IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ROME DIVISION

In re:	:	Chapter 11
	:	
Beaulieu Group, LLC, *et al.*[1],	:	Case No. 17-41677-bem
	:	
	:	(Jointly Administered)
Debtors.	:	
	:	
PMCM 2, LLC, LIQUIDATING TRUSTEE FOR THE ESTATES OF BEAULIEU GROUP, LLC, *et al.*,	:	
	:	
Plaintiff,	:	Adversary No. _____
	:	
v.	:	
	:	
JOSEPH ASTRACHAN; RALPH BOE; CARL M. BOUCKAERT; NICOLAS E. BOUCKAERT; STANISLAS A. BOUCKAERT; STEPHANIE C. BOUCKAERT; CONSTANCE CANTRELL; ANNETTE CYR; VINCENT DONARGO; MIEKE D. HANSSENS F/K/A MARIE T. BOUCKAERT; RONALD STEVEN HILLIS; G. MICHAEL HOFMANN; DEL LAND; DAVID A. MARR; RAY A. MULLINAX; J. MICHAEL POLLARD; NATHALIE B. POLLARD; RICHARD W. ROEDEL; LAWRENCE J. ROGERS; ROSANNE B. ST. CLAIR; LEO VAN STEENBERGE; KAREL VERCRUYSSEN; JOYCE WHITE; THE CAMI TRUST; SOUTH RICHMOND CHEMICALS, LLC; PINNACLE POLYMERS, LLC; MARGLEN INDUSTRIES, INC.; CENTAUR TECHNOLOGIES, LLC; CEEA, LLC; ONESOURCE SAMPLE, LLC; LEINSTER GLOBAL, INC.; AVALON INDUSTRIAL PRODUCTS, LLC; SABUKA, LLC; RENUCO RECYCLING COMPANY, LLC;	:	

[1] The Debtors in these cases along with the last four digits of their federal tax identification number are: Beaulieu Group, LLC (2636) and Beaulieu Trucking, LLC (0383).

BEAULIEU CANADA COMPANY, INC.; CENTAUR PROPERTIES, LLC; CENTAUR MARKETING GROUP, LLC; CENTAUR EQUESTRIAN, LLC; CENTAUR CONSOLIDATED COMPANIES, LLC; BEAULIEU INTERNATIONAL GROUP; BEAULIEU FIBRES INTERNATIONAL NV, AND JOHN BRYANT,

Defendants.

COMPLAINT

PMCM 2, LLC (the "Trustee" or "Plaintiff"), the liquidating trustee for the jointly administered estates of Beaulieu Group, LLC ("Beaulieu"), Beaulieu Trucking, LLC ("Beaulieu Trucking") and Beaulieu of America, Inc. (collectively, the "Debtors" or the "Company")[2], hereby files the following Complaint against (i) the Debtor's former directors, officers and equity owners: Joseph Astrachan, Ralph Boe, Carl M. Bouckaert, Nicolas E. Bouckaert, Stanislas A. Bouckaert, Stephanie C. Bouckaert, Constance Cantrell, Annette Cyr, Vincent Donargo, Mieke D. Hanssens f/k/a Marie T. Bouckaert, Ronald Steven Hillis, G. Michael Hofmann, Del Land, David A. Marr, Ray A. Mullinax, J. Michael Pollard, Natalie B. Pollard, Richard W. Roedel, Lawrence J. Rogers, Rosanne B. St. Clair, Leo Van Steenberge, Karel Vercruyssen, Joyce White, and The CAMI Trust (collectively, the "D&O Defendants") and (ii) various entities and an individual affiliated with the Debtors and/or that conduct business with the Debtors: South Richmond Chemicals, LLC; Pinnacle Polymers, LLC; Marglen Industries, Inc.; Centaur Technologies, LLC; CEEA, LLC; OneSource Sample, LLC; Leinster Global, Inc.; Avalon Industrial Products, LLC; Sabuka, LLC; Renuco Recycling Company, LLC; Beaulieu Canada

[2] The Debtors in these cases along with the last four digits of their federal tax identification numbers are: Beaulieu Group, LLC (2636), Beaulieu Trucking, LLC (0383), and Beaulieu of America, Inc. (9706).

Company, Inc.; Centaur Properties, LLC; Centaur Marketing Group, LLC; Centaur Equestrian, LLC; Centaur Consolidated Companies, LLC; Beaulieu International Group; Beaulieu Fibres International NV; and John Bryant (collectively with the D&O Defendants, the "Defendants"). In support of the Complaint, the Trustee respectfully alleges as follows.

NATURE OF THE ACTION

1. This is an action brought by the Trustee against Defendants, former directors and officers of the Debtors and related affiliated entities and individuals, seeking to remedy their violations of law, including breaches of fiduciary duties and receipt of fraudulent and preferential transfers, among other claims, that have caused substantial monetary losses to the Debtors and other damages.

PARTIES

2. Plaintiff is PMCM 2, LLC, in its capacity as the liquidating Trustee for the Debtors' estates. The Trustee conducts business at 110 Commons Court, Chadds Ford, PA 19317.

3. Defendant Joseph Astrachan served as a member of the Debtors' board of directors[3], and upon information and belief resides at 6376 Rosecommon Dr., Peachtree Corners, GA 30092. Joseph Astrachan is an insider of the Debtors under 11 U.S.C. § 101(31).

4. Defendant Ralph Boe served as the Debtors' Chief Executive Officer and Chief Operating Officer and as a member of the Debtors' board of directors, and upon information and belief resides at 25 Cliffside Crossing, Sandy Springs, GA 30350. Ralph Boe is an insider of the Debtors under 11 U.S.C. § 101(31).

[3] Upon information and belief, the Debtors' board of directors was titled its "board of managers," and those terms are used interchangeably herein.

5. Defendant Carl M. Bouckaert was an owner of the Debtors, served as a member of the Debtors board of directors, previously served as the Debtors' Chief Executive Officer and upon information and belief resides in the state of Georgia with an address of PO Box 4449, Dalton, GA 30719-1449. Carl M. Bouckaert is an insider of the Debtors under 11 U.S.C. § 101(31).

6. Defendant Nicolas E. Bouckaert is a beneficiary of The CAMI Trust[4], served as Chairman of the Debtors' board of directors, and upon information and belief resides at 1851 Berry Bennett Rd., Apt R, Chatsworth, GA 30705. Nicolas E. Bouckaert is an insider of the Debtors under 11 U.S.C. § 101(31).

7. Defendant Stanislas A. Bouckaert is a beneficiary of The CAMI Trust, served as a member of the Debtors' board of directors, served as the Debtors' Vice President, Special Projects, and upon information and belief resides at 839 Lake Ave., NE, Atlanta, GA 30307. Stanislas A. Bouckaert is an insider of the Debtors under 11 U.S.C. § 101(31).

8. Defendant Stephanie C. Bouckaert is a beneficiary of The CAMI Trust, served as a member of the Debtors' board of directors and upon information and belief resides at 1699 Berry Bennett Rd., Chatsworth, GA 30705. Stephanie C. Bouckaert is an insider of the Debtors under 11 U.S.C. § 101(31).

9. Defendant Constance Cantrell served as a member of the Debtors' board of directors, and upon information and belief resides at 7305 Radnor Rd., Betheseda, MD 20817. Constance Cantrell is an insider of the Debtors under 11 U.S.C. § 101(31).

[4] The CAMI Trust is the majority owner of the Debtors and is a defendant hereto.

10. Defendant Annette Cyr served as the Debtors' Executive Vice President of Human Resources, and upon information and belief resides at 810 Boylston St., Chattanooga, TN 37405. Annette Cyr is an insider of the Debtors under 11 U.S.C. § 101(31).

11. Defendant Vincent Donargo served as the Debtors' Executive Vice President, Chief Financial Officer, Secretary and Compliance Officer and upon information and belief resides 4525 Oakside Pt., Marietta, GA 30067. Vincent Donargo is an insider of the Debtors under 11 U.S.C. § 101(31).

12. Defendant Mieke D. Hanssens f/k/a Marie T. Bouckaert ("Mieke Hanssens") was an owner of the Debtors, served as a member of the Debtors' board of directors and upon information and belief resides at 1699 Berry Bennett Rd., Apt R, Chatsworth, GA 30705. Mieke Hanssens is an insider of the Debtors under 11 U.S.C. § 101(31).

13. Defendant Ronald Steven Hillis ("Steven Hillis") served as the Debtors' President of Flooring and as a member of the Debtors' Senior Management team and upon information and belief resides at 744 Town Creek Dr., Canton, GA 30115. Steven Hillis is an insider of the Debtors under 11 U.S.C. § 101(31).

14. Defendant G. Michael Hofmann ("Michael Hofmann") served as the Debtors' Chief Operating Officer and upon information and belief resides at 7 Dovercrest Court, Greensboro, NC 27407. Michael Hofmann is an insider of the Debtors under 11 U.S.C. § 101(31).

15. Defendant Del Land served as the Debtors' Chief Financial Officer, Chief Administrative Officer and Senior Vice President, Project Management and upon information

and belief resides at 1230 Gunstock Creek Rd., Elijay, GA 30540. Del Land is an insider of the Debtors under 11 U.S.C. § 101(31).

16. Defendant David A. Marr was a member of the Debtors' Senior Management team, served as a Special Advisor to the Debtors' Board and as representative for defendant The CAMI Trust, and upon information and belief resides at 314 Signal Dr., Rossville, GA 30741. David Marr is an insider of the Debtors under 11 U.S.C. § 101(31).

17. Defendant Ray A. Mullinax served as a member of the Debtors' board of directors and upon information and belief resides at 63 Champagne Circle, Ringgold, GA 30736. Ray A. Mullinax is an insider of the Debtors under 11 U.S.C. § 101(31).

18. Defendant J. Michael Pollard ("Michael Pollard") served as the President of the Debtors and an advisor to The CAMI Trust and upon information and belief resides at 3611 Kings Rd., Chattanooga, TN 37416. Michael Pollard is an insider of the Debtors under 11 U.S.C. § 101(31).

19. Defendant Nathalie B. Pollard is a beneficiary of The CAMI Trust, served as a member of the Debtors' board of directors and upon information and belief resides at 3611 Kings Rd., Chattanooga, TN 37416. Nathalie B. Pollard is an insider of the Debtors under 11 U.S.C. § 101(31).

20. Defendant Richard W. Roedel served as a member of the Debtors' board of directors and upon information and belief resides at 5 Drayton Hall, Bluffton, SC 29910. Richard W. Roedel is an insider of the Debtors under 11 U.S.C. § 101(31).

21. Defendant Lawrence J. Rogers served as a member of the Debtors' board of directors and upon information and belief resides at 3607 Gaston Rd., Greensboro, NC 27407. Lawrence J. Rogers is an insider of the Debtors under 11 U.S.C. § 101(31).

22. Defendant Rosanne B. St. Clair served as the Debtors' Vice President, Financial Services and upon information and belief resides at 12 Bluebird Circle SE, White, GA 30184. Rosanne B. St. Clair is an insider of the Debtors under 11 U.S.C. § 101(31).

23. Defendant Leo Van Steenberge served as Chairman of the Debtors' board of directors, and upon information and belief resides in Belgium. Leo Van Steenberge is an insider of the Debtors under 11 U.S.C. § 101(31).

24. Defendant Karel Vercruyssen served as the Debtors' Chief Executive Officer, and upon information and belief resides at 4650 Polo Lane, Atlanta, GA 30339. Karel Vercruyssen is an insider of the Debtors under 11 U.S.C. § 101(31).

25. Defendant Joyce White served as a member of the Debtors' board of directors and upon information and belief resides at 18017 Chatsworth St., #357, Granada Hills, CA 91344. Joyce White is an insider of the Debtors under 11 U.S.C. § 101(31).

26. Defendant The CAMI Trust is the majority owner of Beaulieu and its beneficiaries include defendants Nicolas E. Bouckaert, Stanislas A. Bouckaert, Stephanie C. Bouckaert and Nathalie B. Pollard (collectively, the "Bouckaert Children"). The CAMI Trust is domiciled in Georgia at PO Box 1989, Dalton, GA 30722-1989. The CAMI Trust is an insider of the Debtors under 11 U.S.C. § 101(31).

27. Defendant South Richmond Chemicals, LLC ("SRC") is a limited liability company formed in the state of Georgia and is owned by defendants Carl Bouckaert and Mieke

Hanssens. Upon information and belief, SRC has a principal place of business located at PO Box 1989, Dalton, GA 37022-1989 and a registered agent located 607 Fifth Avenue, Dalton, Georgia 30719. SRC is an insider of the Debtors under 11 U.S.C. § 101(31).

28. Defendant Pinnacle Polymers, LLC ("Pinnacle") is a limited liability company formed in the state of Delaware and has a principal place of business located at One Pinnacle Avenue, Garyville, LA 70051. Defendant The CAMI Trust owns a majority of Pinnacle. Upon information and belief, Pinnacle transacts business in the state of Georgia. Pinnacle is an insider of the Debtors under 11 U.S.C. § 101(31).

29. Defendant Marglen Industries, Inc. ("Marglen") is a corporation formed in the state of Georgia and is owned by defendant Mieke Hanssens. Upon information and belief, Marglen has a principal place of business located at 1748 Ward Mountain Road, Rome, GA 30161 and a registered agent located at the same address. Marglen is an insider of the Debtors under 11 U.S.C. § 101(31).

30. Defendant Centaur Technologies, LLC ("Centaur Tech") is a limited liability company formed in the state of Georgia and is owned by defendants Michael and Nathalie Pollard and John Bryant. Upon information and belief, Centaur Tech has a principal place of business located at PO Box 338, Dalton, GA, 30722 and a registered agent located at 1300 Morton Dr., Dalton, GA 30720. Centaur Tech is an insider of the Debtors under 11 U.S.C. § 101(31).

31. Defendant CEEA, LLC ("CEEA") is a limited liability company formed in the state of Georgia and is owned by defendants Carl Bouckaert and Mieke Hanssens. Upon information and belief, CEEA has a principal place of business located at 208 W. Gordon St.,

Suite 2B, Dalton, GA 30720 and a registered agent located at the same address. CEEA is an insider of the Debtors under 11 U.S.C. § 101(31).

32. Defendant OneSource Sample, LLC ("OneSource") is a limited liability company formed in the state of Georgia and is partially owned by defendants Michael and Nathalie Pollard. Upon information and belief, OneSource has a principal place of business located at 1812 Kimberly Park Dr., Dalton, GA 30720 and a registered agent located at the same address. OneSource is an insider of the Debtors under 11 U.S.C. § 101(31).

33. Defendant Leinster Global, Inc. ("Leinster") is a corporation based in Hong Kong and is owned by defendants the Bouckaert Children. Upon information and belief, Leinster has a principal place of business located at 3905 Two Exchange Square, Suite No. 8944, 8 Connaught Place Central, Hong Kong, HK and a registered address located at OMC Chambers Wickhams Cay, 1RD Totola, British Virgin Islands. Upon information and belief, Leinster transacts business in the state of Georgia. Leinster is an insider of the Debtors under 11 U.S.C. § 101(31).

34. Defendant Avalon Industrial Products, LLC ("Avalon") is a limited liability company formed in the state of Georgia and is partially owned by defendant Nicolas Bouckaert. Upon information and belief, Avalon has a principal place of business located at PO Box 338, Dalton, GA 30722 and a registered agent located at 1851 Berry Bennet Road, Chatsworth, GA 30705. Avalon is an insider of the Debtors under 11 U.S.C. § 101(31).

35. Defendant Sabuka, LLC ("Sabuka") is a limited liability company formed in the state of Georgia and is partially owned by defendant Stanislas Bouckaert. Upon information and belief, Sabuka has a principal place of business located at 1699 Berry Bennett Road, Chatsworth,

GA 30705 and a registered agent located at 208 West Gordon Street, Dalton, GA 30720-1989. Sabuka is an insider of the Debtors under 11 U.S.C. § 101(31).

36. Defendant Renuco Recycling Company, LLC ("Renuco") is a limited liability company formed in the state of Georgia and, upon information and belief, is partially owned by entities owned and/or controlled by defendants the Bouckaert Children. Upon information and belief, Renuco has a principal place of business located at 950 Riverbend Rd., Dalton, GA 30705 and a registered agent located at 923 Elk Street, Dalton, GA 30720. Renuco is an insider of the Debtors under 11 U.S.C. § 101(31).

37. Defendant Beaulieu Canada Company, Inc. ("Beaulieu Canada") is a corporation formed, upon information and belief, in Canada and was previously owned by defendant Mieke Hanssens. Upon information and belief, Beaulieu Canada has a principal place of business located at 335 Rue de Roxton, Acton Vale, QC J0H 1A0, Canada and a registered agent at 208 W. Gordon St., Dalton, GA 30720. Upon information and belief, Beaulieu Canada transacted business in the state of Georgia and operated a plant located in Cartersville, GA. Beaulieu Canada is an insider of the Debtors under 11 U.S.C. § 101(31).

38. Defendant Centaur Properties, LLC ("Centaur Properties") is a limited liability company formed in the state of Georgia and, upon information and belief, is owned by defendant Centaur Consolidated Companies, LLC ("Centaur Consolidated"), which is in turn owned by defendants Nathalie and Michael Pollard. Upon information and belief, Centaur Properties has a principal place of business located at PO Box 338, Dalton, GA 30722 and a registered agent located at 1300 Morton Drive, Dalton, GA 30720. Centaur Properties is an insider of the Debtors under 11 U.S.C. § 101(31).

39. Defendant Centaur Marketing Group, LLC ("Centaur Marketing") is a limited liability company formed in the state of Georgia and, upon information and belief, is owned by defendant Centaur Consolidated, which is in turn owned by defendants Nathalie and Michael Pollard. Upon information and belief, Centaur Marketing has a principal place of business located at PO Box 338, Dalton, GA 30722 and a registered agent located at 1300 Morton Drive, Dalton, GA 30720. Centaur Marketing is an insider of the Debtors under 11 U.S.C. § 101(31).

40. Defendant Centaur Equestrian, LLC ("Centaur Equestrian," and with Centaur Properties and Centaur Marketing, the "Centaur Affiliates") is a limited liability company formed in the state of Georgia and, upon information and belief, is owned by defendant Centaur Consolidated, which is in turn owned by defendants Nathalie and Michael Pollard. Upon information and belief, Centaur Equestrian has a principal place of business located at PO Box 338, Dalton, GA 30722 and a registered agent located at 208 West Gordon Street, Dalton, GA 30720. Centaur Equestrian is an insider of the Debtors under 11 U.S.C. § 101(31).

41. Defendant Centaur Consolidated is a limited liability company formed in the state of Georgia and is owned by defendants Nathalie and Michael Pollard. Upon information and belief, Centaur Consolidated has a principal place of business located at PO Box 338, Dalton, GA 30722 and a registered agent located at 1300 Morton Drive, Dalton, GA 30720. Centaur Consolidated is an insider of the Debtors under 11 U.S.C. § 101(31).

42. Defendant Beaulieu International Group ("Beaulieu International") is an entity based in Belgium and, upon information and belief, is owned by relatives of defendant Mieke Hanssens. Upon information and belief, Beaulieu International has a principal place of business located at Holstraat 59, 8790 Waregem, Belgium. Beaulieu International recently acquired

Beaulieu Canada and upon information and belief, transacts business in the state of Georgia and operates a plant located in Cartersville, GA. Upon information and belief, Beaulieu International is a successor in interest to liabilities owed by Beaulieu Canada. Beaulieu International is an insider of the Debtors under 11 U.S.C. § 101(31).

43. Defendant Beaulieu Fibres International NV ("Beaulieu Fibres") is an entity based in Belgium, and upon information and belief, is a division of Beaulieu International that is owned by relatives of defendant Mieke Hanssens. Upon information and belief, Beaulieu Fibres has a principal place of business located at Groene Dreef 15A, 9770 Kruishoutem, Belgium and a sales office located 1 Beauflor Way, White, GA 30184. Upon information and belief, Beaulieu Fibres transacts business in the state of Georgia. Beaulieu Fibres is an insider of the Debtors under 11 U.S.C. § 101(31).

44. Defendant John Bryant is the 50% owner of Centaur Technologies and, upon information and belief resides at 202 N. Goose Hill, Rd., Rocky Face, GA 30740. John Bryant is an insider of the Debtors under 11 U.S.C. § 101(31).

