

SO ORDERED,



Judge Selene D. Maddox

United States Bankruptcy Judge

The Order of the Court is set forth below. The case docket reflects the date entered.

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF MISSISSIPPI  
ABERDEEN DIVISION**

In re:	)	
	)	
UNITED FURNITURE INDUSTRIES, INC., <i>et al.</i> <sup>1</sup>	)	Case No. 22-13422-SDM
	)	Chapter 11
Debtors.	)	Jointly Administered
	)	

**AGREED ORDER GRANTING MOTION TO LIFT AUTOMATIC STAY**  
**[Related to Dkt. # 1060]**

This cause is before the Court on the Motion of Creditor Douglas Alan Hanby (“Hanby”) to Lift the Automatic Stay (“Motion”). The Court, being advised in the premises and that the parties have resolved the Motion by agreement, hereby finds and orders, as follows:

1. On October 14, 2022, Hanby filed a pre-petition civil action in the Circuit Court of Lee County, Mississippi styled *Douglas Alan Hanby v. United Furniture Industries, Inc., et al.*, Case No. 41CI1:22-CV-00095 (“State Court Action”). See Complaint, attached as Exhibit A to the Motion. Dkt. # 1060-1. Hanby was formerly employed by the Debtor in an executive

<sup>1</sup> The Debtors in these Chapter 11 cases, and the last four digits of each Debtor’s federal tax identification number, are as follows: United Furniture Industries, Inc. (2576); United Furniture Industries NC, LLC.(9015); United Furniture Industries CA, Inc. (9966); FW Acquisition, LLC (2133); Furniture Wood, Inc. (9186);United Wood Products, Inc. (1061); Associated Bunk Bed Company (0569); UFI Royal Development, LLC (8143); UFI Exporter, Inc. (6518); UFI Transportation, LLC (9471); and LS Logistics, LLC (7004).

capacity and was terminated on or about July 14, 2022. *Id.* Hanby's Complaint asserts claims for breach of contract and common law torts against the Debtor and certain non-debtor defendants which arise from and relate to the termination of his employment with the Debtor. *Id.*

2. Pursuant to 11 U.S.C. § 362, Hanby's claims against the Debtor in the State Court Action were stayed after the Debtor entered bankruptcy in or around January 2023.

3. On May 24, 2023, Hanby filed a proof of claim in the bankruptcy case (Claim No. 91) which asserts a claim for "compensation due under employment agreements" and attaches the State Court Complaint as an exhibit. This claim remains pending and has not yet been allowed.

4. On March 24, 2024, the Court entered an Order [Dkt. # 1043] confirming the Plan of Liquidation ("Plan") [Dkt. # 881], which became effective on March 30, 2024 ("Effective Date"). Dkt. # 1048.

5. Section 5.1.6 of the Plan classifies Tort Claims as Class 5 and provides that the remedy of any holder of such a claim shall be to seek to collect from any Insurance Coverage to the extent of the amount of coverage. *Id.* The Plan further provides that, "[f]rom an after the Effective Date, the automatic stay shall be lifted with respect to the prosecution of any Tort Claim to the extent of such Insurance Coverage, and the holder of such a claim waives any right to any further Claim against the estate and shall look solely to the Insurance Coverage for payment of an Allowed Tort Claim." *Id.*

6. Section 1.48 of the Plan defines the term "Tort Claim" as "a Claim against any of the Debtors arising from a private or civil wrong or injury, other than breach of contract." The Plan does not contain a provision which mirrors Section 5.1.6 for breach of contract claims. As

such, claims against the Debtor(s) for breach of contract remain subject to the automatic stay unless and until lifted by order of the Court.

7. On April 19, 2024, Hanby filed the Motion requesting the Court to lift the automatic stay as to his tort and breach of contract claims asserted against the Debtor(s) in the State Court Action. Hanby represents and agrees that, if the stay is lifted as to such claims, his sole remedy shall be to seek to collect from the non-debtor defendants and/or any liability insurance policies providing coverage for such claims to the extent of the amount of coverage, that he waives any right to any further Claim against the estate, and that he shall look solely to the non-debtors and/or any Insurance Coverage for payment of on account of any judgment or settlement of his claims against the Debtor(s) in the State Court Action. Based on Hanby's representations and agreements, the Trustee consents to the relief requested by Hanby in the Motion.

IT IS THEREFORE ORDERED that the Motion is granted, and the automatic stay of § 362 of the Bankruptcy Code is hereby lifted to permit Douglas Alan Hanby to pursue his claims against the Debtor(s) in the State Court Action to final resolution and to collect from and against any responsible non-debtor parties and/or any liability insurance policies providing coverage for such claims, provided, however, that Douglas Alan Hanby agrees to waive any right to any further Claim against the estate and that he shall look solely to the non-debtors and/or any Insurance Coverage for payment on account of any judgment or settlement of the claims asserted against the Debtor(s) in the State Court Action.

\*\* END OF ORDER \*\*

Agreed and approved for entry:

/s/ Jim Waide  
Counsel for Douglas Alan Hanby, Creditor

/s/ Douglas C. Noble  
Counsel to Chapter 11 Trustee

Order submitted by:

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