

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

In re:

**CAMP MYSTIC, LLC, *et al.*
Debtors.**

Chapter 11

Case No. 26-90621 (CML)

(Jointly Administered)

**CAMP FAMILY CREDITORS' OBJECTION TO
MOTION TO APPOINT CHAPTER 11 TRUSTEE**

TO THE HONORABLE UNITED STATES BANKRUPTCY JUDGE:

The Camp Family Creditors identified below¹ file this Objection to the Motion to Appoint Chapter 11 Trustee filed by the Official Committee of Unsecured Creditors and, as grounds therefor, respectfully state as follows:

I. INTRODUCTION

1. The “Camp Family Creditors” are comprised of 12 families who are creditors in the Debtors’ bankruptcy cases based upon (i) tuition paid for their daughters to attend Camp Mystic during the summer of 2025 and the summer of 2026, or (ii) deposits made for their daughters to attend in future years, and a regional camp representative who is a “legacy” creditor (she and her adult daughter both attended Camp Mystic). In all, the Debtors scheduled more than **2,790**

¹ The Camp Family Creditors are Tara Bradburn, Katie Dalrymple, Jesse Farrell, Aimee Hale, Clinton Holmes, David Montgomery, Lindsey Roberson, Beverly Lesyna, Elizabeth Parker, Margaret Solomon, Doug Wright, and Kathleen Zinn and Susan Brooks, a regional representative for Camp Mystic.

families with “Tuition Deposit Claims” claims as the holders of priority unsecured claims.² The Camp Families oppose the appointment of a Chapter 11 Trustee because such action is not warranted and the Official Committee of Unsecured Creditors (“Committee”) has not met its burden of proof under Section 1104 of the Bankruptcy Code. The actions or inactions of which the Committee complains have been addressed in the Motion to Appoint an Independent Director and Independent Manager and the Debtors’ recently filed Joint Plan of Reorganization. For these reasons, the Motion should be denied.

II. FACTUAL BACKGROUND

A. Background of Debtors

2. Camp Mystic, is a private Christian summer camp for girls on the South Fork of the Guadalupe River, near Hunt in Kerr County, Texas (the “Camp”) established 100 years ago. It was purchased by the Debtors in the mid-eighties.

3. Originally built in 1926, the Camp developed a substantial reputation among Texas families, with multi-generational enrollment and sustained demand. Debtor Camp Mystic operated the Camp on an approximately 725-acre property in the Texas Hill Country owned by Debtor NFP. The property comprises two campuses: (i) the original Camp Mystic Guadalupe River campus, situated along the Guadalupe River; and (ii) the newer Camp Mystic Cypress Lake campus, located on the same property adjacent to Cypress Lake/Cypress Creek and developed in approximately 2019–2020.

² See Schedules of Assets and Liabilities (“Schedules”) [Docket No. 152] filed by Camp Mystic, LLC. The claims were scheduled as priority unsecured claims up to \$3,684 because they are claims for “purchase of services, for the personal, family or household use of such individuals, that were not delivered or provided” as provided under Section 507(a)(7) of the Bankruptcy Code.

B. Fourth of July Flood in Kerr County, Texas

4. On July 4, 2025, a catastrophic and unprecedented flood occurred in Kerr County, Texas and over 150 people in the County and surrounding area perished in the flood, including 25 campers, 2 counselors, and Dick Eastland, the Director of the Camp. Litigation was later commenced by some of the families (referred to herein as the “Heaven’s 27 Families”) in state district court against the Debtors and other non-Debtor individuals.

C. Camp Mystic Bankruptcy Filings

5. On June 24, 2026 (the “Petition Date”), Camp Mystic, LLC (“Camp Mystic”), Natural Fountains Properties, Inc. (“NFP”), Mystic Camps Management, LLC (“MCM”), and Mystic Camps Family Partnership (“MCFP”) (jointly referred to herein as the “Debtors”) each filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code (the “Chapter 11 Cases”). Camp Mystic is the operating entity and NFP owns the real estate upon which the camps are located.

6. The Debtors continue to manage their affairs as debtors in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code with Karen Nicolau as their Chief Restructuring Officer. No trustee or examiner has been appointed.³

7. On July 22, 2026, the Office of the United States Trustee appointed the Official Committee [Docket No. 94]. The members of the Committee consist of 13 individuals who are parents of children who perished in the flood. They (with the exception of one member) are also among the Heaven’s 27 Families who are plaintiffs in the state court litigation.