JURISDICTION AND VENUE

45. The Court has subject matter jurisdiction over this adversary proceeding pursuant to 11 U.S.C. § 157 and 28 U.S.C. § 1334. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A), (B), (C), (F), (H) and (O).

46. Venue of the Debtors' bankruptcy cases and this adversary proceeding is proper in this district pursuant to 28 U.S.C. §§1408 and 1409.

47. This Court has jurisdiction over the Defendants named herein because the Defendants have sufficient minimum contacts with Georgia so as to render the exercise of

jurisdiction by the Georgia courts permissible under traditional notions of fair play and substantial justice. Moreover, this Court has personal jurisdiction over the Defendants under Rule 7004 of the Federal Rules of Bankruptcy Procedure.

STATEMENT OF FACTS

I. Bankruptcy And Procedural Background

48. On July 16, 2017 (the "Petition Date"), the Debtors each filed a voluntary petition for relief under chapter 11 of the title 11 of the United States Code (the "Bankruptcy Code").

49. On July 19, 2017, the Court entered an order directing the joint administration of the Debtors' bankruptcy cases. [Doc. 33.]

50. On July 21, 2017, the United States Trustee duly appointed a committee of the Debtors' creditors (the "Committee") pursuant to 11 U.S.C. § 1102. [Doc. 50.]

51. On September 15, 2017, the Debtors filed the *Motion (A) to Establish a Bar Date for Filing Proofs of Claim and Requests for Payment of Administrative Expense Claims Under 11 U.S.C. § 503(b)(9); (B) For Approval of Bar Date Notice, Proof of Claim Form, and 11 U.S.C. § 503(b)(9) Request for Payment Form; and (C) for Approval of Other Procedures* (the "Bar Date & Procedures Motion") [Doc. 270].

52. On September 20, 2017, this Court entered the *Order Granting Motion (A) to Establish a Bar Date for Filing Proofs of Claim and Requests for Payment of Administrative Expense Claims Under 11 U.S.C. § 503(b)(9); (B) For Approval of Bar Date Notice, Proof of Claim Form, and 11 U.S.C. § 503(b)(9) Request for Payment Form; and (C) for Approval of Other Procedures* (the "Bar Date & Procedures Order") [Doc. 274].

53. Pursuant to the Bar Date & Procedures Order, and the terms of the Bar Date & Procedures Motion approved and incorporated therein, this Court ordered that (A) each person or entity that asserts a pre-petition claim against one or more of the Debtors must file proof of such claim that substantially conforms to the proof of claim form attached as **Exhibit 1** to the Bar Date & Procedures Order (the "Proof of Claim"); (B) any creditor asserting a claim for payment pursuant to 11 U.S.C. § 503(b)(9) based on the value of goods received by the Debtors within twenty (20) days prior to the Petition Date shall file an original, written proof of such claim that substantially conforms to the form attached as **Exhibit 2** to the Bar Date & Procedures Order (a "503(b)(9) Request"); and (C) Proof of Claim and 503(b)(9) Requests shall be filed so as to be received by the Claims Agent (as defined in the Bar Date & Procedures Order), on or before 5:00 p.m. (Eastern) on November 21, 2017 (the "General Bar Date"). *See* Bar Date & Procedures Order at 2-3: ¶ 2.

54. Pursuant to the terms of the Bar Date & Procedures Order, "[a]ny person or entity required to file a Proof of Claim and/or 503(b)(9) Request in the **form and manner specified in this Order** that fails to do so on or before 5:00 p.m. (Eastern) on the General Bar Date . . . shall not receive or be entitled to receive any payment or distribution of property from the Debtors, their estates, or their successors or assigns with respect to such claim; and shall be barred from asserting such claim against any of the Debtors, their estates, or their successors or assigns." *See* Bar Date & Procedures Order at 5: ¶ 10 (emphasis added).

55. On May 2, 2018, the Bankruptcy Court entered its Order (the "Plan Confirmation Order") Confirming First Amended Joint Plan of Liquidation Proposed by Debtors and Committee (the "Plan"). [Doc. 685.]

56. Under the Plan (Doc. 631), "any rights or Causes of Action[5] accruing to or held by the Debtors or their Estates prior to the Effective Date shall be deemed Assets of, and vest in, the Liquidating Trust on the Effective Date . . . The Liquidating Trustee may pursue those rights of action, as deemed appropriate." *See* Plan [Doc. 631] at ¶ 6.15.

II. The Company's Business Pre-Petition

57. Prior to the Debtors' bankruptcy filing, Beaulieu was one of the largest, vertically integrated carpet manufacturers in North America, and was also engaged in the distribution of carpet and hard surface flooring products both in residential and commercial markets in the U.S. and many foreign countries.

58. Beaulieu was formed in 1978 by defendants Carl Bouckaert and Mieke Hanssens.

59. As of the Petition Date, defendants, Carl Bouckaert, Mieke Hanssens and The CAMI Trust – owned by their four adult children, defendants Nicolas E. Bouckaert, Stanislas A. Bouckaert, Stephanie C. Bouckaert, and Nathalie B. Pollard[6] – still owned the Debtors.

60. Beaulieu developed what appeared to be a vertically integrated (from resin-to-carpet) manufacturing and distribution operations that ran from raw materials to carpet manufacturing through sales and distribution.

61. To that end, the Bouckaert Family formed and controlled a variety of affiliated entities to transact business with the Debtors to benefit themselves, as detailed below.

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[5] The Plan defines "Causes of Action" to include, among other things, all of the Debtors' or Estates' (as defined in the Plan) "actions, Claims, demands, . . . suits, causes of action . . . including all avoidance actions and rights to recover transfers voidable or recoverable under Sections 201, 542, 543, 544, 545, 547, 548, 549, 550, 551, and/or 553 of the Bankruptcy Code, . . . including any and all Claims against any Affiliates, members, officers, directors, managers, employees or other Insiders of the Debtors or their Affiliates." *See* Plan, [Doc. 631] at ¶ 1.24.

[6] Herein, defendants Carl M. Bouckaert, Mieke Hanssens and the Bouckaert Children shall be referred to as the "Bouckaert Family."

62. As of the Petition Date, debtor Beaulieu Trucking was a non-operating entity and a Delaware limited liability company with Beaulieu as its sole member.

63. Approximately 87% of Beaulieu's sales were carpet-related.

64. In the years prior to the Petition Date, consumer preference began to shift toward hardwood flooring and similar products but the D&O Defendants failed to respond to the changing market.

65. These failures by the D&O Defendants to produce products that met this consumer preference along with increased competition in the carpet industry and hundreds of millions of dollars in insider transactions (detailed below) resulted in declining revenue from over $1 billion in 2007 to approximately $525 million in 2016.

66. Moreover, prior to the Petition Date, the Debtors were indebted to Bank of America, N.A. ("Bank of America"), as administrative agent and collateral agent (in such capacity, the "Pre-Petition Agent"), and certain financial institutions as lenders (collectively, the "Lenders") in the approximate principal amount of $45,218,227, plus $6,574,000 in reimbursement obligations for undrawn letters of credit, contract interest, default interest and charges, legal fees, and certain fees and charges (collectively, the "Pre-Petition Obligations") under an Amended and Restated Loan and Security Agreement, dated October 20, 2011 (as amended, modified, restated, or supplemented from time to time, the "Pre-Petition Loan Agreement", and together with all related agreements, documents and instruments, the "Pre-Petition Loan Documents").

67. Pursuant to the Pre-Petition Loan Documents executed by Beaulieu in favor of the Pre-Petition Agent, Beaulieu allegedly granted to Pre-Petition Agent, for the benefit of the

Lenders and to secure the Pre-Petition Obligations under the Pre-Petition Loan Documents, security interests in and liens upon (the "Pre-Petition Liens") all of Beaulieu's accounts, inventory, equipment (including, without limitation, fixtures), general intangibles (including, without limitation, intellectual property and tax refund claims), documents, instruments, chattel paper, deposit accounts, letter-of-credit rights, and books and records, and all proceeds (including, without limitation, insurance proceeds) of any of the foregoing, whether such assets were in existence or were thereafter created, acquired or arising and wherever located (collectively, the "Collateral"). The liens and security interests of the Pre-Petition Agent are allegedly (i) first priority liens on and security interests in the "Revolver Loan Primary Collateral," which primarily includes accounts receivable, inventory and general intangibles, and (ii) second priority liens on and security interests in the "Term Loan Primary Collateral," which primarily includes real estate, machinery and equipment.

68. As provided in the Interim DIP Financing Order, the Debtors stipulated that the Pre-Petition Loan Documents created legal, valid and binding obligations on the part of each Debtor signatory thereto. In addition, the Debtors stipulated that the Pre-Petition Liens were legal, valid, binding, enforceable, non-avoidable and duly perfected and are not subject to any attachment, contest, attack, rejection, recoupment, reduction, defense, counterclaim, offset, subordination, recharacterization, avoidance or other claim, cause of action or other challenge of any nature under the Bankruptcy Code, any applicable non-bankruptcy law or otherwise.

69. After the Petition Date, pursuant to a Post-Petition Loan and Security Agreement, dated as of July 19, 2017 (as at any time amended, modified, restated or supplemented, the "DIP Loan Agreement") and the Interim DIP Financing Order, Bank of America, in its capacity as

administrative agent and collateral agent for the post-petition Lenders (in such capacity, "DIP Agent" and collectively with the Pre-Petition Agent, the "Agent") and the Lenders had a superpriority, secured, asset-based revolving credit facility (with a letter of credit subfacility) for the benefit of the Debtors in an aggregate principal amount up to $70,000,000.00. All of the obligations of the Debtors under the DIP Loan Agreement constituted superpriority claims against each Debtor pursuant to Section 364(c)(1) of the Bankruptcy Code and had priority in right of payment over all other obligations, liabilities and indebtedness of each such Debtor.

70. Further, the Obligations under (and as defined in) the DIP Loan Agreement were secured by security interests and liens (collectively, the "DIP Liens") in favor of DIP Agent upon all of the Collateral. The DIP Liens were (i) first priority liens on and security interests in the "Revolver Loan Primary Collateral," which primarily includes accounts receivable, inventory and general intangibles, and (ii) second priority liens on and security interests in the "Term Loan Primary Collateral," which primarily included real estate, machinery and equipment.

71. Pursuant to the Interim DIP Financing Order, the Pre-Petition Agent was granted adequate protection liens on all of the Collateral to secure the amount of any ABL Collateral Diminution (as defined in the Interim DIP Financing Order), with the priorities and exceptions as specified in such Order.

III. D&O Defendants' Failures To Monitor And Control Transactions Entered Into Between The Debtors And Affiliates Owned By The Bouckaert Family

72. In addition to their ownership of the Debtors, the Bouckaert Family also owned, operated and/or controlled a variety of affiliated entities that conducted business with the Debtors, including defendants SRC; Beaulieu Canada; Marglen; Pinnacle; CEEA; Centaur Tech;

OneSource; Leinster; Avalon; Sabuka,; Renuco; and the Centaur Affiliates (collectively, the "Bouckaert Affiliates").

73. Through the Bouckaert Affiliates, the Bouckaert Family and certain of the other Defendants syphoned cash from the Debtors by requiring the Debtors to enter into agreements and transact business with the Bouckaert Affiliates to benefit themselves.

74. Indeed, several of the Bouckaert Affiliates had only one customer – Beaulieu – and were formed for the purpose of engaging in transactions with the Debtors to benefit the Bouckaert Family, the Bouckaert Affiliates and other insiders.

75. In order to further facilitate the diversion of cash from the Debtors to the Bouckaert Family and the Bouckaert Affiliates, in May 2015, the Debtors' board of directors' Governance and Ethics Committee approved a revision to the Debtors' "line of authority" policy to allow the Debtors' CEO "to approve transactions with affiliates up to a maximum transaction amount of $100,000."

76. This gave the Bouckaert Family significant leeway to engage in unlimited transactions with the Bouckaert Affiliates up to $100,000 in value per transaction without further board review.

77. Further, this particular revision to the "line of authority" policy was approved unanimously by the Debtors' board on a motion made by defendant Carl Bouckaert (whose family owned and/or controlled the Bouckaert Affiliates) and seconded by defendant Constance Cantrell.

78. The Board's unanimous approval of this policy both reflects the D&O Defendants' blatant failures to monitor and control insider, affiliate transactions and also reveals

the D&O Defendants' knowledge and awareness of the ongoing affiliate transactions and the large monetary amounts at issue.

79. Moreover, upon information and belief, several of the insider transactions detailed below were explicitly approved by the Debtors' board.

80. In particular, the D&O Defendants allowed the direct transfers of the Debtors' funds to the Bouckaert Affiliates, often to purchase products from the Bouckaert Affiliates regardless of whether those products were of the best quality or purchased for the best price.

81. Even worse, the Debtors' former CEO (defendant Karel Vercruyssen) was personally indebted to defendant Mieke Hanssens in connection with his personal residence, and thus was conflicted with respect to his loyalties to the Company, particularly in regards to the Company's transactions with affiliate Beaulieu Canada that is owned by defendant Mieke Hanssens.

82. Upon information and belief, defendant Karel Vercruyssen put his own personal interests ahead of those of the Debtors and its creditors and received millions of dollars in payments, reimbursements and bonuses, among other transfers.

83. Ultimately, Karel Vercruyssen was terminated from his position as Beaulieu's CEO for cause.

84. These insider transaction, which are further detailed below, caused significant damages to the Debtors.

85. During the four years preceding the Petition Date, the Bouckaert Affiliates received more than $377 million in transfers and offsets.

86. Notably, certain of the Bouckaert Affiliates received these high sums without

even having entered into written agreements with the Debtors.

87. The exorbitant rates and often above-market amounts paid to the Bouckaert Affiliates significantly contributed to the Debtors' insolvency and ultimately resulted in the Debtors' bankruptcy filing.

88. As detailed below, the Bouckaert Family controls and/or holds ownership stake in all of the Bouckaert Affiliates, and thus, the Bouckaert Affiliates did not deal at arm's length with the Debtors.

89. Upon information and belief, the Bouckaert Family placed their financial interests before those of the Debtors and their creditors.

90. Further, all of the D&O Defendants knew or should have known of the Debtors' transfers of high sums of money to the Bouckaert Affiliates as a result of their positions with the Company and yet turned a blind eye to the Bouckaert Family's scheme to benefit themselves.

91. By allowing these transactions to occur and to continue, all of the D&O Defendants significantly contributed to the Debtor's insolvency and caused hundreds of millions of dollars in damages to the Debtors and their creditors.

A. South Richmond Chemicals, LLC (SRC)

92. SRC is owned by defendants Carl M. Bouckaert and Mieke D. Hanssens. Carl Bouckaert served as SRC's CEO.

93. Defendant David A. Marr served as SRC's treasurer.

94. Upon information and belief, defendants Mieke D. Hanssens, Carl M. Bouckaert, and David A. Marr, utilized SRC as a means to syphon funds from the Debtors to SRC and out of the reach of the Debtors' creditors by requiring the Debtors to purchase 100% of its

caprolactam (a raw material utilized in the production of carpet products) from SRC.

95. Upon information and belief, SRC was a pass-through entity or middleman that purchased caprolactam from an unaffiliated, third-party company and re-sold it to the Debtors at a mark-up of at least 10%.

96. Upon information and belief, SRC added no value to the caprolactam it re-sold to the Debtors, and essentially acted as a middleman to benefit its owners, Mieke Hanssens and Carl Bouckaert.

97. As a result, the Debtors paid SRC more than they would have paid a third-party in an arm's length transaction for the purchase of caprolactam.

98. Indeed, insider defendants were on both sides of the transaction when Beaulieu entered into the Caprolactam Supply Agreement with SRC on January 1, 2009 (the "SRC Agreement").

99. Defendant David A. Marr signed the SRC Agreement on behalf of SRC as its Treasurer despite that he was part of the Debtors' Senior Management team (collecting a six-figure salary) and attended meetings of the Debtors' board of directors.

100. Upon information and belief, after several years it became clear that the middleman, insider transactions between SRC and the Debtors were not sustainable and SRC no longer required the Debtors to participate in this sham transaction.

101. This further revealed the one-sidedness of the SRC Agreement and that defendants Mieke Hanssens and Carl M. Bouckaert did not view SRC as a separate entity, utilizing it only to engage in insider transactions for their benefit.

102. During the four years prior to the Petition Date, the Debtors paid SRC $116,747,517 (the "SRC Fraudulent Transfers") and did not receive reasonably equivalent value or fair consideration in exchange.

103. From July 17, 2013 through the end of 2013, the Debtors paid $17,996,428 to SRC.

104. In 2014, the Debtors paid $36,912,391 to SRC.

105. In 2015, the Debtors paid $39,619,517 to SRC.

106. In 2016, the Debtors paid $22,219,181 to SRC.

107. Upon information and belief, the transactions entered into between SRC and the Debtors were insider transactions designed to benefit SRC and its owners and were not arm's length transactions.

108. Upon information and belief, the D&O Defendants were aware of the relationships between SRC and the Bouckaert Family and David Marr and ignored red flags about the SRC Agreement causing millions of dollars of damages to the Debtors and their creditors.

109. Upon information and belief, defendants Mieke Hanssens, Carl Bouckaert and David Marr benefited from the SRC Fraudulent Transfers and/or were the immediate or mediate transferees of such transfers.

B. Pinnacle Polymers, LLC (Pinnacle)

110. Defendant The CAMI Trust, owns a portion of Pinnacle.

111. Moreover, upon information and belief, defendant Carl Bouckaert previously served as President of the predecessor of Pinnacle.

112. Upon information and belief, defendants The CAMI Trust, Carl Bouckaert and the Bouckaert Children utilized Pinnacle as a means to syphon funds from the Debtors to Pinnacle and out of the reach of the Debtors' creditors by requiring the Debtors to purchase polypropylene resin from Pinnacle at above-market prices.

113. Indeed, insider defendants were on both sides of the transaction when Beaulieu entered into the First Amendment to the Supply Agreement dated August 7, 2004 with a predecessor to Pinnacle (the "First Pinnacle Amendment").

114. Notably, the same person signed the First Pinnacle Amendment on behalf of Beaulieu as its Vice President and the Pinnacle predecessors as Vice President.

115. Likewise, when the parties entered into the Second Amendment to the Pinnacle Supply Agreement, Carl Bouckaert signed as President on behalf of both Pinnacle's predecessor and Beaulieu.

116. The prices charged to the Debtors by Pinnacle were above-market and exceeded the prices that would have been charged by unaffiliated, third-party vendors for the same product, resulting in damages to the Debtors and their creditors.

117. As a result, the Debtors paid Pinnacle more than they would have paid to a third-party in an arm's length transaction for the purchase of polypropylene resin.

118. During the four years prior to the Petition Date, the Debtors paid Pinnacle $64,212,656 (the "Pinnacle Fraudulent Transfers") and did not receive reasonably equivalent value or fair consideration in exchange.

119. From July 17, 2013 through the end of 2013, the Debtors paid $10,901,759 to Pinnacle.

120. In 2014, the Debtors paid $20,960,494 to Pinnacle.

121. In 2015, the Debtors paid $12,828,475 to Pinnacle.

122. In 2016, the Debtors paid $13,508,755 to Pinnacle.

123. In 2017, through the Petition Date, the Debtors paid $6,013,173 to Pinnacle.

124. Upon information and belief, the transactions entered into between Pinnacle and the Debtors were insider transactions designed to benefit Pinnacle and its owners and were not arm's length transactions.

125. Upon information and belief, the D&O Defendants were aware of the relationships between Pinnacle and the Bouckaert Children, Carl Bouckaert and The CAMI Trust and ignored red flags causing millions of dollars in damages to the Debtors.

126. Upon information and belief, defendants, The CAMI Trust, Carl Bouckaert and the Bouckaert Children benefited from the Pinnacle Fraudulent Transfers and/or were the immediate or mediate transferees of such transfers.

C. Marglen Industries, Inc. (Marglen)

127. Defendant Mieke Hanssens owns Marglen and serves as its Chief Executive Officer.

128. Defendant Carl Bouckaert previously served as Marglen's Chief Executive Officer and a member of its board of directors.

129. Upon information and belief, defendants Mieke Hanssens and Carl Bouckaert utilized Marglen as a means to syphon funds from the Debtors to Marglen and out of the reach of the Debtors' creditors by requiring the Debtors to purchase 100% of its polyester staple fiber and other products from Marglen, often at above-market prices.

