

UNITED STATES BANKRUPTCY COURT

Southern DISTRICT OF Texas

Texas Southern District, Houston Division

In re: Epic Companies, LLC, et al.

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Case No. 19-34752

Lead Case No. 19-34752

Debtor(s)

☒ Jointly Administered

Post-confirmation Report

Chapter 11

Quarter Ending Date: 06/30/2021

Petition Date: 08/26/2019

Plan Confirmed Date: 04/07/2020

Plan Effective Date: 04/13/2020

This Post-confirmation Report relates to: ☐ Reorganized Debtor

☒ Other Authorized Party or Entity: Epic Companies LLC Liquidating Trust

Name of Authorized Party or Entity

/s M. Shane Johnson

Signature of Responsible Party

10/26/2021

Date

M. Shane Johnson

Printed Name of Responsible Party

Porter Hedges LLP
1000 Main St. 36th Floor
Houston, Texas 77002

Address

STATEMENT: This Periodic Report is associated with an open bankruptcy case; therefore, Paperwork Reduction Act exemption 5 C.F.R. § 1320.4(a)(2) applies.

Debtor's Name Epic Companies, LLC, et al.

Case No. 19-34752

Part 1: Summary of Post-confirmation Transfers

	Current Quarter	Total Since Effective Date
a. Total cash disbursements	\$494,382	\$2,662,283
b. Non-cash securities transferred	\$0	\$0
c. Other non-cash property transferred	\$0	\$0
d. Total transferred (a+b+c)	\$494,382	\$2,662,283

Part 2: Preconfirmation Professional Fees and Expenses

a.			Approved Current Quarter	Approved Cumulative	Paid Current Quarter	Paid Cumulative	
	Professional fees & expenses (bankruptcy) incurred by or on behalf of the debtor		\$0	\$3,089,508	\$0	\$3,089,508	
	Aggregate Total						
	Itemized Breakdown by Firm						
		Firm Name	Role				
	i	Porter Hedges, LLP	Lead Counsel	\$0	\$1,205,130	\$0	\$1,205,130
	ii	Lugenbuhl, Wheaton, Peck, Ran	Special Counsel	\$0	\$20,375	\$0	\$20,375
	iii	S3 Advisors, LLC	Financial Professional	\$0	\$1,619,586	\$0	\$1,619,586
	iv	Hilco Industrial, LLC	Other	\$0	\$65,000	\$0	\$65,000
v	Kennedy Marr LTD.	Other	\$0	\$31,418	\$0	\$31,418	
vi	Keen-Summit Capital Partners	Other	\$0	\$147,999	\$0	\$147,999	

b.			Approved Current Quarter	Approved Cumulative	Paid Current Quarter	Paid Cumulative	
	Professional fees & expenses (nonbankruptcy) incurred by or on behalf of the debtor <i>Aggregate Total</i>		\$0	\$86,700	\$0	\$86,700	
	<i>Itemized Breakdown by Firm</i>						
		Firm Name	Role				
	i	Jones Walker LLP	Special Counsel	\$0	\$57,368	\$0	\$57,368
	ii	Robertson & Robertson, PLLC	Financial Professional	\$0	\$25,000	\$0	\$25,000
	iii	Kenneth W. Robichau	Financial Professional	\$0	\$2,700	\$0	\$2,700
	iv	Bradley, Arant, Boult, Cummin	Special Counsel	\$0	\$1,632	\$0	\$1,632
c.	All professional fees and expenses (debtor & committees)		\$0	\$4,314,964	\$0	\$4,314,964	

Part 3: Recoveries of the Holders of Claims and Interests under Confirmed Plan

	Total Anticipated Payments Under Plan	Paid Current Quarter	Paid Cumulative	Allowed Claims	% Paid of Allowed Claims
a. Administrative claims	\$0	\$0	\$987,643	\$0	0%
b. Secured claims	\$0	\$0	\$0	\$0	0%
c. Priority claims	\$0	\$0	\$0	\$0	0%
d. General unsecured claims	\$0	\$0	\$0	\$0	0%
e. Equity interests	\$0	\$0	\$0		

Debtor's Name Epic Companies, LLC, et al.

Case No. 19-34752

Part 4: Questionnaire

a. Is this a final report?