8. On August 7, 2026, the Debtors filed their Schedules and Statement of Financial Affairs. The claims held by the Camp Family Creditors were scheduled as priority claims on

³ The Committee has filed a Motion for an Order Appointing a Chapter 11 Trustee [Docket No. 227] which is currently set for hearing on October 9, 2026.

Schedule E/F and described as claims for “tuition, deposits or fees.” In all, the scheduled camp family creditor claims total \$1,297,484.61.

D. Pending Motions

9. On September 1, 2026, the Debtors filed a Motion for Entry of an Order (I) Authorizing the Appointment of an Independent Director and an Independent Manager, (II) Establishing Special Committees, (III) Approving Governance Amendments, and (IV) Granting Related Relief (“Motion to Appoint Independent Director”) [Docket No. 205].

10. On September 8, 2026, the Committee filed a Motion for an Order Appointing a Chapter 11 Trustee (“Trustee Motion”) [Docket No. 227].

11. A hearing is currently set on October 9, 2026 at 9:00 a.m. on the Motion to Appoint the Independent Director and the Trustee Motion.

E. Debtors’ Plan and Disclosure Statement

12. On September 25, 2026, the Debtors filed their Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code (“Plan”) [Docket No. 271] and Disclosure Statement [Docket No. 272].

III. OBJECTION TO APPOINTMENT OF CHAPTER 11 TRUSTEE

13. Section 1104 of the Bankruptcy Code provides that upon the request of a party in interest or the United States Trustee, and after notice and hearing, the Court shall order the appointment of a trustee --

- (1) for cause, including fraud, dishonesty, incompetence, or gross mismanagement of the affairs of the debtor by current management, either before or after the commencement of the case, or similar cause . . . , or
- (2) if such appointment is in the interests of creditors, any equity security holders, and other interests of the estate

The Official Committee alleges that “cause” exists for the appointment of a trustee in these bankruptcy cases on the following grounds: (1) “current management has a long record of incompetence and gross mismanagement of the Debtors’ affairs;” (2) “the irreconcilable conflicts of the Eastland Directors”; and (3) “the acrimony between the Debtors and creditors.” Trustee Motion at 26-32. Each of these arguments are discussed below.

A. Current Management Has A Long Record Of Incompetence And Gross Mismanagement Of The Debtors’ Affairs

14. The Committee’s claims of incompetence and gross mismanagement are based almost entirely on the Flood from more than a year ago. The Committee devotes 20 pages of the Motion to a recitation of the events leading up to the Flood, relying on the Texas Legislature’s Investigation Report as proof the Debtors were incompetent and grossly negligent. The events of that weekend are tragic and unfathomable. However, there has been no judicial finding of liability in the pending wrongful death cases that would be considered mismanagement in the context of Section 1104 of the Bankruptcy Code.

15. As indicated in the Trustee Motion, the Debtors have had limited operations since the Petition Date so there is even less of a factual basis for seeking the appointment of a trustee. The Committee contends that examples of mismanagement which have occurred since the bankruptcy filing include the following: current management is “self-dealing” by allowing the Eastlands to live on the property; the Debtors are not taking “reasonable steps to protect the value of the property “ and secure the property; a question regarding flood insurance proceeds; the CRO’s testimony regarding plan discussions at the 341 meeting of creditors; and the continued employment of certain employees. The Debtors have responded to these allegations in their Plan as follows:

The Debtors dispute each allegation and will contest it, and their objection will respond in full. Nearly every fact the Committee cites for its post-petition allegations came from the Debtors' own disclosures and from a meeting of creditors at which the CRO answered questions for approximately three and a half hours. In summary, the CRO's testimony that she knew of "no plans to apply for a license" for 2027 remains accurate because the Plan contemplates a sale. . . . The facts cited as "self-dealing" came from the Debtors' own Global Notes. The family members reside on the Cypress Lake portion of the property outside the enjoined area. The family's presence on an otherwise vacant property deters trespass, and since the Petition Date, the CRO has required the family to pay their own utilities and cellular service and to reimburse any personal expense the estates are found to be paying. Whether a use-and-occupancy charge should be imposed despite a custom and practice for years of providing accommodations on premises before closing is a Conflict Matter for the Special Committees under the terms of the motion to appoint an independent director.⁷⁹ The CRO testified that the property "is secure," "is not operating and it's gated," and that the enjoined buildings "are taped off."⁸⁰

16. Several of the claims have been mooted by the Debtors filing of the Plan. In any case, the remaining disputed allegations do not warrant the appointment of a trustee.