130. Indeed, insider defendants were on both sides of the transaction when, on April 1, 2002, Beaulieu entered into the Supply Agreement with Marglen (the "Marglen Agreement") and on October 30, 2002, when Beaulieu entered into the Amendment Number 1 to Marglen Agreement (the "Marglen First Amendment").

131. In fact, defendant Carl Bouckaert signed the Marglen Agreement and Marglen First Amendment on behalf of both Marglen and Beaulieu, as Chief Executive Officer of both entities.

132. As a result, the Debtors paid Marglen more than they would have paid a third-party in an arm's length transaction for the purchase of polyester staple fiber and other products.

133. During the four years prior to the Petition Date, the Debtors paid Marglen $57,520,792 and Marglen owes the $48,824 in unpaid accounts receivable (collectively, the "Marglen Fraudulent Transfers") and did not receive reasonably equivalent value or fair consideration in exchange.

134. From July 17, 2013 through the end of 2013, the Debtors paid $7,756,387 to Marglen.

135. In 2014, the Debtors paid $15,868,214 to Marglen.

136. In 2015, the Debtors paid $19,293,407 to Marglen.

137. In 2016, the Debtors paid $11,449,394 to Marglen.

138. In 2017, through the Petition Date, the Debtors paid $3,153,389 to Marglen.

139. Upon information and belief, the transactions entered into between Marglen and the Debtors were insider transactions designed to benefit Marglen and its owners and were not arm's length transactions.

140. Upon information and belief, the D&O Defendants were aware of the relationships between Marglen and Mieke Hanssens and Carl Bouckaert and ignored red flags causing millions of dollars in damages to the Debtors and their creditors.

141. Upon information and belief, Mieke Hanssens and Carl Bouckaert benefited from the Marglen Fraudulent Transfers and/or were the immediate or mediate transferees of such transfers.

D. Centaur Technologies, LLC (Centaur Tech)

142. Defendants Michael Pollard (the President of Beaulieu) and his wife, defendant Nathalie B. Pollard own 50% of Centaur Tech, and Michael Pollard serves as Centaur Tech's registered agent.

143. The other 50% of Centaur Tech is owned by defendant John Bryant, the owner of Phoenix Chemicals, which supplied manufacturing chemicals to Centaur Tech.

144. Upon information and belief, defendants Michael and Nathalie Pollard and John Bryant utilized Centaur Tech as a means to syphon funds from the Debtors to Centaur Tech and out of the reach of the Debtors' creditors by requiring the Debtors to purchase manufacturing chemicals related to yarn and carpet production from Centaur Tech.

145. Upon information and belief, Centaur Tech was a pass-through entity or middleman that purchased manufacturing chemicals from Phoenix Chemicals and re-sold these chemicals to the Debtors at a mark-up.

146. Upon information and belief, Centaur Tech added no value to the manufacturing chemicals it re-sold to the Debtors, and essentially acted as a middleman to benefit its owners, Michael and Nathalie Pollard and John Bryant.

147. As a result, the Debtors paid Centaur Tech more than they would have paid a third-party in an arm's length transaction for the purchase of manufacturing chemicals.

148. Indeed, insider defendants were on both sides of the transactions between Centaur Tech and the Debtors.

149. During the four years prior to the Petition Date, the Debtors paid Centaur Tech $26,015,213 (the "Centaur Tech Fraudulent Transfers") and did not receive reasonably equivalent value or fair consideration in exchange.

150. From July 17, 2013 through the end of 2013, the Debtors paid $4,046,779 to Centaur Tech.

151. In 2014, the Debtors paid $7,514,772 to Centaur Tech.

152. In 2015, the Debtors paid $7,377,318 to Centaur Tech.

153. In 2016, the Debtors paid $5,478,172 to Centaur Tech.

154. In 2017, through the Petition Date, the Debtors paid $1,598,170 to Centaur Tech.

155. Upon information and belief, the transactions entered into between Centaur Tech and the Debtors were insider transactions designed to benefit Centaur Tech and its owners and were not arm's length transactions.

156. Upon information and belief, the D&O Defendants were aware of the relationships between Centaur Tech and Michael and Nathalie Pollard and John Bryant and ignored red flags causing millions of dollars in damages to the Debtors and their creditors.

157. Upon information and belief, defendants Michael and Nathalie Pollard and John Bryant benefited from the Centaur Tech Fraudulent Transfers and/or were the immediate or mediate transferees of such transfers.

E. CEEA, LLC (CEEA)

158. Defendants Mieke Hanssens and Carl Bouckaert own CEEA and defendant David A. Marr serves as its registered agent.

159. CEEA was the owner and landlord of four properties that were leased to the Debtors.

160. Upon information and belief, defendants Mieke and Carl Bouckaert and David Marr utilized CEEA as a means to syphon funds from the Debtors to CEEA and out of the reach of the Debtors' creditors by requiring the Debtors to lease four properties from CEEA.

161. Upon information and belief, CEEA did not properly maintain the properties leased to the Debtors, and thus the Debtors overpaid.

162. As a result, the Debtors paid CEEA more than they would have paid a third-party in an arm's length transaction to rent these properties.

163. Indeed, insider defendants were on both sides of the transactions between CEEA and the Debtors.

164. For example, when the Debtor's lease of its Bypass Facility was initially executed, David Marr signed on behalf of both CEEA and Beaulieu.

165. Thereafter, Carl Bouckaert signed an amendment on behalf of both parties.

166. Subsequently, Ralph Boe, Michael Pollard, Mieke Hanssens, Karel Vercruyssen, and Del Land all signed agreements between CEEA and Beaulieu, further revealing that the Debtors' board and management was well aware of these insider transactions.

167. During the four years prior to the Petition Date, the Debtors paid CEEA $24,692,596 (the "CEEA Fraudulent Transfers") and did not receive reasonably equivalent value

or fair consideration in exchange.

168. From July 17, 2013 through the end of 2013, the Debtors paid $3,047,042 to CEEA.

169. In 2014, the Debtors paid $7,312,901 to CEEA.

170. In 2015, the Debtors paid $7,614,313 to CEEA.

171. In 2016, the Debtors paid $4,197,764 to CEEA.

172. In 2017, through the Petition Date, the Debtors paid $2,520,576 to CEEA.

173. Upon information and belief, the transactions entered into between CEEA and the Debtors were insider transactions designed to benefit CEEA and its owners and were not arm's length transactions.

174. Upon information and belief, the D&O Defendants were aware of the relationships between CEEA and Mieke and Carl Bouckaert and David Marr and ignored red flags causing millions of dollars in damages to the Debtors and their creditors.

175. Upon information and belief, defendants Mieke Hanssens, Carl Bouckaert and David Marr benefited from the CEEA Fraudulent Transfers and/or were the immediate or mediate transferees of such transfers.

F. OneSource Sample, LLC (OneSource)

176. Defendants Michael and Nathalie B. Pollard own 25% of OneSource.

177. OneSource sold flooring samples to the Debtors.

178. Upon information and belief, defendants Michael and Nathalie Pollard utilized OneSource as a means to syphon funds from the Debtors to OneSource and out of the reach of the Debtors' creditors by requiring the Debtors to purchase flooring samples from OneSource.

179. As a result, the Debtors paid OneSource more than they would have paid a third-party in an arm's length transaction for the purchase of flooring samples.

180. Indeed, insider defendants were on both sides of the transaction between OneSource and the Debtors.

181. During the four years prior to the Petition Date, the Debtors paid OneSource $8,491,595 and OneSource owes the Debtors $8,179 in unpaid accounts receivable (collectively, the "OneSource Fraudulent Transfers") and did not receive reasonably equivalent value or fair consideration in exchange.

182. From July 17, 2013 through the end of 2013, the Debtors paid $681,239 to OneSource.

183. In 2014, the Debtors paid $1,446,666 to OneSource.

184. In 2015, the Debtors paid $1,773,494 to OneSource.

185. In 2016, the Debtors paid $3,217,944 to OneSource.

186. In 2017, through the Petition Date, the Debtors paid $1,372,250 to OneSource.

187. Upon information and belief, the transactions entered into between OneSource and the Debtors were insider transactions designed to benefit OneSource and its owners and were not arm's length transactions.

188. Upon information and belief, the D&O Defendants were aware of the relationships between OneSource and Michael and Nathalie Pollard and ignored red flags causing millions of dollars in damages to the Debtors and their creditors.

189. Upon information and belief, defendants Michael and Nathalie Pollard benefited from the OneSource Fraudulent Transfers and/or were the immediate or mediate transferees of such transfers.

G. Leinster Global, Inc. (Leinster)

190. Defendants, the Bouckaert Children, own Leinster, which was generally controlled by defendant Stanislas Bouckaert.

191. Upon information and belief, Leinster is a services company based in Hong Kong and domiciled in the British Virgin Islands.

192. Leinster focused on procurement of goods manufactured in China and other Asian countries for shipment to the United States.

193. Leinster also provided related services, including, quality control and inspection services.

194. Upon information and belief, there was no written agreement entered into between the Debtors and Leinster and the prices for services charged to the Debtors by Leinster therefore fluctuated, to benefit Leinster and the Bouckaert Children.

195. As a result, the Debtors paid Leinster more than they would have paid a third-party in an arm's length transaction for these services.

196. Upon information and belief, the Bouckaert Children utilized Leinster as a means to syphon funds from the Debtors to Leinster and out of the reach of the Debtors' creditors by requiring the Debtors to transact business with Leinster.

197. Indeed, insider defendants were on both sides of the transactions between Leinster and the Debtors.

198. During the four years prior to the Petition Date, the Debtors paid Leinster $4,068,703 (the "Leinster Fraudulent Transfers") and did not receive reasonably equivalent value or fair consideration in exchange.

199. From July 17, 2013 through the end of 2013, the Debtors paid $286,115 to Leinster.

200. In 2014, the Debtors paid $1,207,559 to Leinster.

201. In 2015, the Debtors paid $1,049,490 to Leinster.

202. In 2016, the Debtors paid $1,097,614 to Leinster.

203. In 2017, through the Petition Date, the Debtors paid $427,925 to Leinster.

204. Upon information and belief, the transactions entered into between Leinster and the Debtors were insider transactions designed to benefit Leinster and its owners and were not arm's length transactions.

205. Upon information and belief, the D&O Defendants were aware of the relationships between Leinster and the Bouckaert Children and ignored red flags causing millions of dollars in damages to the Debtors and their creditors.

206. Upon information and belief, defendants the Bouckaert Children benefited from the Leinster Fraudulent Transfers and/or were the immediate or mediate transferees of such transfers.

H. Avalon Industrial Products, LLC (Avalon)

207. Defendant Nicolas Bouckaert owns Avalon and serves as its President and registered agent.

208. Avalon recycled yarn tubes and sold them to the Debtors at above-market prices.

209. Upon information and belief, defendant Nicolas Bouckaert utilized Avalon as a means to syphon funds from the Debtors to Avalon and out of the reach of the Debtors' creditors by requiring the Debtors to purchase recycled yarn tubes from Avalon.

210. Upon information and belief, this was accomplished by defendant Nicolas Bouckaert's requirement that all of the Debtors' manufacturing and plant facilities use Avalon regardless of the preferences of the plant manager, increasing the amount and number of transactions between the Debtors and Avalon.

211. Upon information and belief, even worse, the goods sold by Avalon to the Debtors were of sufficient quality for use by the Debtors only approximately 50% of the time, which in effect doubled the cost of purchases from Avalon.

212. As a result, the Debtors paid Avalon more than they would have paid a third-party in an arm's length transaction for the purchase of recycled yarn tubes.

213. Indeed, insider defendants were on both sides of the transaction when, on April 1, 2006, Beaulieu entered into the Supply Agreement with Avalon (the "Avalon Agreement").

214. In fact, defendant Nicolas Bouckaert signed the Avalon Agreement on behalf of Avalon, as its President, and defendant Ralph Boe signed the Avalon Agreement on behalf of Beaulieu, as its President and Chief Operating Officer.

215. During the four years prior to the Petition Date, the Debtors paid Avalon $2,301,086 (the "Avalon Fraudulent Transfers") and did not receive reasonably equivalent value or fair consideration in exchange.

216. From July 17, 2013 through the end of 2013, the Debtors paid $305,932 to Avalon.

217. In 2014, the Debtors paid $602,017 to Avalon.

218. In 2015, the Debtors paid $646,389 to Avalon.

219. In 2016, the Debtors paid $648,171 to Avalon.

220. In 2017, through the Petition Date, the Debtors paid $98,574 to Avalon.

221. Upon information and belief, the transactions entered into between Avalon and the Debtors were insider transactions designed to benefit Avalon and its owner and were not arm's length transactions.

222. Upon information and belief, the D&O Defendants were aware of the relationships between Avalon and Nicolas Bouckaert and ignored red flags causing millions of dollars in damages to the Debtors and their creditors.

223. Upon information and belief, defendant Nicolas Bouckaert benefited from the Avalon Fraudulent Transfers and/or was the immediate or mediate transferee of such transfers.

I. Sabuka, LLC (Sabuka)

224. Defendant Stanislas Bouckaert owns Sabuka and David A. Marr serves as its registered agent.

225. Sabuka leased tufting machines to the Debtors.

226. Upon information and belief, defendants Stanislas Bouckaert and David Marr utilized Sabuka as a means to syphon funds from the Debtors to Sabuka and out of the reach of the Debtors' creditors by requiring the Debtors to lease equipment from Sabuka.

227. As a result, the Debtors paid Sabuka more than they would have paid a third-party in an arm's length transaction for these equipment leases.

228. Indeed, insider defendants were on both sides of the transaction when, on January

21, 2014, Beaulieu entered into the Lease Agreement with Sabuka (the "Sabuka Agreement").

229. In fact, defendant Stanislas Bouckaert signed the Sabuka Agreement on behalf of Sabuka, as its Sole Member and Manager, and defendant Del Land signed the Sabuka Agreement on behalf of Beaulieu, as its Vice President, Chief Financial Officer and Chief Administrative Officer.

230. During the four years prior to the Petition Date, the Debtors paid Sabuka $1,522,586 (the "Sabuka Fraudulent Transfers") and did not receive reasonably equivalent value or fair consideration in exchange.

231. From July 17, 2013 through the end of 2013, the Debtors paid $71,374 to Sabuka.

232. In 2014, the Debtors paid $373,321 to Sabuka.

233. In 2015, the Debtors paid $516,305 to Sabuka.

234. In 2016, the Debtors paid $441,377 to Sabuka.

235. In 2017, through the Petition Date, the Debtors paid $120,207 to Sabuka.

236. Upon information and belief, the transactions entered into between Sabuka and the Debtors were insider transactions designed to benefit Sabuka and its owner and were not arm's length transactions.

237. Upon information and belief, the D&O Defendants were aware of the relationships between Sabuka and Stanislas Bouckaert and David Marr and ignored red flags causing millions of dollars in damages to the Debtors and their creditors.

238. For example, defendants Ralph Boe, Constance Cantrell, Joseph Astrachan and Leo Van Steenberge explicitly approved insider transactions between the Debtors and Sabuka in a Written Board Consent dated January 16, 2014.

239. Upon information and belief, defendants Stanislas Bouckaert and David Marr benefited from the Sabuka Fraudulent Transfers and/or were the immediate or mediate transferees of such transfers.

J. Renuco Recycling Company, LLC (Renuco)

240. Entities controlled by the Bouckaert Children own Renuco and Nicolas Bouckaert and Nathalie Pollard serve as managers of Renuco.

241. Renuco provided waste brokerage services to the Debtors whereby Renuco would negotiate pricing and sales of the Debtors' waste product to third parties in exchange for a commission on such sales.

242. Upon information and belief, defendants the Bouckaert Children utilized Renuco as a means to syphon funds from the Debtors to Renuco and out of the reach of the Debtors' creditors by requiring the Debtors utilize Renuco as the Debtors' exclusive waste sales broker.

243. However, upon information and belief, Renuco did not actually provide brokerage services to the Debtors, and rather, sales of the Debtors' waste were conducted by the Debtors' manufacturing plants directly, not by any Renuco staff.

244. Upon information and belief, the Debtors' manufacturing plants – not Renuco – managed the business relationships between the Debtors and purchasers of waste product.

245. Regardless, upon information and belief, purchasers of waste product from the Debtors were instructed to remit payment for the waste to Renuco, not to the Debtors.

246. Further, upon information and belief, Renuco often did not remit the sales proceeds to the Debtors.

247. As a result, the Debtors paid Renuco more than they would have paid a third-party in an arm's length transaction for these services.

248. Insider defendants were on both sides of the transactions between Renuco and the Debtors.

249. During the four years prior to the Petition Date, the Debtors paid Renuco $1,474,220 and Renuco owes the Debtors $1,775 in unpaid accounts receivable (collectively, the "Renuco Fraudulent Transfers") and did not receive reasonably equivalent value or fair consideration in exchange.

250. From July 17, 2013 through the end of 2013, the Debtors paid $308,327 to Renuco.

251. In 2014, the Debtors paid $423,678 to Renuco.

252. In 2015, the Debtors paid $409,742 to Renuco.

253. In 2016, the Debtors paid $318,597 to Renuco.

254. In 2017, through the Petition Date, the Debtors paid $13,876 to Renuco.

255. Upon information and belief, the transactions entered into between Renuco and the Debtors were insider transactions designed to benefit Renuco and the Bouckaert Children and were not arm's length transactions.

256. Upon information and belief, the D&O Defendants were aware of the relationships between Renuco and the Bouckaert Children and ignored red flags causing more than one million dollars in damages to the Debtors and their creditors.

257. Upon information and belief, defendants the Bouckaert Children benefited from the Renuco Fraudulent Transfers and/or were the immediate or mediate transferees of such transfers.

K. Beaulieu Canada Company, Inc. (Beaulieu Canada)

258. Mieke Hanssens previously owned Beaulieu Canada and David Marr served as its Vice President.

259. Beaulieu sold yarn, carpet backing, residential carpet and commercial carpet to Beaulieu Canada.

260. Beaulieu Canada also sold commercial and residential carpet to Beaulieu, and the pricing for these goods was determined *solely* by Beaulieu Canada.

261. Upon information and belief, Beaulieu Canada overcharged the Debtors in sales of product to the Debtors and the Debtors undercharged Beaulieu Canada in sales of product to Beaulieu Canada such that the Debtors did not receive fair consideration or reasonably equivalent value in sales transactions with Beaulieu Canada.

262. This over and undercharging benefitted Beaulieu Canada and its owner, Mieke Hanssens, and damaged the Debtors and their creditors (the "Over and Undercharge Damages").

263. Upon information and belief, defendant Mieke Hanssens utilized Beaulieu Canada as a means to syphon funds from the Debtors to Beaulieu Canada and out of the reach of the Debtors' creditors by requiring the Debtors purchase and sell product to and from Beaulieu Canada at prices that benefitted Beaulieu Canada.

264. Indeed, insider defendants were on both sides of the transactions between Beaulieu Canada and the Debtors when, on March 1, 2001, Beaulieu entered into the Master

Sales Agreement (the "Beaulieu Canada Agreement") with Beaulieu Canada.

265. Defendant David Marr signed the Master Sales Agreement on behalf of both Beaulieu and Beaulieu Canada, as both parties' Vice President.

266. During the four years prior to the Petition Date, the accounts receivable due from Beaulieu Canada to the Debtors was repeatedly reduced by Beaulieu Canada accounts payable offsets that total $70,287,062 (the "Beaulieu Canada Offsets," and with the Over and Undercharge Damages, the "Beaulieu Canada Fraudulent Transfers").

267. The Debtors did not receive reasonably equivalent value or fair consideration in exchange for Beaulieu Canada Offsets or the Over and Undercharge Damages.

268. The Beaulieu Canada Offsets are comprised of the following:

a. July 17, 2013 through December 31, 2013: Offset of $10,549,462;

b. 2014: Offset of $20,096,900;

c. 2015: Offset of $18,546,787;

d. 2016: Offset of $13,574,549; and

e. 2017 through Petition Date: Offset of $7,519,364.

269. Further, Beaulieu Canada owes an accounts receivable balance to the Debtors totaling $1,588,767 (the "Beaulieu Canada A/R"), which remains due and payable in exchange for goods sold and delivered to Beaulieu Canada by the Debtors.

270. The Beaulieu Canada Agreement required payment within thirty (30) days of the invoices and provides for interest in the event of failure to pay. *See* Master Sales Agreement, ¶ 6.

