

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION

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In re:	§	
	§	Chapter 11
	§	
CHESAPEAKE ENERGY CORPORATION,	§	Case No. 20-33233 (DRJ)
<i>et al.</i> , <sup>1</sup>	§	
	§	
Reorganized Debtors.	§	
	§	

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**REORGANIZED DEBTORS' OBJECTION TO  
PROOF OF CLAIM NOS. 12305, 12696, AND 12712 FILED BY SHERMAINE NEWMAN**

**This is an objection to your claim. The objecting party is asking the Court to disallow the claim that you filed in this bankruptcy case. You should immediately contact the objecting party to resolve the dispute. If you do not reach an agreement, you must file a response to this objection and send a copy of your response to the objecting party within 30 days after the objection was served on you. Your response must state why the objection is not valid. If you do not file a response within 30 days after the objection was served on you, your claim may be disallowed without a hearing.**

**Represented parties should act through their attorney.**

The above-captioned reorganized debtors (together, the “Reorganized Debtors” or “Chesapeake”) file this Objection (the “Objection”) to Proof of Claim Nos. 12305, 12696 and 12712 (the “Newman Claims”) filed by Shermaine Newman (the “Claimant”). In support of the Objection, the Reorganized Debtors attach as **Exhibit A** the *Declaration of Mike Bechtel in Support of the Reorganized Debtors’ Objection to Proof of Claim No. 12305, 12696 and 12712, filed by Shermaine Newman* (the “Bechtel Declaration”) and represent as follows:

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<sup>1</sup> A complete list of each of the Reorganized Debtors in these chapter 11 cases may be obtained on the website of the Debtors’ claims and noticing agent at <https://dm.epiq11.com/chesapeake>. The location of Reorganized Debtor Chesapeake Energy Corporation’s principal place of business and the Reorganized Debtors’ service address in these chapter 11 cases is 6100 North Western Avenue, Oklahoma City, Oklahoma 73118.

**Preliminary Statement**

Shermaine Newman (“Ms. Newman”) filed three proofs of claim against the Reorganized Debtors. One in an undetermined amount, another for \$200,000 plus an unliquidated portion, and a third for \$1,000,000,000.07 secured claim. Ms. Newman’s claims are not grounded in reality. Ms. Newman, her brother, and her sister may have inherited a fractional mineral interest when their father passed away. For a short period of time, Chesapeake did make royalty payments to Ms. Newman and her siblings. At some point in approximately 2014, Ms. Newman called Chesapeake to report that her sister was an illegitimate child of their father’s and thus, not entitled to inherit under Louisiana intestate law. Around the same time, Ms. Newman’s sister also called Chesapeake to report that Ms. Newman was an illegitimate child of their father’s and thus, not entitled to inherit under Louisiana intestate law. Once Ms. Newman and her sister made these calls to Chesapeake, Chesapeake began holding all of their royalty payments in suspense pending the resolution of the title dispute between Ms. Newman and her sister. Upon information and belief, no state court proceeding was ever commenced by either Ms. Newman or her sister to resolve the inheritance matter and thus, Chesapeake has continued to hold funds in suspense pending resolution.

As of the Petition Date, Chesapeake held approximately \$9,409.66 in suspense related to these mineral interests. As soon as Ms. Newman and her sister resolve the inheritance matter in a court of competent jurisdiction and present a final order resolving such matter to Chesapeake, Chesapeake will turn over all suspense funds to the proper party.

In no way is Chesapeake liable to Ms. Newman for over a billion of dollars related to a title dispute that she and her sister created.

### **Jurisdiction and Venue**

1. The United States Bankruptcy Court for the Southern District of Texas (the “Court”) has jurisdiction over this matter pursuant to 28 U.S.C. § 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). The Reorganized Debtors confirm their consent, pursuant to rule 7008 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), to the entry of a final order by the Court.

2. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

3. The bases for the relief requested herein are sections 105(a) and 502(b) of the Bankruptcy Code and Bankruptcy Rule 3007, and Rules 9013-1 and 3007-1 of the Bankruptcy Local Rules for the Southern District of Texas (the “Bankruptcy Local Rules”).

