

**UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF IOWA**

In Re:

Chapter 11

Mercy Hospital, Iowa City, Iowa  
Debtor

Bankruptcy No. 23-00623

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Dan R. Childers  
in his sole capacity as Liquidation Trustee  
Plaintiff

vs.

Adversary No. 25-09113

Paramount Credentialing Verification Organization, Inc.  
Defendant

**SUMMONS IN AN ADVERSARY PROCEEDING**

YOU ARE SUMMONED and required to file a motion or answer to the complaint, which is attached to this summons, with the Clerk of the Bankruptcy Court and serve a copy upon the plaintiff's attorney within **30** days after the date of issuance of this summons. The United States or an officer or agency thereof shall file a motion or answer to the complaint within **35** days.

Address of the Clerk: 111 Seventh Avenue SE, Box #15  
Cedar Rapids, IA 52401-2101

Attorney for Plaintiff: Eric W. Lam  
115 Third Street S.E. Suite 1200  
Cedar Rapids, IA 52401

If you make a motion, your time to answer is governed by Federal Rule of Bankruptcy Procedure 7012.

**IF YOU FAIL TO RESPOND TO THIS SUMMONS, YOUR FAILURE WILL BE DEEMED TO BE YOUR CONSENT TO ENTRY OF JUDGMENT BY THE BANKRUPTCY COURT AND JUDGMENT BY DEFAULT MAY BE TAKEN AGAINST YOU FOR THE RELIEF DEMANDED IN THE COMPLAINT.**

Sharon K. Mullin  
Clerk, Bankruptcy Court  
by:



Deputy Clerk



Date of Issuance: August 5, 2025

apsummon 8/2022

25-09113

### CERTIFICATION OF SERVICE

I, Kelly Carmichael (name), certify that service of this summons and a copy of the complaint was made August 12, 2025 (date) by:

- Mail service: Regular, first class United States mail, postage fully pre-paid, addressed to:  
Jeanette Werling, Registered Agent, 1715 First Ave. SE, Suite 100, Cedar Rapids, IA 52402-5432
- Personal Service: By leaving the process with the defendant or with an officer or agent of defendant at:
  
- Residence Service: By leaving the process with the following adult at:
  
- Certified Mail Service on an Insured Depository Institution: By sending the process by certified mail addressed to the following officer of the defendant at:
  
- Publication: The defendant was served as follows: [Describe briefly]
  
- State Law: The defendant was served pursuant to the laws of the State of \_\_\_\_\_, as follows:  
[Describe briefly]

If service was made by personal service, by residence service, or pursuant to state law, I further certify that I am, and at all times during the service of process was, not less than 18 years of age and not a party to the matter concerning which service of process was made.

Under penalty of perjury, I declare that the foregoing is true and correct.

Date August 12, 2025

Signature *Kelly Carmichael*

Print Name:

Kelly Carmichael

Business Address:

Simmons Perrine Moyer Bergman PLC  
115 Third St. SE, Suite 1200  
Cedar Rapids, IA 52401

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF IOWA

IN RE:

MERCY HOSPITAL, IOWA CITY, IOWA,  
*et al.*,

Debtors.

DAN R. CHILDERS, in his sole capacity as  
Liquidation Trustee,

Plaintiff,

vs.

PARAMOUNT CREDENTIALING  
VERIFICATION ORGANIZATION, INC.,

Defendant.

Chapter 11 Bankruptcy  
Case No. 23-00623

Adversary Case No. 25-09113

**COMPLAINT TO AVOID  
PREFERENCE**

COMES NOW Dan R. Childers, in his sole capacity as Liquidating Trustee (“Trustee” or “Plaintiff”), by and through his counsel, and in support of this Complaint respectfully states:

I. JURISDICTION, PARTIES, AND VENUE

1. On August 7, 2023, Mercy Hospital *et al.* (“Debtors”) filed a voluntary Chapter 11 Petition in this Court, and a Bankruptcy Case was thereupon commenced.
2. Eventually, this Court confirmed a Plan filed by the Debtors.
3. As part of the Plan confirmed by this Court, a Liquidation Trust was created.
4. The Plaintiff is the Trustee of the Liquidation Trust.