Yes ☐ No ☒

If yes, give date Final Decree was entered: _____

If no, give date when the application for Final Decree is anticipated: _____

b. Are you current with quarterly U.S. Trustee fees as set forth under 28 U.S.C. § 1930?

Yes ☐ No ☒**Privacy Act Statement**

28 U.S.C. § 589b authorizes the collection of this information and provision of this information is mandatory. The United States Trustee will use this information to calculate statutory fee assessments under 28 U.S.C. § 1930(a)(6) and to otherwise evaluate whether a reorganized chapter 11 debtor is performing as anticipated under a confirmed plan. Disclosure of this information may be to a bankruptcy trustee when the information is needed to perform the trustee's duties, or to the appropriate federal, state, local, regulatory, tribal, or foreign law enforcement agency when the information indicates a violation or potential violation of law. Other disclosures may be made for routine purposes. For a discussion of the types of routine disclosures that may be made, you may consult the Executive Office for United States Trustee's systems of records notice, UST-001, "Bankruptcy Case Files and Associated Records." *See* 71 Fed. Reg. 59,818 et seq. (Oct. 11, 2006). A copy of the notice may be obtained at the following link: http://www.justice.gov/ust/eo/rules_regulations/index.htm. Failure to provide this information could result in the dismissal or conversion of your bankruptcy case, or other action by the United States Trustee. 11 U.S.C. § 1112(b)(4)(F).

I declare under penalty of perjury that the foregoing Post-confirmation Report and its attachments, if any, are true and correct and that I have been authorized to sign this report.

/s/ Jeffrey T. Varsalone

Signature of Responsible Party

Liquidating Trustee of the Epic Companies, LLC Liqu

Title

Jeffrey T. Varsalone

Printed Name of Responsible Party

10/18/2021

Date

In re: EPIC Companies, LLC, et al.

Case No. 19-37452 (DRJ) – Bankr. S.D. Tex.

Reporting Period: April 1, 2021 through June 30, 2021 (Q2-2021)

Notes to the Quarterly Post-Confirmation Report

Debtors

On August 26, 2019, EPIC Companies, LLC and certain of its subsidiaries (collectively, the “Debtors”)¹ filed voluntary petitions for relief under chapter 11 of title 11 of the United States Bankruptcy Code.

On April 7, 2020, the Court entered an *Order Approving Plan Proponents’ Disclosure Statement and Confirming Plan Proponents’ Joint Plan of Liquidation of EPIC Companies, LLC and its Debtor Subsidiaries Under Chapter 11 of the Bankruptcy Code* (the “Confirmation Order”) (see Dkt. No. 681). The Confirmation Order deemed consolidation of the Debtors’ estates provided for in the Plan of Liquidation. On April 13, 2020, the Effective Date of the Plan of Liquidation occurred (see Dkt. No 688), and the EPIC Companies LLC Liquidation Trust (the “Liquidating Trust”) was established to administer the winddown of the Debtors’ estates.

The Liquidating Trust maintains one bank account and since the Plan of Liquidation deemed the consolidation of the Debtors’ estates for distribution purposes, a quarterly post-confirmation report (“PCR”) is only being prepared and filed in the Lead Case of In re Epic Companies, LLC, No. 19-34752. Quarterly United States Trustee Fees will be paid for all open cases, see below related to Part 4.²

The Liquidating Trust is filing the PCR solely for the purposes of reporting to the Office of the United States Trustee for the Southern District of Texas, Houston Division, (the “U.S. Trustee”) in accordance with the Instructions for UST Form 11-PCR: Post Confirmation Report (06/08/2021) (“PCR Instructions”). The following notes, statements, and limitations should be referred to and referenced in connection with any review of the PCR.

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are as follows: Epic Companies, LLC (1473), Epic Diving & Marine Services, LLC (2501), Epic Applied Technologies, LLC (5844), Epic Specialty Services, LLC (8547), Epic Alabama Steel, LLC (6835), Epic San Francisco Shipyard, LLC (5763) and Zuma Rock Energy Services, LLC (1022).

² On December 3, 2020, the Court entered a *Final Decree Granting Liquidating Trustee’s Motion to Close Certain of the Chapter 11 Cases* (see Dkt No. 786), and the following inactive cases were closed; Epic Alabama Steel, LLC, No. 19-34753; Epic San Francisco Shipyard, LLC, No. 19-34756; and Zuma Rock Energy Services, LLC, No. 19-34758.