271. Beaulieu and Beaulieu Canada also entered into a Letter Agreement dated May 22, 2017 (the "Letter Agreement") related to Beaulieu's voluntary disclosure (the "Disclosure") to U.S. Customs and Border Protection ("Customs") related to certain carpet products sold by Beaulieu Canada to Beaulieu and imported into the United States.

272. The Letter Agreement required Beaulieu Canada to reimburse Beaulieu for "all amounts, due, owing and paid" related the Disclosure. *See* Letter Agreement at ¶ 1.

273. Customs has assessed alleged unpaid lawful duties, taxes and fees in the amount of $1,252,147.41 (the "Assessment Damages") and despite demand, Beaulieu Canada has failed to perform its obligations to reimburse the Assessment Damages to the Debtors as required by the Letter Agreement.

274. Upon information and belief, the transactions entered into between Beaulieu Canada and the Debtors (including the Beaulieu Canada Fraudulent Transfers) were insider transactions designed to benefit Beaulieu Canada and its owner and were not arm's length transactions.

275. Upon information and belief, the D&O Defendants were aware of the relationships between Beaulieu Canada and Mieke Hanssens and David Marr and ignored red flags causing millions dollars in damages to the Debtors and their creditors.

276. In July 2018, Beaulieu Canada was sold by Mieke Hanssens to Beaulieu International, which is owned by her relatives.

277. Upon information and belief, Beaulieu International is a successor in interest to the liabilities owed by Beaulieu Canada, including the Beaulieu Canada Fraudulent Transfers and the Beaulieu Canada A/R.

278. Upon information and belief, defendants Mieke Hanssens, David Marr and Beaulieu International were unjustly enriched by and/or benefited from the Beaulieu Canada Fraudulent Transfers and the unpaid Beaulieu Canada A/R and/or were the immediate or mediate transferees of the Beaulieu Canada Fraudulent Transfers.

L. The Centaur Affiliates

279. Upon information and belief, the Centaur Affiliates are owned by a parent company, defendant Centaur Consolidated, which is in turn owned by defendants Nathalie and Michael Pollard.

280. Among other transactions, the Centaur Affiliates leased a building to the Debtors, provided printing and assembly services and charged fees to the Debtors for use of a residence in Dalton, GA where Company meetings were held.

281. Further, Centaur Equestrian also made purported intercompany undocumented loans (the "Centaur Equestrian Loans") to the Debtors in the amount of $100,000 that were repaid in full.

282. Upon information and belief, the repayment of the purported Centaur Equestrian Loans was another method to extract funds from the Debtors.

283. During the four years prior to the Petition Date, the Debtors paid Centaur Properties $372,953 and Centaur Marketing $618,000 (collectively with the Centaur Equestrian Loans, the "Centaur Affiliates Fraudulent Transfers")[7] and did not receive reasonably equivalent value or fair consideration in exchange.

[7] The term "Affiliate Fraudulent Transfers" shall be used herein to mean and include the SRC Fraudulent Transfers, the Pinnacle Fraudulent Transfers, the Marglen Fraudulent Transfers, the Centaur Tech Fraudulent Transfers, the CEEA Fraudulent Transfers, the OneSource Fraudulent Transfers, the Leinster Fraudulent Transfers, the Avalon Fraudulent Transfers, the Sabuka Fraudulent Transfers, the Renuco Fraudulent Transfers, the Beaulieu Canada Fraudulent Transfers, and the Centaur Affiliates Fraudulent Transfers.

284. Upon information and belief, the transactions entered into between the Centaur Affiliates and the Debtors were insider transactions designed to benefit the Centaur Affiliates and their owner and were not arm's length transactions.

285. Upon information and belief, D&O Defendants were aware of the relationships between the Centaur Affiliates, Centaur Consolidated and Nathalie and Michael Pollard and ignored red flags causing millions dollars in damages to the Debtors and their creditors.

286. Upon information and belief, defendants Michael and Nathalie Pollard and Centaur Consolidated benefited from the Centaur Affiliates Fraudulent Transfers and/or were the immediate or mediate transferees of such transfers.

IV. The D&O Defendants Mismanaged The Debtors To Benefit Themselves

A. D&O Defendants' Continued To Focus On Carpet Industry To Benefit Themselves And The Bouckaert Affiliates

287. For several years prior to the Debtors' bankruptcy filing, consumer preferences had shifted toward hardwood flooring and other similar products.

288. Despite clear impacts from the shifting market, the D&O Defendants failed to react and continued to focus on carpet as the Debtors' main source of sales.

289. Upon information and belief, the Bouckaert Family kept the Debtors focused on carpet sales because a number of the Bouckaert Affiliates' survival depended on Beaulieu's carpet sales, including without limitation, SRC, Pinnacle, Marglen, OneSource, Avalon, Sabuka, and Renuco.

290. These failures resulted in lost market share, steeply decreasing sales and earnings and ultimately played a meaningful role in the Debtors' being forced to file for bankruptcy.

B. The Bouckaert Family's Repeated Attempts To Finance Out Bank Of America Via An Insider Deal

291. As of the Petition Date, the Debtors owed approximately $51.7 million to its secured Lenders, including Bank of America, which lenders asserted a first priority lien on the Debtors' liquid assets (including accounts receivable and inventory) and a second priority lien on the Debtors' hard assets (including real estate and equipment).

292. As of the Petition Date, Beaulieu also owed approximately $15.8 million to Cygnets, LLC, which is owned and managed by defendant Mieke Hanssens and which asserted a first priority lien on the Debtors' real estate and equipment and a second priority lien on the Debtors' accounts receivable and inventory.

293. As of the Petition Date, Beaulieu also owed approximately $6 million to CT Lender, LLC, which is owned by The CAMI Trust for the benefit of the Bouckaert Children.

294. The Bank of America secured loan matured on June 30, 2017 (just weeks before the Petition Date) and prior to that, the Debtors executed eight forbearance agreements with Bank of America.

295. For months before the Petition Date and during the continued forbearances of the Bank of America secured loan, the Bouckaert Family, and in particular, Mieke Hanssens attempted to work out an insider deal to finance out Bank of America to benefit herself, the Bouckaert Family, The CAMI Trust, and the Bouckaert Affiliates.

296. Upon information and belief, the Bouckaert Family sought an insider deal so that they could maintain control over the Debtors and continue to force the Company to conduct business with the Bouckaert Affiliates, whose survival depended on the Debtors' continued operations under the Bouckaert Family's control.

297. Had the Bouckaert Family not repeatedly attempted to work out an insider deal to benefit themselves, the Company would likely have been able to successfully refinance with Bank of America before the loan matured, reorganize and/or would have been worth a lot more in a sale transaction.

298. These actions damaged the Debtors and ultimately resulted in far less being available to unsecured creditors in the Debtors' bankruptcy proceedings.

C. Richard Roedel and Lawrence Rogers Acted To Benefit Themselves

299. Two of the Debtors' directors, defendants Richard Roedel and Lawrence Rogers, caused the Debtors to pay a $150,000 retainer to a law firm that represented them personally in the Debtors' bankruptcy proceedings within the month before the Petition Date.

300. These defendants placed their personal interests ahead of those of the Debtors and its creditors by causing these transfers for their personal benefit.

301. Likewise, during the Debtors' bankruptcy proceedings, Richard Roedel and Lawrence Rogers claimed that they were owed board fees for both pre-petition and post-petition time periods.

302. When the Plan was being negotiated, counsel for these two defendants communicated to the Committee's counsel (now counsel for the Trustee) that Richard Roedel and Lawrence Rogers would not approve the Plan unless their board fees were paid, further revealing that they were acting for their personal benefit.

303. Finally, during the Committee's dispute with CoveView Advisors ("CoveView") related to CoveView's claim for more than $1 million in fees allegedly owed as a result of alleged pre-petition services, Mr. Roedel supported CoveView despite that it was clear that

CoveView's services were inadequate and did not result in a substantial benefit to the Debtors or their creditors, as determined by the Court.

V. Defendants Paid Themselves Exorbitant Amounts, Bonuses and Distributions

304. In addition to the insider transactions between the Debtors and the Bouckaert Affiliates, certain of the Defendants also paid themselves exorbitant, above-market salaries, fees, and bonuses, and the Debtors did not receive reasonably equivalent value in return.

305. In the four years immediately preceding the Petition Date (the "Relevant Period"), defendant Joseph Astrachan, a member of the Debtors' board of directors received $77,000 in board fees.

306. In the Relevant Period, defendant Ralph Boe, the Debtors' former CEO, was paid $1,025,355.35, an additional $830,000 as a bonus and/or severance and/or fringe benefits and $25,126.40 in alleged expense reimbursement.

307. In the Relevant Period, defendant Carl Bouckaert, one of the equity owners of the Debtors, the former CEO and a member of the Debtors' board of directors was paid $1,760,906 in alleged reimbursement of expenses and $972,354 in improper dividends, unlawful distributions and/or board fees.

308. In the Relevant Period, defendant Nicolas Bouckaert, a beneficiary of The CAMI Trust which owned the majority of the Debtors' stock, and a member of the Debtors' board of directors, was paid $291,485 and $56,897 in alleged reimbursement of expenses.

309. In the Relevant Period, defendant Stanislas Bouckaert, a beneficiary of The CAMI Trust which owned the majority of the Debtors' stock, and a member of the Debtors' board of directors, was paid $400,047 and $64,956 in alleged reimbursement of expenses.

310. In the Relevant Period Stephanie Bouckaert, a member of the Debtor's board of directors and a beneficiary of The CAMI Trust, received $7,500 in board fees and $13,663 in alleged reimbursement of expenses.

311. In the Relevant Period, Constance Cantrell, a member of the Debtor's board of directors, received $70,000 in board fees and $6,991 in alleged reimbursement of expenses.

312. In the Relevant Period, defendant Annette Cyr, the Debtors' Executive Vice President of Human Resources, was paid $256,538, received $75,509 in bonuses and/or alleged fringe benefits and $309 in alleged reimbursement of expenses.

313. In the Relevant Period, defendant Vincent Donargo, the Debtors' Chief Financial Officer, was paid $419,426, $39,606 in bonus and/or in fringe benefits and $3,679 in alleged expense reimbursement.

314. In the Relevant Period, defendant Mieke Hanssens, one of the equity owners of the Debtors and a member of its board of directors, received $972,354 in improper dividends, unlawful distributions and/or board fees and $7,324 in alleged expense reimbursement.

315. In the Relevant Period, defendant Steven Hillis, the Debtors' President of Flooring, was paid $724,282, $544,806 in bonus payments and/or fringe benefits and/or severance, $130,182 in alleged expense reimbursement.

316. In the Relevant Period, Michael Hofmann, the Debtors' former Chief Operating Officer, was paid $310,772, $25,000 in bonus payments and $39,032 in alleged expense reimbursement.

317. In the Relevant Period, Del Land, the Debtors' former Chief Financial Officer, was paid $1,015,276, $164,273 in bonus and/or in severance, and $39,411 in alleged expense reimbursement.

318. In the Relevant Period, David Marr, a member of the Debtors' Senior Management team, was paid $659,812 and $181 in alleged expense reimbursement.

319. In the Relevant Period, Ray Mullinax, a member of the Debtor's board of directors, was paid $584,898 and $14,387 in alleged expense reimbursement.

320. In the Relevant Period, Michael Pollard, the Debtors' President and a member of the Debtors' board of directors, was paid $258,461 and $28,405 in alleged expense reimbursement.

321. In addition, Michael Pollard owes the Debtors $23,192 for carpet received from the Debtors for his personal residence that remains unpaid.

322. In the Relevant Period, Nathalie Pollard, a beneficiary of The CAMI Trust which owned the majority of the Debtors' stock, and a member of the Debtors' board of directors, received $12,500 board fees and $1,143 in alleged expense reimbursement.

323. In the Relevant Period, Richard Roedel, a member of the Debtors' board of directors received $150,000 in board fees and $18,795 in alleged expense reimbursement.

324. In the Relevant Period, Lawrence Rogers, a member of the Debtors' board of directors received $150,000 in board fees and $29,409 in alleged expense reimbursement.

325. In the Relevant Period, Rosanne St. Clair, the Debtor's Vice President, Financial Services, was paid $733,994.

326. In the Relevant Period, Leo Van Steenberge, a member of the Debtors' board of directors received $52,875 in board fees and $52,074 in alleged expense reimbursement.

327. In the Relevant Period, Karel Vercruyssen, the Debtors' former CEO was paid $1,199,999, $873,475 in bonus payments and/or fringe benefits and $175 in alleged expense reimbursement. Notably, Mr. Vercruyssen was terminated from his position as CEO of Beaulieu for cause.

328. In the Relevant Period, Joyce White, a member of the Debtors' board of directors received $110,000 in board fees.

329. During the Relevant Period, these exorbitant and self-serving insider transfers in the form of payments, bonuses, benefits and expense reimbursements to various of the Defendants totaled $16,155,666 (the "D&O Fraudulent Transfers") in transfers for which the Debtors did not receive reasonably equivalent value or fair consideration.

330. In addition, defendants The CAMI Trust, Carl Bouckaert and Mieke Hanssens caused the Debtors to issue improper dividends and/or unlawful distributions totaling $3,040,667.08 to benefit themselves in at least the following amounts (the "Unlawful Distributions"):

Recipient of Improper Dividends and/or Unlawful Distributions	Date	Amount
The CAMI Trust	August 15, 2013	$1,129,407.00
The CAMI Trust	October 31, 2014	$8,552.08
Carl M. Bouckaert	July 24, 2013	$125,000.00
Carl M. Bouckaert	August 14, 2013	$326,354.00
Carl M. Bouckaert	August 21, 2013	$125,000.00
Carl M. Bouckaert	September 25, 2013	$125,000.00
Carl M. Bouckaert	October 23, 2013	$125,000.00
Carl M. Bouckaert	November 20, 2013	$125,000.00
Mieke Hanssens	July 24, 2013	$125,000.00

Mieke Hanssens	August 14, 2013	$326,354.00
Mieke Hanssens	August 21, 2013	$125,000.00
Mieke Hanssens	September 25, 2013	$125,000.00
Mieke Hanssens	October 23, 2013	$125,000.00
Mieke Hanssens	November 20, 2013	$125,000.00
Total of Unlawful Distributions and/or Improper Dividends		**$3,040,667.08**

331. Upon information and belief, D&O Fraudulent Transfers and Unlawful Distributions were yet another method of extracting funds to or for the benefit of Defendants and to the detriment of the Debtors' and their creditors.

332. Upon information and belief, D&O Defendants knew or should have known of the exorbitant and above-market nature of the D&O Fraudulent Transfers and Unlawful Distributions, approved many of same and ignored red flags regarding same, causing millions dollars in damages to the Debtors and their creditors.

VI. The Debtors Were Insolvent During The Relevant Period

333. At the time that the Debtors entered into all of the transactions set forth in this Complaint, the Debtors were insolvent in that their total liabilities exceeded the fair value of their assets and/or were rendered insolvent as a result of these transactions.

334. The Debtors did not receive reasonably equivalent value or fair consideration in exchange for the transfers detailed herein.

VII. Proof of Claims Filed By Certain D&O Defendants

335. On October 23, 2017, defendant Ralph Boe filed Proof of Claim No. 1335 (the "Ralph Boe First Proof of Claim") in Debtor Beaulieu Group, LLC's bankruptcy case, asserting an unsecured claim in the amount of $1,119,193.00 (the "Ralph Boe Claim"), based on amounts allegedly due to defendant Ralph Boe under an executive retirement plan. On December 22,

2017, Ralph Boe filed Proof of Claim No. 1726 (the "Ralph Boe Second Proof of Claim") in Debtor Beaulieu Group, LLC's bankruptcy case, asserting a duplicate unsecured claim in the same amount of the Ralph Boe Claim. On June 20, 2018, Defendant Ralph Boe filed Proof of Claim No. 1791 (the "Ralph Boe Third Proof of Claim" and collectively with the Ralph Boe Second Proof of Claim, the "Ralph Boe Duplicate Proofs of Claims") in Debtor Beaulieu Group, LLC's bankruptcy case, asserting a duplicate unsecured claim in the same amount of the Ralph Boe Claim.[8] True and correct copies of the Ralph Boe First Proof of Claim and the Ralph Boe Duplicate Proofs of Claim are attached hereto as **Exhibit "A"** and incorporated herein by reference.

336. On November 9, 2017, defendant Annette Cyr filed Proof of Claim No. 1420 (the "Annette Cyr Original Proof of Claim") in Debtor Beaulieu Group, LLC's bankruptcy case, asserting a priority general unsecured claim under 11 U.S.C. § 507(a)(4) in the amount of $12,850.00 and a general unsecured claim in the amount of $329,970.51 (collectively, the "Annette Cyr Original Claim"), based on amounts allegedly due to defendant Annette Cyr under her employment agreement for earned but unpaid severance, wages, and vacation. On December 19, 2017, defendant Annette Cyr filed Proof of Claim No. 1721 (the "Annette Cyr Amended Proof of Claim") in Debtor Beaulieu Group, LLC's bankruptcy case, amending the Annette Cyr Original Proof of Claim and reasserting the Annette Cyr Original Claim in the same amount (the "Annette Cyr Amended Claim"). True and correct copies of the Annette Cyr Original Proof of Claim and the Annette Cyr Amended Proof of Claim are attached hereto as **Exhibit "B"** and incorporated herein by reference.

[8] The duplicate unsecured claims asserted in the Ralph Boe Duplicate Proofs of Claim are collectively defined herein as the "Ralph Boe Duplicate Claims".

337. On October 5, 2017, defendant Steven Hillis filed Proof of Claim No. 1230 (the "Steven Hillis Proof of Claim") in Debtor Beaulieu Group, LLC's bankruptcy case, asserting a priority general unsecured claim under 11 U.S.C. § 507(a)(4) in the amount of $12,850.00 and a general unsecured claim in the amount of $174,650.00 (collectively, the "Steven Hillis Severance Claim"), based on alleged earned but unpaid severance due under an employment agreement, dated April 7, 2015, by and between defendant Steven Hillis and Debtor Beaulieu Group, LLC. Also on October 5, 2017, defendant Steven Hillis filed 503(b)(9) Request No. 900014 (the "Steven Hillis 503(b)(9) Request") in Debtor Beaulieu Group, LLC's bankruptcy case, asserting an administrative expense claim under 11 U.S.C. § 503(b)(9) in the total amount of the Steven Hillis Severance Claim ($187,500) (the "Steven Hillis 503(b)(9) Claim"), based on alleged earned but unpaid severance due under the same employment agreement that served as the basis for the Steven Hillis Severance Claim. True and correct copies of the Steven Hillis Proof of Claim and the Steven Hillis 503(b)(9) Request are attached hereto as **Exhibit "C"** and incorporated herein by reference.

VII. 503(b)(9) Requests, Reclamation Demands, Administrative Expense Claims, and Proofs of Claim filed by Certain Beaulieu Affiliates

A. Pinnacle 503(b)(9) Request

338. On November 16, 2017, Pinnacle filed 503(b)(9) Request No. 900106 (the "Pinnacle 503(b)(9) Request") in Debtor Beaulieu Group, LLC's bankruptcy case, asserting an administrative expense claim under 11 U.S.C. § 503(b)(9) in the amount of $667,027 (the "Pinnacle 503(b)(9) Claim") based on the value of goods allegedly (i) sold and shipped to Debtor Beaulieu Group, LLC in the ordinary course of business, and (ii) received by Debtor Beaulieu Group, LLC within twenty (20) days prior to the Petition Date (the "Pinnacle 503(b)(9) Goods").

A true and correct copy of the Pinnacle 503(b)(9) Request is attached hereto as **Exhibit "D"** and incorporated herein by reference. The Pinnacle 503(b)(9) Request includes documentation pertaining to the dates that such goods were sold and shipped to Debtor Beaulieu Group, LLC. However, the documentary evidence supporting the Pinnacle 503(b)(9) Request is insufficient to make the determination that the goods were actually received by Debtor Beaulieu Group, LLC within twenty (20) days of the Petition Date. Accordingly, Pinnacle cannot adequately allege facts or submit documentary evidence sufficient to demonstrate, as a matter of law, that the Pinnacle Polymers 503(b)(9) Claim is entitled to be treated as an administrative expense claim under 11 U.S.C. § 503(b)(9).