5. The Defendant is Paramount Credentialing Verification Organization, Inc., a corporation organized under the laws of the State of Iowa (“Defendant”).

6. This Court has subject matter jurisdiction of this Complaint by operation of 28 U.S.C. §§ 157 and 1334, and 11 U.S.C. §§ 105, 541, 547, 550, and 551. This Court’s subject matter jurisdiction is further augmented by a General Reference Order issued by the United States District Court.

7. Venue of this Complaint is proper in this Court by operation of 28 U.S.C. §1409.

8. This is a core proceeding by operation of 28 U.S.C. §157(b)(2)(A), (F), and (O). To the extent, if at all, this Complaint does not involve a core proceeding, the Plaintiff consents to the entry of final judgment and a rendition of legal conclusions by this Court.

## II. FACTS

9. The Debtors during the period between May 9, 2023 and August 7, 2023 owed money to the Defendant. The money so owed constituted antecedent debts due the Defendant from the Debtors.

10. During the period between May 9, 2023 and August 7, 2023, the Debtors paid moneys to the Defendant, toward at least partial if not complete satisfaction of the moneys due the Defendant from the Debtors. Specifically, the Debtors paid a total sum of \$69,594.00 to the Defendant.

11. The money used by the Debtors to pay the Defendant were property of Mercy Hospital *et al.*

12. The aforementioned payments enabled the Defendant to receive more than what the Defendant would have received had the payments not been made and had the

Defendant participated as a creditor in this Bankruptcy Case. Specifically, the Trustee anticipates any eventual dividend to the various unsecured creditors in this Case will not anywhere approach 100%, and so if the Defendant had not received the aforementioned payments and had the Defendant then participated as a general unsecured non-priority creditor in this Case, the Defendant would not receive anywhere close to what the Defendant in fact had received via the aforementioned payments. Indeed, the Debtors via their court-approved Disclosure Statement projected recovery of no more than 10% for the general unsecured non-priority claims. *See, e.g.*, Disclosure Statement, Dkt #927, Exh. A.

13. The payments occurred while the Debtors were at least presumed to be insolvent and, upon information and belief, the Debtors were in fact actually insolvent during the period May 9, 2023 and August 7, 2023. Specifically, the Debtors during the period May 9, 2023 and August 7, 2023 had much more liabilities than assets, as exemplified by the fact that the Debtors owed certain Bond-Holders close to \$63,000,000, and the Bond Holders held a lien in virtually (but not all) assets of the Debtors. The assets of the Debtors (including items pledged to the Bond Holders and not pledged to the Bond Holders) were worth nowhere close to \$60,000,000. Indeed, eventually the assets pledged to the Bond Holders were upon approval from this Court sold for approximately \$28,000,000. As such, the Debtors were and have been and are insolvent, in that the Debtors' liabilities far exceeded the fair market value or liquidation value of all their assets.

14. Before the filing of this Complaint, the Trustee has exerted reasonable diligence in considering potential defenses that may be asserted by the Defendant, and the Trustee has concluded whatever (if any) defenses that might be available to the Defendant

are not applicable or will not reduce the Defendant's exposure to \$0, all in compliance with the requirement imposed on the Trustee pursuant to 11 U.S.C. §547(b).

### III. PRAYER FOR RELIEF

WHEREFORE, the Trustee respectfully prays this Court on such notice and hearing as it may direct, enter and enroll an Order granting the Plaintiff the following relief:

- A. Directing the Defendant to account for any and all moneys or property received by it or transferred to it from the Debtors, during the period May 9, 2023 through and including August 7, 2023;
- B. Decreeing any and all such transfers or payments void, pursuant to 11 U.S.C. §547;
- C. Pursuant to election from the Trustee, either directing the Defendant to return to the Trustee any and all payments or transfers, or entering Judgment in favor of the Trustee and against the Defendant in such an amount that will compensate the Trustee and the Bankruptcy Estate, together with costs and interests, pursuant to 11 U.S.C. §§550 and 551;
- D. Disallowing any and all Proofs of Claim filed by the Defendant; and,
- E. Such other relief as may be just and proper under the premises.