### **Background**

4. On August 7, 2010, Sherman Newman passed away intestate leaving his three children Shermaine Newman, Shermel Newman, and Anthony Newman<sup>2</sup> as his putative heirs.

5. After the passing of their Father, Claimant, her Sister and her Brother began receiving their fractional interests of their Father’s royalty payments.

6. On January 22, 2014, Claimant and her Sister both began contacting Chesapeake to claim that the other was an illegitimate child of their Father and thus, not entitled to presumptive heirship under Louisiana law.

7. Subsequent to these calls, Chesapeake began holding all royalty payments in suspense and has continued to do so until present day. As of the Petition Date, Chesapeake held approximately \$9,409.66 in suspense related to the three siblings’ putative interests.

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<sup>2</sup> For ease of reference, for the remainder of this pleading Sherman Newman will be referred to as “Father,” Shermaine Newman will be referred to as “Claimant,” Shermel Newman will be referred to as “Sister,” and Anthony Newman will be referred to as “Brother.”

8. On the June 28, 2020 (the “Petition Date”), each debtor entity filed for protection under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”).

9. On August 21, 2020, the Debtors filed their statements of financial affairs and schedules of assets and liabilities [Docket Nos. 901–903, 905–983] (the “SOFAs and Schedules”), pursuant to Bankruptcy Rule 1007. The SOFAs and Schedules for certain Debtor entities were amended on November 27, 2020 [Docket Nos. 1939–1952].

10. On August 13, 2020, the Court entered an *Order (I) Setting Bar Dates for Filing Proofs of Claim, Including Requests for Payment Under Section 503(B)(9), (II) Establishing Amended Schedules Bar Date and Rejection Damages Bar Date, (III) Approving the Form of and Manner for Filing Proofs of Claim, Including Section 503(B)(9) Requests, (IV) Approving Notice of Bar Dates, and (V) Granting Related Relief* [Docket No. 787] (the “Bar Date Order”). The Bar Date Order established, among other things, October 30, 2020 as the deadline for all non-governmental entities holding or wishing to assert a “claim” (as defined in section 101(5) of the Bankruptcy Code) against any of the Debtors that arose before the Petition Date to file a proof of claim.

11. To date, approximately 8,300 proofs of claim have been filed against the Debtors, totaling approximately \$42 billion. The Reorganized Debtors and their advisors (collectively, the “Reviewing Parties”) have been working diligently to review the proofs of claim, including any supporting documentation filed therewith.

12. On October 28, 2020 Claimant filed claim number 12305 in the amount of \$1,000,000,000.07<sup>3</sup> against Chesapeake for “royalty payments.”

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<sup>3</sup> Question 9 of claim number 12305 indicates that the “amount of the claim that is secured” is \$5,000,000,000.00. The Reorganized Debtors believe that, given the response to Question 2 of claim number 12305 “how much is the claim” that Ms. Newman intended to file a \$1,000,000,000.07 claim.

13. On October 30, 2020 Claimant filed claim number 12696 in the amount of \$200,000<sup>4</sup> (including an unliquidated notation) against Chesapeake for “goods sold within 20 days/503(b)(9).”

14. On October 30, 2020, Claimant filed claim number 12712 in an undetermined amount<sup>5</sup> against Chesapeake for “royalty payments.”

15. The Reorganized Debtors believe that they are only liable to Claimant to the extent of the funds held in suspense on the petition date on account of her proofs of claim and only to the extent that the heirship dispute is resolved by a Court of competent jurisdiction finding that Claimant is an heir of her Father.

### **Objection**

16. A filed proof of claim is deemed allowed, unless a party in interest objects. 11 U.S.C. § 502(a). *See also* Fed. R. Bankr. P. 3001(f) (“A proof of claim executed and filed in accordance with these rules shall constitute *prima facie* evidence of the validity and amount of the claim.”). Further, section 502(b)(1) of the Bankruptcy Code provides that the court “shall determine the amount of such claim ... as of the date of the filing of the petition, and shall allow such claim in such amount, except to the extent that—such claim is unenforceable against the debtor and the property of the debtor ...” 11 U.S.C. § 502(b)(1).