B. The Irreconcilable Conflicts Of The Eastland Directors

17. The Committee then turns to the argument of the conflicts of interest between the Debtors and current management. This issue has already been addressed by the Debtors as a result of its filing of the Motion to Appoint Independent Director and Manager which will be revised to reflect the terms in the Plan. The Debtors recently filed Plan and Disclosure Statement indicating they intend to sell the Debtors' business **and the current owners and managers will not have approval rights.** The Debtors indicate they will be proposing bidding procedures which "will state a preference for a bid that provides for the continued operation of the camp consistent with its traditions." Disclosure Statement at 9. The Debtors intend to "give the Committee and the Families the consultation rights customary in bid procedures, and the Debtors will propose that the Bankruptcy Court establish a Steering Committee of camper-family representatives to consult on the Bidding Procedures and the sale process." *See id. at 33-34.* The

Camp Creditor Families will request to participate in the process. The Committee should recognize that a sale of the Debtors' business as a going concern will maximize the value of the Debtors' assets and is in the best interest of all creditors and be supportive of that goal. There is no reason to have a chapter 11 trustee appointed to oversee a sales process where there is sufficient oversight from the creditor body.

C. "The Acrimony Between The Debtors And Creditors."

18. The final argument advanced by the Committee is disingenuous. The Committee has chosen a course of action resulting in the acrimony. In the first 90 days of the bankruptcy cases, the Committee has challenged and litigated virtually every motion and action taken by the Debtors. Immediately after the bankruptcy filing, the Heaven's 27 Families filed a motion requesting an order that the automatic stay did not preclude the continued litigation against the Debtors' management.⁴ When the Debtors properly filed an adversary proceeding seeking a declaratory judgment on this issue, the Committee then filed an Emergency Motion for Entry of an Order Authorizing Intervention in Adversary Proceeding [Docket No. 11]⁵, claiming the intervention was necessary so the "Families can pursue accountability for the Individual Defendants conduct. . . ." Motion to Intervene at 42. While the Committee claims its actions are in furtherance of its fiduciary duties for unsecured creditors, it is difficult to understand how pursuing tort claims on behalf of a minority of families (which likely are not estate claims) is of benefit to the general unsecured body.⁶

⁴ Docket No. 77.

⁵ Adversary No. 26-03604. The proper procedure for seeking declaratory relief is by filing an adversary proceeding pursuant to Bankruptcy Rule 7001(9).

⁶ The Motion to Intervene is currently pending.

19. After the Committee claimed the Debtors' management had a conflict of interest, the Debtors filed a Motion for Appointment of Independent Manager. Although the Committee was aware from the August 26, 2026 status conference that the motion would be filed, nevertheless the Committee filed the Trustee Motion asserting among other things, that a Chapter 11 Trustee should be appointed due to alleged mismanagement and conflicts of interest. The Official Committee also filed an Objection to the Independent Director and Independent Manager Motion [Docket No. 258. In addition, the Heaven's 27 Families (which include members of the Committee) filed a Motion for Relief from Stay to proceed with their state court litigation. The Committee has not filed a response to this Motion.

IV. CONCLUSION

The Committee has not presented sufficient grounds or evidence for the appointment of the Trustee in these cases. The Debtors have proposed a plan of reorganization which will maximize the value of the Debtors assets and hopefully result in a sale of the Camp to a purchaser who will continue the mission and ministry of the Camp. Appointment of a chapter 11 trustee at this juncture would result in unnecessary professional fees and would not accomplish anything different from the path that the Debtors are already on. The Committee will have the opportunity to participate in the sale process. For these reasons, the Camp Family Creditors respectfully request that the Motion be denied in all things.

The Camp Family Creditors reserve the right to amend or supplement this Motion prior to the October 9, 2026 hearing.

Respectfully submitted,

By: /s/ Susan Mathews

Susan Mathews

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CERTIFICATE OF SERVICE

The undersigned certifies that on September 29, 2026, a true and correct copy of the foregoing Notice was served electronically on all parties registered to receive electronic notice of filings in this case via this Court's ECF notification system, including but not limited to counsel for the debtors and the U.S. Trustee.

/s/ Susan Mathews
Susan Mathews