/s/ Eric W. Lam

Eric W. Lam, AT0004416  
SIMMONS PERRINE MOYER BERGMAN PLC  
115 Third Street SE, Suite 1200  
Cedar Rapids, IA 52401  
Tel: 319-366-7641; Fax: 319-366-1917  
[elam@simmonsperrine.com](mailto:elam@simmonsperrine.com)  
ATTORNEY FOR PLAINTIFF

1B104 (FORM 104) (08/07)

<b>ADVERSARY PROCEEDING COVER SHEET</b> (Instructions on Reverse)	<b>ADVERSARY PROCEEDING NUMBER</b> (Court Use Only)
<b>PLAINTIFFS</b> Dan R. Childers, in his sole capacity as Liquidation Trustee	<b>DEFENDANTS</b> Paramount Credentialing Verification Organization, Inc.
<b>ATTORNEYS</b> (Firm Name, Address, and Telephone No.) Eric W. Lam at Simmons Perrine Moyer Bergman PLC 115 3 <sup>rd</sup> Street SE, Ste. 1200, Cedar Rapids, IA 52401 Ph. (319)366-7641	<b>ATTORNEYS</b> (If Known)
<b>PARTY</b> (Check One Box Only) <input type="checkbox"/> Debtor <input type="checkbox"/> U.S. Trustee/Bankruptcy Admin <input type="checkbox"/> Creditor <input checked="" type="checkbox"/> <b>Other – Liquidation Trustee</b> <input type="checkbox"/> Trustee	<b>PARTY</b> (Check One Box Only) <input type="checkbox"/> Debtor <input type="checkbox"/> U.S. Trustee/Bankruptcy Admin <input checked="" type="checkbox"/> Creditor <input type="checkbox"/> Other <input type="checkbox"/> Trustee
<b>CAUSE OF ACTION</b> (WRITE A BRIEF STATEMENT OF CAUSE OF ACTION, INCLUDING ALL U.S. STATUTES INVOLVED)  Complaint to Avoid Preference	
<b>NATURE OF SUIT</b> (Number up to five (5) boxes starting with lead cause of action as 1, first alternative cause as 2, second alternative cause as 3, etc.)	
<b>FRBP 7001(1) - Recovery of Money/Property</b> <input type="checkbox"/> 11-Recovery of money/property - §542 turnover of property <input checked="" type="checkbox"/> 12-Recovery of money/property - §547 preference <input type="checkbox"/> 13-Recovery of money/property - §548 fraudulent transfer <input type="checkbox"/> 14-Recovery of money/property - other  <b>FRBP 7001(2) - Validity, Priority or Extent of Lien</b> <input type="checkbox"/> 21-Validity, priority or extent of lien or other interest in property  <b>FRBP 7001(3) - Approval of Sale of Property</b> <input type="checkbox"/> 31-Approval of sale of property of estate and of a co-owner - §363(h)  <b>FRBP 7001(4) - Objection/Revocation of Discharge</b> <input type="checkbox"/> 41-Objection / revocation of discharge - §727(c), (d), (e)  <b>FRBP 7001(5) - Revocation of Confirmation</b> <input type="checkbox"/> 51-Revocation of confirmation  <b>FRBP 7001(6) - Dischargeability</b> <input type="checkbox"/> 66-Dischargeability - §523(a)(1),(14),(14A) priority tax claims <input type="checkbox"/> 62-Dischargeability - §523(a)(2), false pretenses, false representation, actual fraud <input type="checkbox"/> 67-Dischargeability - §523(a)(4), fraud as fiduciary, embezzlement, larceny	<b>FRBP 7001(6) - Dischargeability (continued)</b> <input type="checkbox"/> 61-Dischargeability - §523(a)(5) domestic support <input type="checkbox"/> 68-Dischargeability - §523(a)(6) willful and malicious injury <input type="checkbox"/> 63-Dischargeability - §523(a)(8) student loan <input type="checkbox"/> 64-Dischargeability - §523(a)(15) divorce or separation obligation (other than domestic support) <input type="checkbox"/> 65-Dischargeability - other  <b>FRBP 7001(7) - Injunctive Relief</b> <input type="checkbox"/> 71-Injunctive relief - imposition of stay <input type="checkbox"/> 72-Injunctive relief - other  <b>FRBP 7001(8) Subordination of Claim or Interest</b> <input type="checkbox"/> 81-Subordination of claim or interest  <b>FRBP 7001(9) Declaratory Judgment</b> <input type="checkbox"/> 91-Declaratory judgment  <b>FRBP 7001(10) Determination of Removed Action</b> <input type="checkbox"/> 01-Determination of removed claim or clause  <b>Other</b> <input type="checkbox"/> SS-SIPA Case - 15 U.S.C. §§78aaa <i>et seq.</i> <input type="checkbox"/> 02-Other (e.g. other actions that would have been brought in state court if unrelated to bankruptcy case)
<input type="checkbox"/> Check if this case involves a substantive issue of state law <input type="checkbox"/> Check if a jury trial is demanded in complaint	<input type="checkbox"/> Check if this is asserted to be a class action under FRCP 23 Demand appx. \$69,000.00
Other Relief Sought	