17. A properly executed and filed proof of claim constitutes *prima facie* evidence of the validity and the amount of the claim under section 502(a) of the Bankruptcy Code. *See* Fed.

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<sup>4</sup> The Reorganized Debtors believe that Ms. Newman intended to file a \$200,000/unliquidated claim with claim number 12696. Ms. Newman’s response to Question 9 of the claim was “\$200,000,000.00;” however, given her response to Question 2 on the claim form, the Reorganized Debtors believe that the intent was \$200,000/unliquidated.

<sup>5</sup> The Reorganized Debtors believe that Ms. Newman intended to file an “unliquidated” claim given her response to Question 2 on the claim form; however, in Question 9, Ms. Newman indicated that the “amount of the claim that is secured” was \$50,000.

R. Bankr. P. 3001(f). Whether a claim is allowable “generally is determined by applicable nonbankruptcy law.” *In re W.R. Grace & Co.*, 346 B.R. 672, 674 (Bankr. D. Del. 2006).

18. A proof of claim loses the presumption of *prima facie* validity under Bankruptcy Rule 3001(f) if an objecting party refutes at least one of the allegations that are essential to the claim’s legal sufficiency. *See, e.g., In re Fidelity Holding Co., Ltd.*, 837 F.2d 696, 698 (5th Cir. 1988). Once an allegation is refuted, the burden reverts to the claimant to prove the validity of its claim by a preponderance of the evidenced. *See id.* Despite this shifting burden during the claim objection process, “the ultimate burden of proof always lies with the claimant.” *Id.*

**A. The Newman Claims Are Not Entitled to *Prima Facie* Validity.**

19. As an initial matter, the Newman Claims fail to attach any documents or set forth any legitimate basis for claiming over one billion dollars across three proofs of claim. No information or calculation is provided by which the Reorganized Debtors could identify any liability to Claimant outside of the funds in suspense which cannot be released until there is a finding as to the identity of the Claimant’s Father’s heirs. “A properly executed proof of claim includes: the creditor’s name and address; the basis for the claim; the date the debt was incurred; the classification of the claim; the amount of the claim; and supporting documentation.” *In re Dow Corning Corp.*, 250 B.R. 298, 321 (Bankr. E.D. Mich. 2000) (citation omitted); *see also In re Hamrick*, 622 B.R. 659, 667 n.9 (Bankr. D. S.C. 2020) (“This Court questions how a claim may have *prima facie* evidence as to the amount when the proof of claim lists the amount as ‘unknown’ or ‘to be determined’, especially considering that the burden under state law is generally on the party asserting damages to prove the amount of such damages.”) (citation omitted).

20. The Newman Claims fail to assert any legitimate basis for over a billion dollars in claims. The claims simply set forth a dollar amount, or list a claim as unliquidated/unknown, and do not attach any documents to establish these amounts or claims.

21. Unless the Claimant proves that they are the rightful heir to a billion-dollar mineral interest claim against the Reorganized Debtors, the Newman Claims should be disallowed.

**B. The Reorganized Debtors Are Only Liable to Claimant to the Extent of the Suspense Funds and Only if Claimant is her Father's Heir.**

22. Chesapeake believes that they are only liable to Claimant to the extent of accumulated and unremitted royalty payments and only if a finding is presented to Chesapeake that determines that she is an heir of her Father's. As a note, between Claimant's Father's death and Claimant and her Sister's phone calls to Chesapeake alleging that the other was illegitimate, Chesapeake was remitting royalty payments to Claimant, her Sister and her Brother. The only reason that the payments stopped and have been held in suspense is because Claimant and her Sister each called the other's heirship status into question. To protect itself from claims of improper payment, Chesapeake has been holding the funds in suspense. Chesapeake is more than happy to release the funds to the proper heir or heirs as soon as a court of competent jurisdiction makes a finding as to Claimant and her Sister's heirship status.

