017 that exempted debtors in two states violated uniformity requirement of the Bankruptcy Clause of the U.S. Constitution, art. I, §8, cl. 4 by arbitrarily burdening only one set of debtors with a more onerous funding mechanism than that which applied to debtors in other states). The Trustee has requested the estate's CPA to calculate the difference in U.S. Trustee fees that may be at issue in this case and will update the Court and the creditors of this case once received. Currently, there is no remedy confirmed in the Fifth Circuit (i.e., whether the estate would receive a refund of any U.S. Trustee fees overpaid). *But see John Q. Hammons Fall 2006 LLC v. U.S. Trustee (In re John Q. Hammons Fall 2006 LLC)*, 15 F.4th 1011 (10th Cir. 2021)(ordering a refund of overpayments after *Siegel* decision. The Trustee anticipates a response from the estate's CPA on this issue in time for the hearing on confirmation described below.

The Litigation, Consolidated Appeals and Remand

5. The Consolidated Appeals (as defined in the Fifth Statement) were set for an evidentiary hearing, together with related contested matters, March 28-31, 2023. After multiple unsuccessful settlement and mediation efforts since this case was filed in May, 2012, the Trustee resolved the material disputes between the estate and the Edwards Parties, which includes the Edwards Family Partnership, LP (“**EFP**”), Beher Holdings Trust (“**BHT**”), and Dr. Charles Edwards, on the first day set for these evidentiary hearings. The resolution was announced into the Court record on March 28, 2023, as referenced by the Notice of same filed by the Trustee. **[Dkt. # 3158]**.

6. As part of the resolution, the Trustee and EFP/BHT have filed a Joint Amended Plan of Liquidation **[Dkt. # 3256]** and a Third Amended Disclosure Statement regarding same **[Dkt #s 3255, 3260]**. The Court has conditionally approved the Third Amended Disclosure Statement and set a combined hearing for July 11, 2023 at 9:00 a.m. Notice has been provided that objections must be filed no later than 5:00 p.m. on June 16, 2023 **[Dkt # 3261]**.

WHEREFORE, the Trustee files her Sixth Statement in the above-referenced Chapter 11 proceeding to supplement her prior Trustee Reports.

DATED: May 22, 2023.

Respectfully submitted,
KRISTINA M. JOHNSON, TRUSTEE OF THE
ESTATE OF COMMUNITY HOME
FINANCIAL SERVICES, INC.

/s/Kristina M. Johnson

KRISTINA M. JOHNSON, CHAPTER 11
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CERTIFICATE OF SERVICE

I hereby certify that on May 22, 2023, I electronically filed the foregoing with the Clerk of the Court using the ECF system which sent notification of such filing to the parties set forth in the Electronic Mail Notice List as of the date hereof, including the following:

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DATED: May 22, 2023.

/s/Kristina M. Johnson