B. Marglen 546(c) Reclamation Claim No. 900003, Marglen 503(b)(9) Request, and the Marglen Proofs of Claim

339. On August 3, 2017, Marglen filed in Debtor Beaulieu Group, LLC's bankruptcy case, a Notice of Reclamation Demand, Claim No. 900003 (the "Marglen Reclamation Claim No. 900003") pursuant to O.C.G.A. § 11-2-702 and 11 U.S.C. §§ 546(b)(1)(A), 546(b)(1)(B) and 546(c) in the amount of $738,993.26 (the "Marglen 546(c) Reclamation Claim") for the value of goods allegedly sold and delivered to Debtor Beaulieu Group, LLC within forty-five (45) days of the Petition Date (the "Marglen 546(c) Goods"). On October 9, 2017, Marglen filed in Debtor Beaulieu Group, LLC's bankruptcy case 503(b)(9) Request Form No. 900028 (the "Marglen 503(b)(9) Request"), asserting an administrative expense claim under 11 U.S.C. § 503(b)(9) in the amount of $290,357.80 (the "Marglen 503(b)(9) Claim") for the alleged value of the Marglen 546(c) Goods sold and delivered to Debtor Beaulieu Group, LLC within twenty (20) days of the Petition Date (the "Marglen 503(b)(9) Goods"). On October 9, 2017, Marglen filed Proof of Claim No. 1252 (the "Marglen First Proof of Claim") asserting general unsecured claims in the

amount of $3,792,597.51 (the "Marglen General Unsecured Goods Claim") based on amounts allegedly owed to Marglen for the Marglen 546(c) Goods and for goods sold to Debtor Beaulieu Group, LLC more than forty-five (45) days prior to the Petition Date (the "Marglen General Unsecured Goods" and collectively with the Marglen 546(c) Goods and the Marglen 503(b)(9) Goods, the "Marglen Goods"). To avoid any ambiguity, the Marglen General Unsecured Goods Claim includes claims for all of the amounts included in the Marglen 546(c) Reclamation Claim and the Marglen 503(b)(9) Claim. Also on October 9, 2017, Marglen filed Proof of Claim No. 1253 (the "Marglen Second Proof of Claim" and collectively with the Marglen First Proof of Claim, the "Marglen Proofs of Claim"), in Debtor Beaulieu Group, LLC's bankruptcy case, asserting a general unsecured claim in the amount of $2,088,193.29 (the "Marglen Promissory Note Unsecured Claim" and collectively with the Marglen General Unsecured Goods Claim, the "Marglen Unsecured Claims"), based on amounts allegedly due and owing under a promissory note, dated October 29, 2016, by and between Debtor Beaulieu Group, LLC and Marglen. True and correct copies of the Marglen Reclamation Claim No. 900003, the Marglen 503(b)(9) Request, the Marglen First Proof of Claim, and the Marglen Second Proof of Claim, are attached hereto as **Exhibit "E"** and incorporated herein by reference.

C. Centaur Tech 503(b)(9) Request and Centaur Tech Proof of Claim

340. On November 17, 2017, Centaur Tech filed in Debtor Beaulieu Group, LLC's bankruptcy case 503(b)(9) Request Form No. 900016 (the "Centaur Tech 503(b)(9) Request"), asserting an administrative expense claim under 11 U.S.C. § 503(b)(9) against all of the Debtors in the amount of $242,378.41 (the "Centaur Tech 503(b)(9) Claim") based on the value of goods allegedly (i) sold and shipped to the Debtors in the ordinary course of business, and (ii) received

by the Debtors within twenty (20) days prior to the Petition Date (the "Centaur Tech 503(b)(9) Goods"). On November 17, 2017, Centaur Tech filed Proof of Claim No. 1496 (the "Centaur Tech Proof of Claim"), asserting a general unsecured claim in the amount of $2,205,090.62 (the "Centaur Tech General Unsecured Claim"), based on amounts allegedly owed to Centaur Tech for the Centaur Tech 503(b)(9) Goods and for goods allegedly sold to the Debtors more than twenty (20) days prior to the Petition Date (the "Centaur Tech General Unsecured Goods" and collectively with the Centaur Tech 503(b)(9) Goods, the "Centaur Tech Goods"). True and correct copies of the Centaur Tech 503(b)(9) Request and the Centaur Tech Proof of Claim are attached hereto as **Exhibit "F"** and incorporated herein by reference.

D. OneSource 503(b)(9) Request and OneSource Proof of Claim

341. On November 3, 2017, OneSource filed 503(b)(9) Request Form No. 900090 (the "OneSource 503(b)(9) Request") in Debtor Beaulieu Group, LLC's bankruptcy case, asserting an administrative expense claim under 11 U.S.C. § 503(b)(9) in the amount of $92,328.25 (the "OneSource 503(b)(9) Claim") based on the value of goods allegedly (i) sold and shipped to Debtor Beaulieu Group, LLC in the ordinary course of business, and (ii) received by Debtor Beaulieu Group, LLC within twenty (20) days prior to the Petition Date (the "OneSource 503(b)(9) Goods"). On November 3, 2017, OneSource filed Proof of Claim No. 1394 (the "OneSource Proof of Claim"), asserting a general unsecured claim in the amount of $2,552,962.02 (the "OneSource General Unsecured Claim"), based on amounts allegedly owed to OneSource, for the OneSource 503(b)(9) Goods and for goods allegedly sold to the Debtors more than twenty (20) days prior to the Petition Date (the "OneSource General Unsecured Goods" and collectively with the OneSource 503(b)(9) Goods, the "OneSource Goods"). True

and correct copies of the OneSource 503(b)(9) Request and the OneSource Proof of Claim are attached hereto as **Exhibit "G"** and incorporated herein by reference.

E. Leinster Proof of Claim

342. On November 20, 2017, Leinster filed Claim No. 1547 (the Leinster Proof of Claim"), asserting a general unsecured claim in the amount of $47,339.89 (the "Leinster General Unsecured Claim"), based on amounts allegedly owed to Leinster for unpaid pre-petition commissions on certain overseas sales. A true and correct copy of the Leinster Proof of Claim is attached hereto as **Exhibit "H"** and incorporated herein by reference.

F. Avalon 503(b)(9) Request and Avalon Proof of Claim

343. On November 1, 2017, Avalon filed 503(b)(9) Request Form No. 900081 (the "Avalon 503(b)(9) Request") in Debtor Beaulieu of America, Inc.'s bankruptcy case, asserting an administrative expense claim under 11 U.S.C. § 503(b)(9) in the amount of $8,937.60 (the "Avalon 503(b)(9) Claim") based on the value of goods allegedly (i) sold and shipped to Debtor Beaulieu of America, Inc. in the ordinary course of business, and (ii) received by Debtor Beaulieu of America, Inc. within twenty (20) days prior to the Petition Date (the "Avalon 503(b)(9) Goods"). On November 1, 2017, Avalon filed Proof of Claim No. 1379 (the "Avalon Proof of Claim"), asserting a general unsecured claim in the amount of $119,061.60 (the "Avalon General Unsecured Claim"), based on amounts allegedly owed to Avalon for the Avalon 503(b)(9) Goods and for goods allegedly sold to Debtor Beaulieu of America, Inc. more than twenty (20) days prior to the Petition Date (the "Avalon General Unsecured Goods" and collectively with the Avalon 503(b)(9) Goods, the "Avalon Goods"). True and correct copies of the Avalon 503(b)(9) Request and the Avalon Proof of Claim are attached hereto as **Exhibit "I"**

and incorporated herein by reference.

G. The Renuco Proof of Claim and the Renuco Administrative Expense Application

344. On November 17, 2017, Renuco filed Proof of Claim No. 1495 (the "Renuco Proof of Claim"), asserting a general unsecured in the amount of $72,488.82 (the "Renuco General Unsecured Claim"), for real estate taxes, utilities, maintenance and other costs associated with Debtor Beaulieu Group, LLC's occupancy of the real property located at 950 River Bend Drive, Dalton, GA 30722 (the "Renuco Property") allegedly due and owing to Renuco under that certain Occupancy License Agreement, dated January 9, 2015 (the "Effective Date"), by and between Renuco and Debtor Beaulieu Group, LLC (the "Renuco Occupancy Agreement").

345. On July 5, 2018, Renuco filed an Application for Allowance and Payment of Administrative Expense Priority Claim (the "Renuco Administrative Expense Application") [Doc. 776], asserting an administrative expense claim under 11 U.S.C. § 503(b)(1)(A) in the amount of (i) $408,566.67 ($59,500.00 per month) for the alleged "reasonable rental value" of the Renuco Property from the Petition Date through the date that the Equipment was sold and removed from the Renuco Property (the "Renuco Rent Administrative Expense Claim"), and (ii) the amount paid for real estate taxes, utilities and maintenance for Debtor Beaulieu Group, LLC's use of the model facility to store its Equipment from the Petition Date through February 12, 2018 (the "Renuco Tax & Utilities Administrative Expense Claim" and collectively with the Renuco Rent Administrative Expense Claim, the "Renuco 503(b)(1) Claim"). True and correct copies of the Renuco Proof of Claim and the Renuco Administrative Expense Application are attached hereto as **Exhibit "J"** and incorporated herein by reference.

346. The Renuco Occupancy Agreement provides that after the closing and sale of the Renuco Property by Debtor Beaulieu Group, LLC, to Renuco, Debtor Beaulieu Group, LLC has the right to occupy the Renuco Property and use and maintain Debtor Beaulieu Group, LLC's Equipment (as defined in the Renuco Occupancy Agreement) at the Renuco Property until the Term (as defined in the Renuco Occupancy Agreement) of the Renuco Occupancy Agreement expires. *See* **Exhibit "J"**, Renuco Proof of Claim, Renuco Occupancy Agreement at 1. The Renuco Occupancy Agreement also provides that the Term of the Renuco Occupancy Agreement commenced on the Effective Date and will expire on the sooner of June 30, 2017, or the date that Beaulieu Group, LLC ceases operations on the Renuco Property and removes all of its machinery, equipment, and personal property assets therefrom (the "Term"). *See* **Exhibit "J"**, Renuco Proof of Claim, Renuco Occupancy Agreement at 1: ¶2. However, the Term of the Renuco Occupancy Agreement automatically extends for successive period of thirty (30) days for so long as Renuco "has not entered into a contract to sell the Property." *See* **Exhibit "J"**, Renuco Proof of Claim, Renuco Occupancy Agreement at 1: ¶2. Paragraph 3(a)-(b) of the Renuco Occupancy Agreement provides, in pertinent part, that during the Term of the Renuco Occupancy Agreement, Debtor Beaulieu Group, LLC shall only be responsible to pay the following costs and expenses:

> (a) Company shall pay all real estate taxes, utilities, maintenance and other costs associated with Company's use of the Property and the improvements located thereon before the date when due.
>
> (b) Company shall maintain all casualty and liability insurance coverage carried by the Company prior to the closing of the transaction contemplated under the Purchase Agreement, including coverage for all of the Company's indemnity obligations hereunder.

See **Exhibit "J"**, Renuco Proof of Claim, Renuco Occupancy Agreement at 1-2: ¶ 3(a)-

(b).

347. Accordingly, under the express terms of the Renuco Occupancy Agreement, with the exception of paying the real estate taxes, utilities, maintenance and other costs associated with Debtor Beaulieu Group, LLC's occupancy of the Renuco Real Property, Debtor Beaulieu Group, LLC has no obligation to pay Renuco any other amounts during the Term of the Renuco Occupancy Agreement, including, but not limited to, any rent for the use and occupancy of the Renuco Property. *See* **Exhibit "J"**, Renuco Proof of Claim, Renuco Occupancy Agreement at 1-2: ¶ 3(a)-(b).

348. Upon information and belief, Renuco has not entered into, at any time, a contract to sell the Renuco Real Property. As such, the Term of the Renuco Occupancy Agreement automatically extended for successive periods through February 12, 2018.

H. The Beaulieu Canada 546(c) Reclamation Claim, the Beaulieu Canada 503(b)(9) Request, Beaulieu Canada Proof of Claim, and Beaulieu Canada Administrative Expense Application

349. On August 3, 2017, Beaulieu Canada filed Notice of Reclamation Demand Claim No. 900004 (the "Beaulieu Canada Reclamation Claim No. 900004") in Debtor Beaulieu Group, LLC's bankruptcy case, asserting a reclamation claim pursuant to O.C.G.A. § 11-2-702 and 11 U.S.C. §§ 546(b)(1)(A), 546(b)(1)(B) and 546(c) in the amount of $1,578,286.66 (the "Beaulieu Canada 546(c) Reclamation Claim") for the value of goods allegedly sold and delivered to Debtor Beaulieu Group, LLC within forty-five (45) days of the Petition Date (the "Beaulieu Canada 546(c) Goods"). On October 30, 2017, Beaulieu Canada filed 503(b)(9) Request Form No. 900072 (the "Beaulieu Canada 503(b)(9) Request") in Debtor Beaulieu Group, LLC's bankruptcy case, asserting an administrative expense claim under 11 U.S.C. § 503(b)(9) in the

amount of $1,425,793.51 (the "Beaulieu Canada 503(b)(9) Claim") for the alleged value of the Beaulieu Canada 546(c) Goods allegedly sold and delivered to Debtor Beaulieu Group, LLC within twenty (20) days of the Petition Date (the "Beaulieu Canada 503(b)(9) Goods"). On October 30, 2017, Beaulieu Canada filed Proof of Claim No. 1366 (the "Beaulieu Canada First Proof of Claim") in Debtor Beaulieu Group, LLC's bankruptcy case, asserting a general unsecured claim in the amount of $1,577,582.54 (the "Beaulieu Canada General Unsecured Goods Claim"), based on amounts allegedly owed to Beaulieu Canada for the Beaulieu Canada 546(c) Goods and for goods sold to Debtor Beaulieu Group, LLC more than forty-five (45) days prior to the Petition Date (the "Beaulieu Canada General Unsecured Goods" and collectively with the Beaulieu Canada 546(c) Goods and the Beaulieu Canada 503(b)(9) Goods, the "Beaulieu Canada Goods"). On November 20, 2017, Beaulieu Canada filed Proof of Claim No. 1546, as amended by Proof of Claim No. 1794 filed on July 3, 2018 (the "Beaulieu Canada Second Proof of Claim") in Debtor Beaulieu Group, LLC's bankruptcy case, asserting: (i) an unsecured chargeback claim arising from the purported rejection of warranties for amounts allegedly incurred by Beaulieu Canada related to defective goods shipped before the Petition Date in the total amount of $404,661.38, and (ii) an unsecured chargeback claim arising from the rejection of warranties for amounts which Beaulieu Canada may incur for defective goods shipped on or after the Petition Date in an unliquidated amount (collectively, the "Beaulieu Canada Unsecured Rejection Claim" and together with the Beaulieu Canada A/R General Unsecured Claim, the "Beaulieu Canada Unsecured Claims"). Separately, on July 3, 2018, Beaulieu Canada filed a Request for Allowance and Payment of Administrative Expense Claim Pursuant to 11 U.S.C. § 503 (the "Beaulieu Canada Administrative Expense Application"),

asserting an (i) administrative expense chargeback claim arising from rejection of warranties for alleged amounts incurred by Beaulieu Canada related to defective goods shipped on or after the Petition Date in the total amount of $214,471.36, (ii) an administrative expense chargeback claim arising from rejection of warranties for amounts which Beaulieu Canada may incur for defective goods shipped on or after the Petition Date in an unliquidated amount, and (iii) an administrative expense claim in the amount of $106,079.55 for costs Beaulieu Canada paid on behalf of Debtor Beaulieu Group to Leinster (collectively, the "Beaulieu Canada 503(b) Rejection Administrative Expense Claim"). True and correct copies of the Beaulieu Canada Reclamation Claim No. 90004, the Beaulieu Canada 503(b)(9) Request, the Beaulieu Canada First Proof of Claim, the Beaulieu Canada Second Proof of Claim, and the Beaulieu Canada Administrative Expense Application are attached hereto as **Exhibit "K"**, and incorporated herein by reference.

I. Centaur Equestrian 503(b)(9) Request and Proof of Claim

350. On November 1, 2017, Centaur Equestrian filed 503(b)(9) Request Form No. 900080 (the "Centaur Equestrian 503(b)(9) Request") in Debtor Beaulieu of America, Inc.'s bankruptcy case, asserting an administrative expense claim under 11 U.S.C. § 503(b)(9) in the amount of $2,300.00 (the "Centaur Equestrian 503(b)(9) Claim") based on the value of goods allegedly (i) sold and shipped to Debtor Beaulieu of America, Inc. in the ordinary course of business, and (ii) received by Debtor Beaulieu of America, Inc. within twenty (20) days prior to the Petition Date (the "Centaur Equestrian 503(b)(9) Goods"). On November 1, 2017, Centaur Equestrian filed Proof of Claim No. 1380 (the "Centaur Equestrian Proof of Claim"), asserting a general unsecured claim in the amount of $44,226.78 (the "Centaur Equestrian General Unsecured Claim"), based on amounts allegedly owed to Centaur Equestrian for the Centaur

Equestrian 503(b)(9) Goods and for goods sold to Debtor Beaulieu of America, Inc. more than twenty (20) days prior to the Petition Date (the "Centaur Equestrian General Unsecured Goods" and collectively with the Centaur Equestrian 503(b)(9) Goods, the "Centaur Equestrian Goods"). True and correct copies of the Centaur Equestrian 503(b)(9) Request and the Centaur Equestrian Proof of Claim are attached hereto as **Exhibit "L"** and incorporated herein by reference.

REQUEST FOR RELIEF

351. The Trustee's investigation is ongoing and therefore the Trustee reserves the right to: (i) supplement the information on the alleged fraudulent and preferential transfers and breaches of fiduciary duties and any additional transfers or causes of action that may become known as a result of further investigation; and (ii) seek recovery of such additional transfers and causes of action.

352. In this Complaint, the Trustee has raised certain objections to various claims filed against the Debtors in these bankruptcy proceedings. By this reservation, the Trustee reserves all rights to amend, modify or supplement this Complaint and the objections herein. Further, should the ground(s) for objection(s) stated herein be dismissed or overruled, the Trustee reserve all rights to object to each and any of the aforementioned claims on other grounds.

COUNT ONE
Breach of Fiduciary Duties
(Against All D&O Defendants)

353. The Trustee repeats and re-alleges the allegations contained in all of the preceding paragraphs of this Complaint as if the same were fully set forth herein at length.

354. At all relevant times, each of the D&O Defendants was either an officer, director and/or person in control of the Debtors.

355. As directors, officers and/or persons in control of the Debtors, the D&O Defendants each owed fiduciary duties of care and loyalty to the Debtors and the Debtors' creditors.

356. The D&O Defendants engaged in a variety of self-dealing and above-market transactions to benefit themselves, and in particular, to benefit the Bouckaert Family and the Bouckaert Affiliates, including the Affiliate Fraudulent Transfers, the D&O Fraudulent Transfers and the Unlawful Distributions (collectively, the "Fraudulent Transfers").

357. The D&O Defendants caused and allowed the Debtors to enter into the Fraudulent Transfers.

358. To the extent that any of the D&O Defendants did not directly cause the Debtors to enter into the Fraudulent Transfers, they turned a blind eye to the Fraudulent Transfers and allowed the Bouckaert Family to divert the Debtors' cash to themselves and the Bouckaert Affiliates.

359. The D&O Defendants failed to respond to shifting consumer preferences toward hardwood and other flooring and caused the Debtors to continue to focus on the carpet industry to benefit the Bouckaert Affiliates, whose survival depended on the Debtors' carpet business.

360. The D&O Defendants allowed the Bouckaert Family's repeated attempts to do an insider deal to finance out Bank of America to the detriment of the Debtors' business and which resulted in the Debtors' inability to refinance reorganize and loss of value and of significant assets.

361. Further, defendants Richard Roedel and Lawrence Rogers acted to benefit themselves in violation of their fiduciary duties of loyalty and care by, among other things,

causing the Debtors to pay a $150,000 retainer to a law firm representing them personally despite that the Debtors' bankruptcy filing was imminent.

362. These actions damaged the Debtors and ultimately resulted in far less value being available to unsecured creditors in the Debtors' bankruptcy proceedings.

363. The D&O Defendants' breaches of their fiduciary duties, including their duties of loyalty and care, directly and proximately caused the unnecessary dissipation of the Debtors' assets.

364. The D&O Defendants' breaches of their fiduciary duties to the Debtors directly and proximately caused the Debtors' creditors to be deprived of assets that would have otherwise been available to them in the underlying bankruptcy case.