B104 (FORM 104) (08/07), Page 2

BANKRUPTCY CASE IN WHICH THIS ADVERSARY PROCEEDING ARISES		
NAME OF DEBTOR Mercy Hospital, Iowa City, Iowa, et al.		BANKRUPTCY CASE NO. 23-00623
DISTRICT IN WHICH CASE IS PENDING Northern District of Iowa	DIVISION OFFICE Cedar Rapids	NAME OF JUDGE Thad J. Collins
RELATED ADVERSARY PROCEEDING (IF ANY)		
PLAINTIFF	DEFENDANT	ADVERSARY PROCEEDING NO.
DISTRICT IN WHICH ADVERSARY IS PENDING	DIVISION OFFICE	NAME OF JUDGE
SIGNATURE OF ATTORNEY (OR PLAINTIFF)  /s/ Eric W. Lam		
DATE August 4, 2025	PRINT NAME OF ATTORNEY (OR PLAINTIFF) Eric W. Lam, #AT0004416	

### INSTRUCTIONS

The filing of a bankruptcy case creates an “estate” under the jurisdiction of the bankruptcy court which consists of all of the property of the debtor, wherever that property is located. Because the bankruptcy estate is so extensive and the jurisdiction of the court so broad, there may be lawsuits over the property or property rights of the estate. There also may be lawsuits concerning the debtor’s discharge. If such a lawsuit is filed in a bankruptcy court, it is called an adversary proceeding.

A party filing an adversary proceeding must also complete and file Form 104, the Adversary Proceeding Cover Sheet, unless the party files the adversary proceeding electronically through the court’s Case Management/Electronic Case Filing system (CM/ECF). (CM/ECF captures the information on Form 104 as part of the filing process.) When completed, the cover sheet summarizes basic information on the adversary proceeding. The clerk of court needs the information to process the adversary proceeding and prepare required statistical reports on court activity.

The cover sheet and the information contained on it do not replace or supplement the filing and service of pleadings or other papers as required by law, the Bankruptcy Rules, or the local rules of court. The cover sheet, which is largely self-explanatory, must be completed by the plaintiff’s attorney (or by the plaintiff if the plaintiff is not represented by an attorney). A separate cover sheet must be submitted to the clerk for each complaint filed.

**Plaintiffs and Defendants.** Give the names of the plaintiffs and defendants exactly as they appear on the complaint.

**Attorneys.** Give the names and addresses of the attorneys, if known.

**Party.** Check the most appropriate box in the first column for the plaintiffs and the second column for the defendants.

**Demand.** Enter the dollar amount being demanded in the complaint.

**Signature.** This cover sheet must be signed by the attorney of record in the box on the second page of the form. If the plaintiff is represented by a law firm, a member of the firm must sign. If the plaintiff is pro se, that is, not represented by an attorney, the plaintiff must sign.