Part 1: Summary of Post-confirmation Transfers

The table below is a summary of the current quarter's activity in the Liquidating Trust's bank account.

	<u>Amount</u>
Cash - Beginning of Quarter	\$1,295,437.65
Receipts	132,500.00
Disbursements:	
Administrative & Selling	392,206.73
Net Payroll	102,175.35
	<u>494,382.08</u>
Net Cash Flow	<u>(361,882.08)</u>
Cash - End of Quarter	933,555.57
Add: Outstanding Checks	<u>-</u>
Ending Bank Balance	<u>\$ 933,555.57</u>

Part 3: Recoveries of the Holders of Claims and Interests under Confirmed Plan

The Debtors' Disclosure Statement (Dkt. No. 582) did not include anticipated payment amounts for the classes provided in the PCR, but instead provided estimated recovery ranges per class, see table below. Therefore, the total anticipated payments are listed as \$0 in the PCR. The Liquidating Trust has not made any payments on account of any classes of claims during the current quarter. As of the end of the current quarter, aside from administrative claims, the Liquidating Trust is still in the process of reconciling all remaining classes of claims, filing any necessary claims objections, and is involved in settlement negotiations with several creditors. Therefore, the amount of allowed claims is listed as \$0 in the PCR. Included in the table below is an estimated range of claim amounts (rounded to the nearest thousand) by class as of the end of the current reporting period. The Liquidating Trust reserves all rights to all claims.

	Total Anticipated Payments Under Plan	Estimated Asserted and Scheduled Claim Amounts
a. Administrative claims	100% ³	\$988,000 - \$1,022,000
b. Secured claims		
Other Secured Claims (Class 1)	100%	\$0 - \$17,158,000
Prepetition Senior Credit Agreement Claims (Class 3)	91-94%	\$0 - \$50,295,000
Prepetition Junior Credit Agreement Claims (Class 4)	61-66%	\$0 - \$65,340,000
c. Priority claims (Class 2)	100%	\$184,000 - \$197,000
d. General unsecured claims (Class 5)	1.0-11.3%	\$67,624,000 - \$94,593,000
e. Equity interests (Classes 6-9)	0%	

³ The Disclosure Statement did not explicitly list the recovery for administrative claims and noted that except for final chapter 11 professional fee claims, any holder of an administrative claim needed to assert such claim within 30 days of the Effective Date. Prior to the current quarter all administrative claims have been reconciled and the allowed claims paid in full. Therefore 100% is the assumed recovery under the Plan.

Part 4: Questionnaire

This report indicates the date the application for Final Decree is anticipated as sometime in the calendar year 2022. This is only an estimate the actual date could potentially be materially different and will be re-evaluated each quarter.

The Liquidating Trust is not current with quarterly U.S. Trustee fees and owes fees on account of Q1-2021 in addition to the current quarter. The chart below summarizes the fees currently due for Q1 and Q2-2021 based on the Account Reconciliation reports provided by the U.S. Trustee's office on September 3, 2021.

Debtor	Case Number	Prior Quarter Fees / Interest Outstanding	Current Quarter Fees Due	Total Amount Due
Epic Companies, LLC	19-34752	\$ (464.95)	\$ 1,978.00	\$ 1,513.05
Epic Applied Technologies, LLC	19-34754	332.59	250.00	582.59
Epic Diving & Marine Services, LLC	19-34755	332.59	250.00	582.59
Epic Specialty Services, LLC	19-34757	332.59	250.00	582.59
		<u>\$ 532.82</u>	<u>\$ 2,728.00</u>	<u>\$ 3,260.82</u>

Reservation of Rights

The Liquidating Trustee reserves all rights to amend or supplement the PCR in all respects as may be necessary or appropriate to correct any inadvertent errors or omissions or for any other reason. Nothing contained in this PCR shall constitute an admission of any kind or nature or a waiver of any rights of the Liquidating Trust or the Liquidating Trustee, all of which are expressly reserved in full.

The Post-confirmation Report was executed by Jeffrey T. Varsalone solely in his capacity as Liquidating Trustee of the Liquidating Trust.