365. As such, the Trustee seeks compensatory damages as against each of the D&O Defendants in an amount to be determined at trial.

COUNT TWO
Avoidance and Recovery of Fraudulent Transfers with Actual Intent to Defraud – 11 U.S.C. §§ 544(b), 548(a), 550, 551 and Ga. Code §§ 18-2-74 and 18-2-77 (Against the Bouckaert Affiliates, the Bouckaert Family, The CAMI Trust, Centaur Consolidated, Joseph Astrachan, Ralph Boe, Constance Cantrell, Annette Cyr, Vincent Donargo, Ronald Steven Hillis, G. Michael Hofmann, Del Land, David A. Marr, Ray Mullinax, Michael Pollard, Richard Roedel, Lawrence Rogers, Rosanne St. Clair, Leo Van Steenberge, Karel Vercruyssen, Joyce White, John Bryant, and Beaulieu International)

366. The Trustee repeats and re-alleges the allegations contained in all of the preceding paragraphs of this Complaint as if the same were fully set forth herein at length.

367. During the Relevant Period, the Debtors made each of the Fraudulent Transfers to or for the benefit of the Bouckaert Affiliates, the Bouckaert Family, The CAMI Trust, Centaur Consolidated, Joseph Astrachan, Ralph Boe, Constance Cantrell, Annette Cyr, Vincent Donargo, Ronald Steven Hillis, G. Michael Hofmann, Del Land, David A. Marr, Ray Mullinax, Michael

Pollard, Richard Roedel, Lawrence Rogers, Rosanne St. Clair, Leo Van Steenberge, Karel Vercruyssen, Joyce White, John Bryant, and Beaulieu International (collectively, the "Fraudulent Transfer Defendants").

368. The Fraudulent Transfers were made with actual intent to hinder, delay or defraud creditors of the Debtors.

369. At the time each Fraudulent Transfer was made, each Fraudulent Transfer Defendant that initially received any of the Fraudulent Transfers was an insider under the Bankruptcy Code.

370. The following Defendants were immediate or mediate transferees of the Fraudulent Transfers received by the following Defendants as initial transferees:

Initial Transferee	Immediate or Mediate Transferee
Avalon	Nicolas Bouckaert
Beaulieu Canada	Mieke Hanssens, Beaulieu International
CEEA	Mieke Hanssens, Carl Bouckaert, David Marr
Centaur Tech	Michael and Nathalie Pollard, John Bryant
Centaur Affiliates	Centaur Consolidated, Michael and Nathalie Pollard
Leinster	The Bouckaert Children
Marglen	Mieke Hanssens and Carl Bouckaert
OneSource	Michael and Nathalie Pollard
Pinnacle	The CAMI Trust, Carl Bouckaert, Bouckaert Children
Renuco	The Bouckaert Children
Sabuka	Stanislas Bouckaert, David Marr
SRC	Mieke Hanssens, Carl Bouckaert, David Marr
The CAMI Trust	The Bouckaert Children

371. At all times relevant to the Fraudulent Transfers, in the four years preceding the Petition Date, there have been one or more creditors who have held and still hold matured or unmatured unsecured claims against the Debtors.

372. Those claims against the Debtors were and are allowable under section 502 of the Bankruptcy Code or were and are not allowable only under Section 502(e).

373. Each of the Fraudulent Transfers constituted a transfer of an interest in property of the Debtors.

374. Each of the Fraudulent Transfer Defendants received valuable consideration, including without limitation, the Fraudulent Transfers and failed to provide reasonably equivalent value or fair consideration to the Debtors in exchange.

375. The Debtors were insolvent at the time of the Fraudulent Transfers and/or were rendered insolvent as a result of the Fraudulent Transfers in that the Debtors' total liabilities exceeded the fair value of its assets or the Debtors (i) were engaged in business or a transaction for which any property remaining with the Debtors was an unreasonably small capital at the time of or as a result of the Fraudulent Transfers; or (ii) intended to incur, or believed that they would incur, debts beyond their ability to pay as such debts matured.

376. Based upon the foregoing, the Fraudulent Transfers made by the Debtors to the Fraudulent Transfer Defendants constitute avoidable fraudulent transfers pursuant to Section 548 of the Bankruptcy Code and Georgia law.

377. Accordingly, pursuant to Georgia Code sections 18-2-74 and 18-2-77 and sections 544(b), 548(a), 550(a), and 551 of the Bankruptcy Code, the Trustee is entitled to a judgment: (a) avoiding and preserving the Fraudulent Transfers made during the Relevant Period; (b) directing that the Fraudulent Transfers be set aside; (c) recovering the Fraudulent Transfers, or the value thereof, from the Fraudulent Transfer Defendants for the benefit of the Debtors' estates; and (d) any other relief deemed just and appropriate.

COUNT THREE
Avoidance and Recovery of Constructive Fraudulent Transfers – 11 U.S.C. §§ 544(b), 548(b), 550 and 551 and Ga. Code §§ 18-2-74, 18-2-75 and 18-2-77
(Against the Fraudulent Transfer Defendants)

378. The Trustee repeats and re-alleges the allegations contained in all of the preceding paragraphs of this Complaint as if the same were fully set forth herein at length.

379. During the Relevant Period, the Debtors made each of the Fraudulent Transfers to or for the benefit of the Fraudulent Transfer Defendants.

380. At the time each Fraudulent Transfer was made, each Fraudulent Transfer Defendant that initially received any of the Fraudulent Transfers was an insider under the Bankruptcy Code.

381. The following Defendants were immediate or mediate transferees of the Fraudulent Transfers received by the following Defendants as initial transferees:

Initial Transferee	Immediate or Mediate Transferee
Avalon	Nicolas Bouckaert
Beaulieu Canada	Mieke Hanssens, Beaulieu International
CEEA	Mieke Hanssens, Carl Bouckaert, David Marr
Centaur Tech	Michael and Nathalie Pollard, John Bryant
Centaur Affiliates	Centaur Consolidated, Michael and Nathalie Pollard
Leinster	The Bouckaert Children
Marglen	Mieke Hanssens and Carl Bouckaert
OneSource	Michael and Nathalie Pollard
Pinnacle	The CAMI Trust, Carl Bouckaert, Bouckaert Children
Renuco	The Bouckaert Children
Sabuka	Stanislas Bouckaert, David Marr
SRC	Mieke Hanssens, Carl Bouckaert, David Marr
The CAMI Trust	The Bouckaert Children

382. At all times relevant to the Fraudulent Transfers, in the four years preceding the Petition Date, there have been one or more creditors who have held and still hold matured or unmatured unsecured claims against the Debtors.

383. Those claims against the Debtors were and are allowable under section 502 of the Bankruptcy Code or were and are not allowable only under Section 502(e).

384. Each of the Fraudulent Transfers constituted a transfer of an interest in property of the Debtors.

385. Each Fraudulent Transfer Defendant received valuable consideration, including without limitation, the Fraudulent Transfers and failed to provide reasonably equivalent value or fair consideration to the Debtors in exchange.

386. The Debtors were insolvent at the time of the Fraudulent Transfers and/or were rendered insolvent as a result of the Fraudulent Transfers in that the Debtors' total liabilities exceeded the fair value of its assets or the Debtors (i) were engaged in business or a transaction for which any property remaining with the Debtors was an unreasonably small capital at the time of or as a result of the Fraudulent Transfers; or (ii) intended to incur, or believed that they would incur, debts beyond their ability to pay as such debts matured.

387. Based upon the foregoing, the Fraudulent Transfers made by the Debtors to the Fraudulent Transfer Defendants constitute avoidable fraudulent transfers pursuant to Section 548 of the Bankruptcy Code and Georgia law.

388. Accordingly, pursuant to Sections 544(b), 548(b), 550(a), and 551 of the Bankruptcy Code and Georgia Code 18-2-74, 18-2-75 and 18-2-77, the Trustee is entitled to a judgment: (a) avoiding and preserving the Fraudulent Transfers made during the Relevant Period; (b) directing that the Fraudulent Transfers be set aside; (c) recovering the Fraudulent Transfers, or the value thereof, from the Fraudulent Transfer Defendants for the benefit of the Debtors' estates; and (d) any other relief deemed just and appropriate.

COUNT FOUR
One Year Preferential Transfers – 11 U.S.C. § 544(b), 547, 550, 551
(Against Avalon, CEEA, Centaur Tech, Leinster, Marglen, OneSource, Pinnacle, Renuco, Sabuka, SRC, the Bouckaert Family, The CAMI Trust, Ralph Boe, Annette Cyr, Vincent Donargo, Ronald Steven Hillis, Michael Hofmann, Del Land, David Marr, Ray Mullinax, Michael Pollard, Richard Roedel, Lawrence Rogers, Rosanne St. Clair, Joyce White, John Bryant, Beaulieu Fibres, and Beaulieu International)

389. The Trustee repeats and re-alleges the allegations contained in all of the preceding paragraphs of this Complaint as if the same were fully set forth herein at length.

390. At all times relevant to the transfers detailed below, there have been one or more creditors who have held and still hold matured or unmatured unsecured claims against the Debtors.

391. Those claims against the Debtors were and are allowable under section 502 of the Bankruptcy Code or were and are not allowable only under Section 502(e).

392. Within one year of the Petition Date (the "One Year Period"), the Debtors made the following transfers totaling $40,018,812.27 (the "One Year Preferential Transfers") to or for the benefit of the following Defendants as either initial or immediate or mediate transferees (collectively, the "One Year Preference Defendants"):

Insider Defendant (Initial Transferees)	Transfers Received During One Year Period	Immediate or Mediate Transferees
Avalon	$329,440.13	Nicolas Bouckaert
Beaulieu Fibres	$584,753.42	Beaulieu International
CEEA	$4,874,284.48	Mieke Hanssens, Carl Bouckaert and David Marr
Centaur Tech	$3,695,240.69	Michael and Nathalie Pollard and John Bryant

Leinster	$933,219.23	The Bouckaert Children
Marglen	$6,005,600.54	Mieke Hanssens and Carl Bouckaert
OneSource	$3,282,950.32	Michael and Nathalie Pollard
Pinnacle	$10,833,127.35	The CAMI Trust, Carl Bouckaert and the Bouckaert Children
Renuco	$222,947.49	The Bouckaert Children
Sabuka	$332,093.26	Stanislas Bouckaert, David Marr
SRC	$5,468,416.00	Mieke Hanssens, Carl Bouckaert and David Marr
Ralph Boe	$170,004.00	
Carl Bouckaert	$250,593.76	
Stanislas Bouckaert	$118,884.42	
Annette Cyr	$332,357.21	
Vincent Donargo	$462,713.46	
Ronald Steven Hillis	$591,051.12	
Michael Hofmann	$335,764.58	
Del Land	$250,962.35	
David Marr	$163,902.44	
Ray Mullinax	$146,031.58	
Michael Pollard	$228,405.14	
Nathalie Pollard	$321.20	
Richard Roedel	$112,485.95	
Lawrence Rogers	$120,709.51	
Rosanne St. Clair	$127,552.64	
Joyce White	45,000.00	
TOTAL – One Year Preferential Transfers	**$40,018,812.27**	

393. The One Year Preferential Transfers constitute transfers of an interest of the Debtors in property to or for the benefit of the respective One Year Preference Defendants.

394. To the extent that they were not Fraudulent Transfers, the One Year Preferential Transfers were made on account of an antecedent debt owed by the Debtors before the transfers were made.

395. The Debtors were insolvent at the time of the One Year Preferential Transfers in that their liabilities exceeded the fair value of their assets.

396. The One Year Preferential Transfers enabled the respective One Year Preference Defendants to receive more than they would have had the transfers not been made, in a case under chapter 7 of the Bankruptcy Code and/or if the respective One Year Preference Defendants had received transfers to the extent provided by the provisions of the Bankruptcy Code.

397. As set forth above, each of the One Year Preference is an insider of the Debtors as defined by Section 101(31) of the Bankruptcy Code.

398. Based on the foregoing, pursuant to sections 547(b), 550(a), and 551 of the Bankruptcy Code, the Trustee is entitled to judgment (a) avoiding and preserving the One Year Preferential Transfers; (b) directing that the One Year Preferential Transfers be set aside; (c) recovering the One Year Preferential Transfers, or the value thereof, from the respective One Year Preference Defendants for the benefit of the Debtors' estates; and (d) any other relief deemed just and appropriate.

COUNT FIVE
90-Day Preferential Transfer – 11 U.S.C. § 544(b), 547, 550, 551
(Against Avalon, CEEA, Centaur Tech, Leinster, Marglen, OneSource, Pinnacle, Sabuka, Ralph Boe, Annette Cyr, Vincent Donargo, Ronald Steven Hillis, Michael Hofmann, David Marr, Ray Mullinax, Michael Pollard, Richard Roedel, Lawrence Rogers, the Bouckaert Family, John Bryant, Michael Pollard, David Marr and The CAMI Trust)

399. The Trustee repeats and re-alleges the allegations contained in all of the preceding paragraphs of this Complaint as if the same were fully set forth herein at length.

400. At all times relevant to the transfers detailed below, there have been one or more creditors who have held and still hold matured or unmatured unsecured claims against the Debtors.

401. Those claims against the Debtors were and are allowable under section 502 of the Bankruptcy Code or were and are not allowable only under Section 502(e).

402. Within ninety days of the Petition Date (the "90-day Period"), the Debtors made the following transfers totaling $6,571,213.17 (the "90-day Preferential Transfers," and with the One Year Preferential Transfers, the "Preferential Transfers") to or for the benefit of the following Defendants as either initial or immediate or mediate transferees (collectively, the "90-day Preference Defendants," and with the One Year Preference Defendants, the "Preferential Transfer Defendants"):

Insider Defendant (Initial Transferees)	Transfers Received During 90-day Period	Immediate or Mediate Transferees
Avalon	$59,850.00	Nicolas Bouckaert
CEEA	$1,424,392.00	Mieke Hanssens, Carl Bouckaert and David Marr
Centaur Tech	$950,255.19	Michael and Nathalie Pollard and John Bryant
Leinster	$230,278.74	The Bouckaert Children
Marglen	$1,210,487.53	Mieke Hanssens and Carl Bouckaert
OneSource	$439,795.83	Michael and Nathalie Pollard
Pinnacle	$1,486,023.20	The CAMI Trust, Carl Bouckaert, the Bouckaert Children
Sabuka	$42,078.72	Stanislas Bouckaert, David Marr
Ralph Boe	$56,668.00	
Stanislas Bouckaert	$30,888.96	
Annette Cyr	$86,504.44	
Vincent Donargo	$142,278.51	
Steven Hillis	$126,632.76	
Michael Hofmann	$89,621.80	
David Marr	$44,127.58	
Ray Mullinax	$38,469.15	
Michael Pollard	$57,898.97	
Richard Roedel	$27,393.24	
Lawrence Rogers	$27,568.55	

TOTAL – 90-day Preferential Transfers	**$6,571,213.17**	

403. The 90-day Preferential Transfers constitute transfers of an interest of the Debtors in property to or for the benefit of the respective 90-day Preference Defendants.

404. To the extent they were not Fraudulent Transfers, the 90-day Preferential Transfers were made on account of an antecedent debt owed by the Debtors before the transfers were made.

405. The Debtors were insolvent at the time of the 90-day Preferential Transfers in that their liabilities exceeded the fair value of their assets, and are presumed insolvent under section 547(f) of the Bankruptcy Code.

406. The 90-day Preferential Transfers enabled the respective 90-day Preference Defendants to receive more than they would have had the transfers not been made, in a case under chapter 7 of the Bankruptcy Code and/or if the respective 90-Day Preference Defendants had received transfers to the extent provided by the provisions of the Bankruptcy Code.

407. Based on the foregoing, pursuant to sections 547(b), 550(a), and 551 of the Bankruptcy Code, the Trustee is entitled to judgment (a) avoiding and preserving the 90-day Preferential Transfers; (b) directing that the 90-day Preferential Transfers be set aside; (c) recovering the 90-day Preferential Transfers, or the value thereof, from the respective 90-day Preference Defendants for the benefit of the Debtors' estates; and (d) any other relief deemed just and appropriate.

COUNT SIX
Defendant's Liability – 11 U.S.C. §550 and Georgia Code § 18-2-77
(Against the Fraudulent Transfer Defendants and Preferential Transfer Defendants)

408. The Trustee repeats and re-alleges the allegations contained in all of the preceding paragraphs of this Complaint as if the same were fully set forth herein at length.

409. Defendants the Bouckaert Affiliates, the Bouckaert Family, The CAMI Trust, Joseph Astrachan, Ralph Boe, Constance Cantrell, Annette Cyr, Vincent Donargo, Ronald Steven Hillis, G. Michael Hofmann, Del Land, David A. Marr, Ray Mullinax, Michael Pollard, Richard Roedel, Lawrence Rogers, Rosanne St. Clair, Leo Van Steenberge, Karel Vercruyssen and Joyce White are the initial transferees of the Fraudulent Transfers and/or Preferential Transfers described herein.

410. The following Defendants were immediate or mediate transferees of the Fraudulent Transfers and/or Preferential Transfers received by the following Defendants as initial transferees:

Initial Transferees	Immediate or Mediate Transferees
Avalon	Nicolas Bouckaert
Beaulieu Canada	Mieke Hanssens, Beaulieu International
Beaulieu Fibres	Beaulieu International
CEEA	Mieke Hanssens, Carl Bouckaert, David Marr
Centaur Tech	Michael and Nathalie Pollard, John Bryant
Centaur Affiliates	Centaur Consolidated, Michael and Nathalie Pollard
Leinster	The Bouckaert Children
Marglen	Mieke Hanssens and Carl Bouckaert
OneSource	Michael and Nathalie Pollard
Pinnacle	The CAMI Trust, Carl Bouckaert, Bouckaert Children
Renuco	The Bouckaert Children
Sabuka	Stanislas Bouckaert, David Marr
SRC	Mieke Hanssens, Carl Bouckaert, David Marr
The CAMI Trust	The Bouckaert Children

411. Pursuant to 11 U.S.C. §550 and Georgia Code § 18-2-77 the Trustee may recover the Fraudulent Transfers and or the value of the Fraudulent Transfers from the Fraudulent Transfer Defendants as initial, mediate or immediate transferees.

412. Pursuant to 11 U.S.C. §550 the Trustee may recover the Preferential Transfers and or the value of the Preferential Transfers from the Preferential Transfer Defendants and/or their respective mediate or immediate transfers listed above as initial, mediate or immediate transferees.

COUNT SEVEN
Unjust Enrichment
(Against the Bouckaert Family, Joseph Astrachan, Ralph Boe, Constance Cantrell, Annette Cyr, Vincent Donargo, Ronald Steven Hillis, G. Michael Hofmann, Del Land, David A. Marr, Ray Mullinax, Michael Pollard, Richard Roedel, Lawrence Rogers, Rosanne St. Clair, Leo Van Steenberge, Karel Vercruyssen, Joyce White and the Bouckaert Affiliates)

413. The Trustee repeats and re-alleges the allegations contained in all of the preceding paragraphs of this Complaint as if the same were fully set forth herein at length.

414. Upon information and belief the Bouckaert Family, Joseph Astrachan, Ralph Boe, Constance Cantrell, Annette Cyr, Vincent Donargo, Ronald Steven Hills, G. Michael Hofmann, Del Land, David A. Marr, Ray Mullinax, Michael Pollard, Richard Roedel, Lawrence Rogers, Rosanne St. Clair, Leo Van Steenberge, Karel Vercruyssen, Joyce White received the D&O Fraudulent Transfers from the Debtors as a result of their positions on the Debtors' board or as officers of the Debtors.

415. By their wrongful acts and omissions, these Defendants were unjustly enriched at the expense of and to the detriment of the Debtors by virtue of, for example, payments, expense reimbursement, bonuses and other benefits paid to them.

416. In addition, the Bouckaert Affiliates received the Affiliate Fraudulent Transfers from the Debtors by way of direct transfers or by requiring the Debtors to purchase products from the Bouckaert Affiliates, regardless of whether those products were of the best quality or purchased at market price.

417. Accordingly, the Trustee seeks an order of this Court disgorging profits, salaries, bonuses, payments, fees, benefits and other compensation and transfers obtained the Bouckaert Family, Joseph Astrachan, Ralph Boe, Constance Cantrell, Annette Cyr, Vincent Donargo, Ronald Steven Hills, G. Michael Hofmann, Del Land, David A. Marr, Ray Mullinax, Michael Pollard, Richard Roedel, Lawrence Rogers, Rosanne St. Clair, Leo Van Steenberge, Karel Vercruyssen, Joyce White and the Bouckaert Affiliates.