23. The Reorganized Debtors believe that the Newman Claims should be disallowed as filed.

**Reservation of Rights**

24. Nothing contained herein or any actions taken pursuant to such relief is intended or should be construed as: (a) an admission as to the validity of any prepetition claim against a Debtor or Reorganized Debtor entity; (b) a waiver of any party's right to dispute any prepetition claim on

any grounds; (c) a promise or requirement to pay any prepetition claim; (d) an implication or admission that any particular claim is of a type specified or defined in this objection or any order granting the relief requested by this objection; (e) a request or authorization to assume any prepetition agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; or (f) a waiver of the Reorganized Debtors' rights under the Bankruptcy Code or any other applicable law.

**Notice**

25. Notice of this Objection has been provided to the Claimant in accordance with the Bankruptcy Rules. Such notice is sufficient and proper under the circumstances and that no other further notice is requested.

The Reorganized Debtor respectfully request that the Court enter the Order sustaining the Objection in its entirety and disallowing Newman Claims and grant such other and further relief as is just and proper under the circumstances.

Houston, Texas  
September 2, 2021

*/s/ Veronica A. Polnick*

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**Certificate of Service**

I certify that on September 2, 2021, I caused a copy of the foregoing document to be served by the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas.

/s/ Veronica A. Polnick

Veronica A. Polnick

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION**

In re:	§	
	§	Chapter 11
	§	
CHESAPEAKE ENERGY CORPORATION, <i>et al.</i> , <sup>1</sup>	§	Case No. 20-33233 (DRJ)
	§	
Reorganized Debtors.	§	(Jointly Administered)
	§	
	§	

**DECLARATION OF MIKE BECHTEL IN SUPPORT  
OF REORGANIZED DEBTORS' OBJECTION TO  
PROOF OF CLAIM NOS. 12305, 12696, 12712 FILED BY SHERMAINE NEWMAN**

I, Mike Bechtel, hereby declare under penalty of perjury:

1. I am a Senior Manager – Operations Accounting with Chesapeake Energy Corporation (“Chesapeake”), a corporation organized under the laws of Oklahoma and one of the above-captioned reorganized debtors (before the Effective Date of the Plan, the “Debtors,” and after the Effective Date of the Plan, the “Reorganized Debtors”). Before joining Chesapeake, I was the Director of Merchandise Payables for Fleming Companies and employed from 1994 to 2003, where I also help positions in Internal Audit and Divisional Chief Accountant.. My duties with Chesapeake include the management and oversight of the of the Accounts Payable and Joint Venture Accounting processes.

2. I am generally familiar with the Reorganized Debtors’ day-to-day operations, financing arrangements, business affairs, and books and records that reflect, among other things,

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<sup>1</sup> A complete list of each of the Reorganized Debtors in these chapter 11 cases may be obtained on the website of the Reorganized Debtors’ claims and noticing agent at <https://dm.epiq11.com/chesapeake>. The location of Reorganized Debtor Chesapeake Energy Corporation’s principal place of business and the Reorganized Debtors’ service address in these chapter 11 cases is 6100 North Western Avenue, Oklahoma City, Oklahoma 73118.

the Reorganized Debtors' liabilities as of the Petition Date. I have read the *Reorganized Debtors' Objection the Shermaine Newman Claims* (the "Objection").<sup>2</sup>

3. To the best of my knowledge, information, and belief, the assertions made in the Objection are accurate. In evaluating the Newman Claims, the Reviewing Parties have reviewed the Reorganized Debtors' books and records and the relevant proofs of claim, as well as the supporting documentation provided by the Claimant, and have determined that a title dispute exists between Claimant and her Sister and that unless and until such dispute is resolved, it is proper for the Reorganized Debtor to continue to hold funds in suspense. The Reviewing Parties have also determined that the extent of the potential liability to Claimant or her Sister is limited to the funds held in suspense on the Petition Date. I believe that the disallowance of the Newman Claims as filed is appropriate.

4. Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the facts set forth in the foregoing declaration are true and correct to the best of my knowledge, information and belief as of the date hereof.

Dated: September 2, 2021

/s/ Mike Bechtel

Mike Bechtel  
Senior Manager – Operations Accounting  
Chesapeake Energy Corporation

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<sup>2</sup> Capitalized terms used but not otherwise defined herein shall have the same meaning ascribed to them in the Objection.