COUNT EIGHT
Breach of Contract
(Against Beaulieu Canada)

418. The Trustee repeats and re-alleges the allegations contained in all of the preceding paragraphs of this Complaint as if the same were fully set forth herein at length.

419. On March 1, 2001, Beaulieu Canada entered into the Beaulieu Canada Agreement with Beaulieu which governed the sales of products between Beaulieu Canada and Beaulieu.

420. The Beaulieu Canada Agreement required payment within thirty (30) days of the invoices and provides for interest in the event of failure to pay. *See* Master Sales Agreement, ¶ 6.

421. Beaulieu Canada owes the Beaulieu Canada A/R to the Debtors totaling $1,588,767 which is due and payable in exchange for goods sold and delivered to Beaulieu Canada by the Debtors.

422. As such, Beaulieu Canada is in breach of its obligations to pay for goods received pursuant to the Beaulieu Canada Agreement.

423. On May 22, 2017, Beaulieu Canada entered into the Letter Agreement with Beaulieu that required Beaulieu Canada to reimburse the Assessment Damages to the Debtors.

424. Beaulieu Canada has refused and failed to pay the Assessment Damages despite its clear obligations to do so under the Letter Agreement.

425. As such, Beaulieu Canada is in breach of its obligations to pay the Assessment Damages to the Debtors pursuant to the Letter Agreement.

426. Beaulieu Canada's breaches of the Beaulieu Canada Agreement and the Letter Agreement have proximately caused damages to the Debtors in the amount of (i) the Beaulieu Canada A/R plus interest permitted under the Beaulieu Canada Agreement and (ii) the Assessment Damages.

427. Accordingly, Beaulieu Canada is liable for breach of contract damages to the Debtors in the amount of, at least, the Beaulieu Canada A/R plus applicable interest plus the Assessment Damages.

COUNT NINE
Unjust Enrichment
(Against Beaulieu International and Mieke Hanssens)

428. The Trustee repeats and re-alleges the allegations contained in all of the preceding paragraphs of this Complaint as if the same were fully set forth herein at length.

429. Defendant Mieke Hanssens was previously the owner of Beaulieu Canada.

430. In July 2018, Beaulieu Canada was sold by Mieke Hanssens to Beaulieu International, which is owned by her relatives.

431. Beaulieu Canada owes the Beaulieu Canada A/R to the Debtors totaling $1,588,767 plus interest, which is due and payable.

432. Beaulieu Canada owes the Assessment Damages to the Debtors.

433. Beaulieu Canada had also received the benefit of the Beaulieu Canada Fraudulent Transfers.

434. By acquiring Beaulieu Canada, defendant Beaulieu International was unjustly enriched because, upon information and belief, it (i) retained the benefit of the goods received by Beaulieu Canada that are the subject of the unpaid Beaulieu Canada A/R, (ii) retained the benefit of Beaulieu Canada's failure to pay the Assessment Damages and (iii) retained the benefit of Beaulieu Canada's receipt of the Beaulieu Canada Fraudulent Transfers.

435. By selling Beaulieu Canada, defendant Mieke Hanssens was unjustly enriched because, upon information and belief, she benefitted from (i) Beaulieu Canada's failures to pay the Beaulieu Canada A/R and Assessment Damages and (ii) Beaulieu Canada's receipt of the Beaulieu Canada Fraudulent Transfers, the value of which would have been reflected in the sale price for the acquisition of Beaulieu Canada by Beaulieu International.

436. Accordingly, Mieke Hanssens and Beaulieu International are liable to the Debtors for unjust enrichment in the amount of the Beaulieu Canada A/R plus applicable interest, the Assessment Damages and the Beaulieu Canada Fraudulent Transfers.

COUNT TEN
Successor Liability – by Agreement and/or by Merger
(Against Beaulieu International)

437. The Trustee repeats and re-alleges the allegations contained in all of the preceding paragraphs of this Complaint as if the same were fully set forth herein at length.

438. Defendant Mieke Hanssens was previously the owner of Beaulieu Canada.

439. In July 2018, Beaulieu International acquired Beaulieu Canada from Mieke Hanssens.

440. Upon information and belief, Beaulieu International agreed to assume Beaulieu Canada's liabilities and obligations in connection with its acquisition of Beaulieu Canada.

441. Upon information and belief, the transaction between Beaulieu International and Beaulieu Canada constitutes a merger (the "Merger") by which Beaulieu Canada was effectively absorbed into Beaulieu International.

442. Upon information and belief, Beaulieu Canada's enterprise is continuing such that after the Merger, there was continuity of management, personnel, physical location, assets and general business operations.

443. In fact, the Beaulieu International press release dated July 4, 2018 related to the Merger reveals that the management and employees of Beaulieu Canada are "delighted to be joining Beaulieu International . . . ."

444. Upon information and belief, given the familial relationships between Mieke Hanssens (the former owner of Beaulieu Canada) and the owners of Beaulieu International, there is continuity of shareholders as a result of the Merger.

445. Upon information and belief, Beaulieu Canada no longer operates on its own and now operates as a part of Beaulieu International.

446. Upon information and belief, Beaulieu International assumed the liabilities and obligations of Beaulieu Canada as necessary for the uninterrupted continuation of normal business operations of the former Beaulieu Canada.

447. Accordingly, either by merger or by agreement, Beaulieu International is responsible for the liabilities of Beaulieu Canada as its successor, including but not limited to, the Beaulieu Canada Fraudulent Transfers, the Beaulieu Canada A/R plus applicable interest and the Assessment Damages.

COUNT ELEVEN
Breach of Duty to Creditors
(Against D&O Defendants)

448. The Trustee repeats and re-alleges the allegations contained in all of the preceding paragraphs of this Complaint as if the same were fully set forth herein at length.

449. During all times that the Debtors were insolvent or in the vicinity of insolvency, the D&O Defendants owed fiduciary duties of good faith, loyalty and care to all of the Company's creditors in addition to those duties owed to the Company itself.

450. The D&O Defendants breached their fiduciary duties to the Company's respective creditors as more fully described above by failing to exercise the care that an ordinary person would use under similar circumstances when the D&O Defendants caused and/or allowed the Debtors to enter into insider transactions for high sums of money with, for example, the Bouckaert Family and the Bouckaert Affiliates.

451. The D&O Defendants also breached their fiduciary duties to the Company's respective creditors as more fully described above by allowing the Bouckaert Family's repeated attempts to do an insider deal to finance out Bank of America to the detriment of the Debtors' business and which resulted in the Debtors' inability to refinance or reorganize and the loss of value and of significant assets.

452. As a result of the foregoing breaches, the Debtors' creditors suffered significant injury in the loss of assets which should have been available for distribution to unsecured creditors.

453. Accordingly, the Trustee, on behalf of the Debtors' estate and its creditors seeks damages in an amount to be determined at trial pursuant to Section 544 of the Bankruptcy Code and other applicable law.

COUNT TWELVE
Recovery of Unlawful Distributions and/or Improper Dividends – Georgia Code 14-2-640
(The CAMI Trust, Carl M. Bouckaert, and Mieke Hanssens)

454. The Trustee repeats and re-alleges the allegations contained in all of the preceding paragraphs of this Complaint as if the same were fully set forth herein at length.

455. At all relevant times, defendants Carl M. Bouckaert, Mieke Hanssens, and The CAMI Trust were shareholders of Beaulieu.

456. Carl M. Bouckaert, Mieke Hanssens, and The CAMI Trust caused the Debtors to issue the Unlawful Distributions totaling at least $3,040,667.08 to benefit themselves.

457. Carl M. Bouckaert, Mieke Hanssens, and The CAMI Trust did not act in good faith in causing the Debtors to issue the Unlawful Distributions.

458. Carl M. Bouckaert, Mieke Hanssens, and The CAMI Trust did not act in a manner that a reasonable person would believe was in the best interests of the Debtors in causing the Debtors to issue the Unlawful Distributions.

459. Carl M. Bouckaert, Mieke Hanssens, and The CAMI Trust did not act with the care an ordinarily prudent person in a like position would exercise under similar circumstances in causing the Debtors to issue the Unlawful Distributions.

460. Carl M. Bouckaert, Mieke Hanssens, and The CAMI Trust put their own financial interests ahead of the best interests of the Debtors and their creditors in causing the Debtors to issue the Unlawful Distributions.

461. After giving effect to the Unlawful Distributions, the Debtors' liabilities exceeded the fair value of their assets.

462. After giving effect to the Unlawful Distributions, the Debtors were unable to pay their debts as they came due in the usual course of business.

463. Carl M. Bouckaert, Mieke Hanssens, and The CAMI Trust are personally liable for any and all of the Unlawful Distributions received and made in violation of Georgia Code 14-2-640.

464. Pursuant to Georgia Code 14-2-640, the Trustee may recover the Unlawful Distributions from Carl M. Bouckaert, Mieke Hanssens, and The CAMI Trust.

COUNT THIRTEEN
Disallowance and Expungement of Duplicate Claims of Ralph Boe (Claim Nos. 1726 and 1791) and Annette Cyr (Claim No. 1420)
(Ralph Boe and Annette Cyr)

465. The Trustee repeats and re-alleges the allegations contained in all of the preceding paragraphs of this Complaint as if the same were fully set forth herein at length.

466. Section 502 of the Bankruptcy Code and Bankruptcy Rule 3007 provide that a proof of claim, which has been duly filed under Section 501 of the Bankruptcy Code and the Bankruptcy Rules, is deemed allowed unless a party in interest objects.

467. Section 502(b) of the Bankruptcy Code and Bankruptcy Rule 3007 permits a party in interest to object to a filed proof of claim. See 11 U.S.C. § 502(b); Fed. R. Bankr. P. 3007. An objection to a proof of claim initiates a contested matter and requires that a hearing be held.

Id. Fed. R. Bankr. P. 3007(b) provides that a party in interest may include an objection to the allowance of a claim and a demand for relief in an adversary proceeding. Fed. R. Bankr. P. 3007(b).

468. The burden of proof for claims brought under 11 U.S.C. § 502 rests on different parties at different times. In re Allegheny Int'l, Inc., 954 F.2d 167, 173 (3d Cir. 1992). To satisfy a claimant's initial burden of going forward, the claim must allege facts sufficient to establish a legal liability and to factually support the claim in order to attain the status of prima facie validity. See In re LJL Truck Center, Inc., 299 B.R. 663, 686 (Bankr. M.D. Ga. 2003); In re Allegheny Int'l, Inc., 954 F.2d at 173; In re Planet Hollywood Int'l, 274 B.R. 391, 394 (Bankr. D. Del. 2001) ("claimant must allege facts sufficient to support a legal basis for the claim").

469. "The burden going forward then shifts to the objector to produce evidence sufficient to negate the *prima facie* validity of the filed claim. In re Allegheny Int'l, Inc., 954 F.2d at 173. See also LJL Truck Center, 299 B.R. at 686. If an objection refuting at least one of the claim's essential allegations is asserted, the claimant has the burden to demonstrate validity of the claim. See, e.g., Sherman v. Novak (In re Reilly), 245 B.R. 768, 773 (2d Cir. BAP 2000); In re Rockefeller Ctr. Props., 272 B.R. 524, 539 (Bankr. S.D.N.Y. 2000); In re St. Johnsbury Trucking Co., 206 B.R. 318, 323 (Bankr. S.D.N.Y. 1997). Regardless of initial shifting of burdens, the burden of persuasion is always on the claimant. In re Allegheny Int'l, Inc., 954 F.2d at 173.

470. The Ralph Boe Duplicate Proofs of Claim (Proofs of Claim Nos. 1726 and 1791) and the Ralph Boe Duplicate Claims are duplicates of the Ralph Boe Claim asserted in the Ralph Boe First Proof of Claim (Proof of Claim No. 1335).

471. The Annette Cyr Amended Proof of Claim (Claim No. 1721) amends the Annette Cyr Original Proof of Claim by including additional documentation in support of the Annette Cyr Amended Claim.

472. Based on the foregoing, the Trustee, on behalf of the Debtors' estates and their creditors, submits that there is sufficient basis to (I) disallow the Ralph Boe Duplicate Proofs of Claim (Proofs of Claim Nos. 1726 and 1791) and expunge the Ralph Boe Duplicate Claims, and (II) disallow the Annette Cyr Original Proof of Claim (Proof of Claim No. 1420) and expunge the Annette Cyr Original Claim, pursuant to 11 U.S.C. § 502(a), Fed. R. Bankr. P. 3007 and 7001, and BLR 3007-1.

COUNT FOURTEEN
Disallowance and Expungement of the Steven Hillis 503(b)(9) Request and the Steven Hillis 503(b)(9) Claim
(Ronald Steven Hillis)

473. The Trustee repeats and re-alleges the allegations contained in all of the preceding paragraphs of this Complaint as if the same were fully set forth herein at length.

474. Section 502 of the Bankruptcy Code and Bankruptcy Rule 3007 provide that a proof of claim, which has been duly filed under Section 501 of the Bankruptcy Code and the Bankruptcy Rules, is deemed allowed unless a party in interest objects. In re Eastern Fire Protection, Inc., 44 B.R. 140, 142 (Bankr. E.D. Pa. 1984) (citing 11 U.S.C. § 502(a)).

475. Section 502(b) of the Bankruptcy Code and Bankruptcy Rule 3007 permits a party in interest to object to a filed proof of claim. See 11 U.S.C. § 502(b); Fed. R. Bankr. P. 3007. An objection to a proof of claim initiates a contested matter and requires that a hearing be held. Id. Fed. R. Bankr. P. 3007(b) provides that a party in interest may include an objection to the allowance of a claim and a demand for relief in an adversary proceeding. Fed. R. Bankr. P.

3007(b).

476. The burden of proof for claims brought under 11 U.S.C. § 502 rests on different parties at different times. In re Allegheny Int'l, Inc., 954 F.2d at 173. To satisfy a claimant's initial burden of going forward, the claim must allege facts sufficient to establish a legal liability and to factually support the claim in order to attain the status of prima facie validity. See In re LJL Truck Center, Inc., 299 B.R. at 686; In re Allegheny Int'l, Inc., 954 F.2d at 173; In re Planet Hollywood Int'l, 274 B.R. at 394 ("claimant must allege facts sufficient to support a legal basis for the claim").

477. "The burden going forward then shifts to the objector to produce evidence sufficient to negate the *prima facie* validity of the filed claim. In re Allegheny Int'l, Inc., 954 F.2d at 173. See also LJL Truck Center, 299 B.R. at 686. If an objection refuting at least one of the claim's essential allegations is asserted, the claimant has the burden to demonstrate validity of the claim. See, e.g., In re Reilly, 245 B.R. at 773; In re Rockefeller Ctr. Props., 272 B.R. at; In re St. Johnsbury Trucking Co., 206 B.R. at 323. Regardless of initial shifting of burdens, the burden of persuasion is always on the claimant. In re Allegheny Int'l, Inc., 954 F.2d at 173.

478. Courts have denied prima facie validity to proofs of claim in instances where a claimant failed to attach the necessary documents which evidence legal liability and factually support the claim against the debtor. See, e.g., In re Eagson Corp., 58 B.R. at 396 (where claim was based on loan made to debtor, but no documentation supported claimant's assertion, evidence supporting the claim was "substantially deficient").

479. 11 U.S.C. § 503(b)(9) provides that:

> (b) After notice and a hearing, there shall be allowed administrative expenses, other than claims allowed under section 502(f) of this title, including
> * * *
>
> (9) the value of any goods received by the debtor within 20 days before the date of commencement of a case under this title in which the goods have been sold to the debtor in the ordinary course of such debtor's business.

11 U.S.C. § 503(b)(9).

480. In order to establish an administrative expense claim under 11 U.S.C. § 503(b)(9), a seller must show that (1) the goods were received by the debtor within 20 days before the petition date, (2) the goods were sold to the debtor, and (3) the goods were sold in the ordinary course of business. In re ADI Liquidation, Inc., 2017 WL 2712287, * 4 (Bankr. D. Del. June 22, 2017).

481. With respect to the first element, the goods must be deemed to have been "received" by the debtor within twenty (20) days. ADI Liquidation, Inc., 2017 WL 2712287, * 4. This means that the debtor must have actual "physical possession" of the goods or have "constructive" possession of the goods. Id. Constructive possession occurs when the goods are delivered to a third party who is a bailee for the debtor. ADI Liquidation, Inc., 2017 WL 2712287, * 4 (denying the seller's claim under 11 U.S.C. § 503(b)(9) because the goods sold to the debtor were delivered to the debtor's customers and were never in the debtor's actual physical possession.).

482. The scope of 11 U.S.C. § 503(b)(9) is limited solely to goods. Claims for services and claims for personal property other than goods are outside the scope of 11 U.S.C. § 503(b)(9). See 4 *Collier on Bankruptcy*, §503.16[1], 503-79 (15th ed. Rev. 2008). See also In re Plastech Engineered Productions, Inc., 397 B.R. 828, 836 (Bankr. E.D. Mich. 2008). Because "goods" is

not defined in the Bankruptcy Code, Courts apply the definition of "goods" used in Article 2 of the Uniform Commercial Code. Id.

483. Ga. Code Ann. § 11-2-105 defines "goods" as follows:

> (1) "Goods means all things (including specially manufactured goods) which are movable at the time of identification to the contract for sale other than the money in which the price is to be paid, investment securities (Article 8 of this title), and things in action. "Goods" also includes the unborn young of animals and growing crops and other identified things attached to realty as described in the Code section on goods to be severed from realty (Code Section 11-2-107).
>
> (2) Goods must be both existing and identified before any interest in them can pass. Goods which are not both existing and identified are "future" goods. A purported present sale of future goods or of any interest therein operates as a contract to sell.
>
> (3) There may be a sale of a part interest in existing identified goods.

Ga. Code Ann. § 11-2-105(1)-(3).

484. The Steven Hillis 503(b)(9) Request asserting the Steven Hillis 503(b)(9) Claim is based on alleged earned but unpaid severance due under the employment agreement, dated April 7, 2015, by and between Steven Hillis and Debtor Beaulieu Group, LLC. See **Exhibit "C"**, Steven Hillis 503(b)(9) Request at 2.

485. Steven Hillis has failed to carry his initial burden to establish the *prima facie* validity of the Steven Hillis 503(b)(9) Request and the Steven Hillis 503(b)(9) Claim because Steven Hillis has failed to allege facts or submit documents sufficient to establish that the alleged earned but unpaid severance due under his employment agreement constitutes "goods" within the meaning of Ga. Code Ann. § 11-2-105(1)-(3).

486. Based on the foregoing, the Trustee, on behalf of the Debtors' estates and their

creditors, submits that there is sufficient basis to disallow the Steven Hillis 503(b)(9) Request and expunge the Steven Hillis 503(b)(9) Claim in its entirety, pursuant to 11 U.S.C. § 502(a), Fed. R. Bankr. P. 3007 and 7001, and BLR 3007-1.

COUNT FIFTEEN
Disallowance and Expungement of the Marglen 546(c) Reclamation Claim No. 900003 and Beaulieu Canada Reclamation Claim No. 900004
(Marglen and Beaulieu Canada)

487. The Trustee repeats and re-alleges the allegations contained in all of the preceding paragraphs of this Complaint as if the same were fully set forth herein at length.

488. As described above and in the Interim DIP Financing Order, Agent, for the benefit of Lender, held fully perfected first priority security interests in and liens upon, among other items of Revolver Loan Primary Collateral, all inventory of the Debtors and all proceeds of such inventory. Because the Marglen 546(c) Goods and the Beaulieu Canada 546(c) Goods constituted inventory of the Debtors, Marglen and Beaulieu Canada had no right to reclaim the Section 546(c) Goods under Ga. Code Ann. § 11-2-702 of Georgia's Commercial Code and 11 U.S.C. § 546(c).

489. Because the Section 546(c) Goods constitute inventory of the Debtors, Auriga Polymers has no right to reclaim the Section 546(c) Goods under Ga. Code Ann. § 11-2-702 of Georgia's Commercial Code and 11 U.S.C. § 546(c).

490. The right to reclamation arises under § 2-702 of the Uniform Commercial Code. See In re Circuit City Stores, Inc., 416 B.R. 531, 536 (Bankr. E.D. Va. 2009). Such reclamation right is both protected and limited by 11 U.S.C. § 546. Id. "From its enactment it was commonly understood that section 546(c) of the Bankruptcy Code was not the source of a right of reclamation, but simply allowed a seller to exercise a right of reclamation existing under non-

bankruptcy law, subject to certain limitations." Circuit City Stores, 416 B.R. at 536.

491. 11 U.S.C. § 546(c) provides that:

> (c)(1) Except as provided in subsection (d) of this section and in section 507(c), and subject to the prior rights of a holder of a security interest in such goods or the proceeds thereof, the rights and powers of the trustee under sections 544(a), 545, 547, and 549 are subject to the right of a seller of goods that has sold to the debtor, in the ordinary course of such seller's business, to reclaim such goods if the debtors has received such goods while insolvent, within 45 days before the date of the commencement of a case under this title, but such seller may not reclaim such goods unless such seller demands in writing reclamation of such goods –
>
> > (A) not later than 45 days after the date of receipt of such goods by the debtor; or
> >
> > (B) not later than 20 days after the date of commencement of the case, if the 45-day period expires after the commencement of the case.
>
> (2) If a seller of goods fails to provide notice in the manner described in paragraph (1), the seller may still assert the rights contained in section 503(b)(9).

11 U.S.C. § 546(c)(1)-(2).

492. 11 U.S.C. § 546 does not create a new, independent right to reclamation but merely affords the seller an opportunity, with certain limitations, to avail itself of any reclamation right it may have under nonbankruptcy law. In re Waccamaw's Home Place, 298 B.R. 233, 236-37 (Bankr. D. Del. 2003). U.C.C. § 2-702, as adopted by the various states, normally provides the statutory basis for a seller's reclamation demand. Id.

493. Ga. Code Ann. § 11-2-702 of Georgia's Commercial Code provides that:

> (3) The seller's right to reclaim under subsection (2) of this Code section is subject to the rights of a buyer in ordinary course or other good faith purchaser or lien creditor under this article (Code Section 11-2-403). Successful

> reclamation of goods excludes all other remedies with respect to them.

Ga. Code Ann. § 11-2-702.

494. Any reclamation claim under Ga. Code Ann. § 11-2-702 and 11 U.S.C. § 546 is subject to and subordinate to the interest and prior rights of a lender with a security interest in the goods. In re Flooring America, Inc., 271 B.R. 911, 914 (Bankr. N.D. Ga. 2001). "A secured party with a properly perfected security interest in a debtor's inventory fits within the statutory definition of a 'good faith purchaser'" under Ga. Code Ann. § 11-2-702. Id.

495. A seller seeking reclamation under Ga. Code Ann. § 11-2-702 and 11 U.S.C. § 546 is subordinated "to the prior rights of a holder of a security interest in such goods or proceeds thereof." In re Steel Stadiums, Ltd., Bankr. No. 11-42632, 2013 WL 145628, *5 (Bankr. N.D. Tex. Jan 14, 2013). See also In re Incredible Auto Sales LLC, 2007 WL 927615, *7 (Bankr. D. Mont. Mar. 26, 2007) (determining that the floor lender's perfected security interest in the inventory held superior rights to a seller's reclamation rights under the UCC or the bankruptcy code). Reclamation claims cannot be used to trump the rights of a pre-petition lender with a security interest in the goods and proceeds thereof. See In re Dana Corp., 367 B.R. 409, 418 (Bankr. S.D.N.Y. 2009) (noting that "[i]t is contrary to the purpose of the Bankruptcy Code to enhance the rights of one set of creditors at the expense of other creditors simply because a bankruptcy petition has been filed.").

496. Moreover, although a creditor may have a right of reclamation, if the value of the goods is not worth more than the value of the lien of the secured lender, such creditor would have no right to a secured or administrative claim in the bankruptcy because its right of reclamation is valueless. See In re Nitram, Inc., 323 B.R. 792, 798 (Bankr. M.D. Fla. 2005)

(concluding that the creditor was not entitled to an administrative claim under 11 U.S.C. § 546(c)(2) because its right of reclamation had no value since the bank's lien exceeded the value of the collateral). See also Circuit City Stores, 441 B.R. at 506 (the right to reclamation under U.C.C. § 2-702 does not give rise to a lien or security interest in the goods sold or make the creditor a secured creditor); In re Houlihan's Restaurant, Inc., 286 B.R. 137, 140 (Bankr. W.D. Mo. 2002) (where the goods are worth less than the amount of a floating lien, so that the seller's right to reclaim would be valueless under state law, the remedy provided by 11 U.S.C. § 546(c)(2) likewise has no value); Flooring America, 271 B.R. at 920 ("[t]he majority of cases hold that the Court cannot grant an administrative claim to a reclaiming seller when there is an undersecured floating lien on inventory).

497. The Marglen 546(c) Reclamation Claim No. 900003 for the value of the Marglen 546(c) Goods and the Beaulieu Canada 546(c) Reclamation Claim No. 900004 for the value of the Beaulieu Canada 546(c) Goods must be disallowed on the basis that Agent's security interest in and lien upon the Marglen 546(c) Goods and the Beaulieu Canada 546(c) Goods is superior to any interest that Marglen or Beaulieu Canada may be able to assert in reclaiming such goods, or the proceeds thereof. Furthermore, because the value of the Marglen Section 546(c) Goods and the Beaulieu Canada 546(c) Goods, and the proceeds thereof, is not greater than the amount of Agent's lien, the Marglen 546(c) Reclamation Claim No. 900003 and the Beaulieu Canada 546(c) Reclamation Claim No. 900004 are not entitled to secured or administrative claim status.

498. Based on the foregoing, the Trustee, on behalf of the Debtors' estates and their creditors, submits there is sufficient basis to (I) disallow Marglen Reclamation Claim No. 900003 and expunge the Marglen 546(c) Reclamation Claim, and (II) disallow the Beaulieu

Canada Reclamation Claim No. 900004 and expunge Beaulieu Canada 546(c) Reclamation Claim, pursuant to 11 U.S.C. § 502(a), Fed. R. Bankr. P. 3007 and 7001, and BLR 3007-1.

COUNT SIXTEEN
Disallowance of Pinnacle 503(b)(9) Claim, Marglen 503(b)(9) Claim, Centaur Tech 503(b)(9) Claim, Beaulieu Canada 503(b)(9) Claim, and Centaur Equestrian 503(b)(9) Claim
(Pinnacle, Marglen, Centaur Tech, Beaulieu Canada, and Centaur Equestrian)

499. The Trustee repeats and re-alleges the allegations contained in all of the preceding paragraphs of this Complaint as if the same were fully set forth herein at length.

500. The Pinnacle 503(b)(9) Claim, the Marglen 503(b)(9) Claim, the Centaur Tech 503(b)(9) Claim, the Beaulieu Canada 503(b)(9) Claim, and the Centaur Equestrian 503(b)(9) Claim must be disallowed to the extent that the Pinnacle 503(b)(9) Goods, the Marglen 503(b)(9) Goods, the Centaur Tech 503(b)(9) Goods, the Beaulieu Canada 503(b)(9) Goods, and the Centaur Equestrian 503(b)(9) Goods were not sold, delivered, and received by the Debtors within twenty (20) days of the Petition Date.

501. 11 U.S.C. § 503(b)(9) provides that:

> (b) After notice and a hearing, there shall be allowed administrative expenses, other than claims allowed under section 502(f) of this title, including
>
> * * *
>
> (9) the value of any goods received by the debtor within 20 days before the date of commencement of a case under this title in which the goods have been sold to the debtor in the ordinary course of such debtor's business.

11 U.S.C. § 503(b)(9).

502. In order to establish an administrative expense claim under 11 U.S.C. § 503(b)(9), a seller must show that (1) the goods were received by the debtor within 20 days before the petition

date, (2) the goods were sold to the debtor, and (3) the goods were sold in the ordinary course of business. ADI Liquidation, Inc., 2017 WL 2712287, * 4.

503. With respect to the first element, the goods must be deemed to have been "received" by the debtor within twenty (20) days. ADI Liquidation, Inc., 2017 WL 2712287, * 4. This means that the debtor must have actual "physical possession" of the goods or have "constructive" possession of the goods. Id. Constructive possession occurs when the goods are delivered to a third party who is a bailee for the debtor. ADI Liquidation, Inc., 2017 WL 2712287, * 4 (denying the seller's claim under 11 U.S.C. § 503(b)(9) because the goods sold to the debtor were delivered to the debtor's customers and were never in the debtor's actual physical possession.).

504. Pinnacle, Marglen, Centaur Tech, Beaulieu Canada and Centaur Equestrian have each failed to carry their initial burden to establish the *prima facie* validity of their administrative expense claim under 11 U.S.C. § 503(b)(9) for the value of the Pinnacle 503(b)(9) Goods, the Marglen 503(b)(9) Goods, the Centaur Tech 503(b)(9) Goods, the Beaulieu Canada 503(b)(9) Goods, and the Centaur Equestrian 503(b)(9) Goods, respectively. The information attached to the Pinnacle 503(b)(9) Request, the Marglen 503(b)(9) Request, the Centaur Tech 503(b)(9) Request, the Beaulieu Canada 503(b)(9) Request, and the Centaur Equestrian 503(b)(9) Request is not sufficient to make the determination that the Pinnacle 503(b)(9) Goods, the Marglen 503(b)(9) Goods, the Centaur Tech 503(b)(9) Goods, the Beaulieu Canada 503(b)(9) Goods, and the Centaur Equestrian 503(b)(9) Goods were received by the Debtors within twenty (20) days of the Petition Date.

505. Based on the foregoing, the Trustee, on behalf of the Debtors' estates and their creditors, submits that there is a sufficient basis to disallow (I) the Pinnacle 503(b)(9) Request

and the Pinnacle 503(b)(9) Claim, (II) the Marglen 503(b)(9) Request and the Marglen 503(b)(9) Claim, (III) the Centaur Tech 503(b)(9) Request and the Centaur Tech 503(b)(9) Claim, (IV) the Beaulieu Canada 503(b)(9) Request and the Beaulieu Canada 503(b)(9) Claim, and (V) the Centaur Equestrian 503(b)(9) Request and the Centaur Equestrian 503(b)(9) Claim, pursuant to 11 U.S.C. § 502(a), Fed. R. Bankr. P. 3007 and 7001, and BLR 3007-1.

COUNT SEVENTEEN
Disallowance of Pinnacle 503(b)(9) Request and Expungement of Pinnacle 503(b)(9) Claim (Pinnacle)

506. The Trustee repeats and re-alleges the allegations contained in all of the preceding paragraphs of this Complaint as if the same were fully set forth herein at length.

507. Section 502 of the Bankruptcy Code and Bankruptcy Rule 3007 provide that a proof of claim, which has been duly filed under Section 501 of the Bankruptcy Code and the Bankruptcy Rules, is deemed allowed unless a party in interest objects.

508. Section 502(b) of the Bankruptcy Code and Bankruptcy Rule 3007 permits a party in interest to object to a filed proof of claim. See 11 U.S.C. § 502(b); Fed. R. Bankr. P. 3007. An objection to a proof of claim initiates a contested matter and requires that a hearing be held. Id. Fed. R. Bankr. P. 3007(b) provides that a party in interest may include an objection to the allowance of a claim and a demand for relief in an adversary proceeding. Fed. R. Bankr. P. 3007(b).

509. The burden of proof for claims brought under 11 U.S.C. § 502 rests on different parties at different times. In re Allegheny Int'l, Inc., 954 F.2d at 173. To satisfy a claimant's initial burden of going forward, the claim must allege facts sufficient to establish a legal liability and to factually support the claim in order to attain the status of prima facie validity. See In re

LJL Truck Center, Inc., 299 B.R. at 686; In re Allegheny Int'l, Inc., 954 F.2d at 173; In re Planet Hollywood Int'l, 274 B.R. at 394 ("claimant must allege facts sufficient to support a legal basis for the claim").

510. "The burden going forward then shifts to the objector to produce evidence sufficient to negate the *prima facie* validity of the filed claim. In re Allegheny Int'l, Inc., 954 F.2d at 173. See also LJL Truck Center, 299 B.R. at 686. If an objection refuting at least one of the claim's essential allegations is asserted, the claimant has the burden to demonstrate validity of the claim. See, e.g., In re Reilly, 245 B.R. at 773 (2d Cir. BAP 2000); In re Rockefeller Ctr. Props., 272 B.R. at 539; In re St. Johnsbury Trucking Co., 206 B.R. at 323. Regardless of initial shifting of burdens, the burden of persuasion is always on the claimant. In re Allegheny Int'l, Inc., 954 F.2d at 173.

511. As set forth above, upon information and belief, defendants The CAMI Trust, Carl Bouckaert and the Bouckaert Children utilized Pinnacle as a means to syphon funds from the Debtors to Pinnacle and out of the reach of the Debtors' creditors by requiring the Debtors to purchase polypropylene resin from Pinnacle at above-market prices.

512. The prices charged to the Debtors by Pinnacle were above-market and exceeded the prices that would have been charged by unaffiliated, third-party vendors for the same product. As a result, the amount of the Pinnacle 503(b)(9) Claim based on the above-market prices charged for the Pinnacle 503(b)(9) Goods exceeds the fair market price at which the Pinnacle 503(b)(9) Goods would change hands between the Debtors and a third-party vendor acting at arms-length.

513. Based on the foregoing, the Trustee, on behalf of the Debtors' estates and their

creditors, submits that there is sufficient basis to disallow the Pinnacle 503(b)(9) Request and expunge the Pinnacle 503(b)(9) Claim to the extent that the amount of Pinnacle 503(b)(9) Claim for the Pinnacle 503(b)(9) Goods exceeds the fair market price at which the Pinnacle 503(b)(9) Goods would change hands between the Debtors and a third-party vendor acting at arms-length, pursuant to 11 U.S.C. § 502(a), Fed. R. Bankr. P. 3007 and 7001, and BLR 3007-1.

COUNT EIGHTEEN
Disallowance of Marglen Reclamation Claim No. 900003, Marglen 503(b)(9) Request and Marglen First Proof of Claim and Expungement of Marglen 546(c) Reclamation Claim, Marglen 503(b)(9) Claim and Marglen General Unsecured Goods Claim (Marglen)

514. The Trustee repeats and re-alleges the allegations contained in all of the preceding paragraphs of this Complaint as if the same were fully set forth herein at length.

515. As set forth above, upon information and belief, defendants Mieke Hanssens and Carl Bouckaert utilized Marglen as a means to syphon funds from the Debtors to Marglen and out of the reach of the Debtors' creditors by requiring the Debtors to purchase 100% of its polyester staple fiber and other products from Marglen, often at above-market prices.

516. As a result, the Debtors paid Marglen more than they would have paid a third-party in an arm's length transaction for the purchase of polyester staple fiber and other products.

517. Accordingly, the amount of the Marglen 546(c) Reclamation Claim, the Marglen 503(b)(9) Claim, and the Marglen General Unsecured Goods Claim, which are based on the above-market prices charged for the Marglen Goods, exceed the fair market price at which the Marglen Goods would change hands between the Debtors and a third-party vendor acting at arms-length.

518. Additionally, as set forth above, the Marglen General Unsecured Goods Claim

and the Marglen First Proof of Claim includes the amounts allegedly owed to Marglen for the value of the Marglen 546(c) Goods and the Marglen 503(b)(9) Goods, which amounts are also included in the Marglen Reclamation Claim No. 900003 and the Marglen 546(c) Reclamation Claim and the Marglen 503(b)(9) Request and the Marglen 503(b)(9) Claim.

519. Based on the foregoing, the Trustee, on behalf of the Debtors' estates and their creditors, submits that there is sufficient basis to (I) disallow the Marglen Reclamation Claim No. 900003 and expunge the Marglen 546(c) Reclamation Claim to the extent that the amount of the Marglen 546(c) Reclamation Claim exceeds the fair market price at which the Marglen 546(c) Goods would change hands between the Debtors and a third-party vendor acting at arms-length; (II) disallow the Marglen 503(b)(9) Request and expunge the Marglen 503(b)(9) Claim to the extent that the amount of the Marglen 503(b)(9) Claim for the Marglen 503(b)(9) Goods exceeds the fair market price at which the Marglen 503(b)(9) Goods would change hands between the Debtors and a third-party vendor acting at arms-length; (III) disallow the Marglen First Proof of Claim and expunge the Marglen General Unsecured Goods Claim to the extent that the amount of the Marglen General Unsecured Goods Claim exceeds the fair market price at which the Marglen General Unsecured Goods would change hands between the Debtors and a third-party vendor acting at arms-length, (IV) to the extent that the Marglen 546(c) Reclamation Claim and the Marglen 503(b)(9) Claim are allowed, disallow the Marglen First Proof of Claim and reduce the Marglen General Unsecured Goods Claim by the amount that the Marglen 546(c) Reclamation Claim and the Marglen 503(b)(9) Claim are allowed, pursuant to 11 U.S.C. § 502(a), Fed. R. Bankr. P. 3007 and 7001, and BLR 3007-1.

COUNT NINETEEN
Disallowance of Marglen Second Proof of Claim and Expungement of Marglen Promissory Note Unsecured Claim
(Marglen)

520. The Trustee repeats and re-alleges the allegations contained in all of the preceding paragraphs of this Complaint as if the same were fully set forth herein at length.

521. The Marglen Promissory Note Unsecured Claim and the Marglen Second Proof of Claim should be expunged because as a matter of law, the promissory note, dated October 29, 2016, by and between Debtor Beaulieu Group, LLC and Marglen, is not a valid contract under Georgia law. Because Marglen cannot adequately allege facts or submit documentary evidence sufficient to demonstrate, as a matter of law, that the promissory note is a valid contract between Marglen and Debtor Beaulieu Group, LLC, Marglen has failed to carry its initial burden to establish the *prima facie* validity of the Marglen Second Proof of Claim and the Marglen Promissory Note Unsecured Claim.

522. Georgia Law provides that to constitute a valid contract, "there must be parties able to contract, a consideration moving to the contract, the assent of the parties to the terms of the contract, and a subject matter upon which the contract can operate." *See* Ga. Code Ann. § 13-3-1.

523. "It is fundamental contract law that consideration is essential to a contract which the law will enforce." Newell Recycling of Atlanta, Inv. V. Jordon Jones & Goulding, Inc., 731 S.E.2d 361, 363 (Ga. Ct. App. 2012). "Consideration must be stated in the contract or at least be ascertainable from the contract." Id. Under Georgia law, "the general rule is that a past consideration will not support a subsequent promise." *See* Thomas v. Astrue, 359 Fed. Appx. 968, 973 (Ga. Ct. App. 2010).

524. Upon information and belief, Marglen provided no consideration to Beaulieu Group, LLC, in connection with the promissory note. As such, the promissory note, dated October 29, 2016, by and between Debtor Beaulieu Group, LLC and Marglen, that provides the basis for the Marglen Promissory Note Unsecured Claim, is not a valid contract under Georgia law. Because Marglen cannot demonstrate, as a matter of law, the existence of a valid promissory note by and between Debtor Beaulieu Group, LLC and Marglen, Marglen has failed to allege facts or submit documents sufficient in the Marglen Second Proof of Claim to establish legal liability against any of the Debtors. As such, Marglen has failed to carry its initial burden to establish *prima facie* validity of the Marglen Second Proof of Claim and the Marglen Promissory Note Unsecured Claim.

525. Based on the foregoing, the Trustee, on behalf of the Debtors' estates and their creditors, submits that there is sufficient basis to disallow the Marglen Second Proof of Claim and expunge the Marglen Promissory Note Unsecured Claim in its entirety, as Marglen has failed to satisfy its initial burden to establish *prima facie* validity of the Marglen Second Proof of Claim and the Marglen Promissory Note Unsecured Claim, pursuant to 11 U.S.C. § 502(a), Fed. R. Bankr. P. 3007 and 7001, and BLR 3007-1.

COUNT TWENTY
Disallowance of Centaur Tech 503(b)(9) Request and Centaur Tech Proof of Claim and Expungement of Centaur Tech 503(b)(9) Claim and Centaur Tech General Unsecured Claim
(Centaur Tech)

526. The Trustee repeats and re-alleges the allegations contained in all of the preceding paragraphs of this Complaint as if the same were fully set forth herein at length.

527. As described above, upon information and belief, Centaur Tech was a pass-through entity or middleman that purchased manufacturing chemicals from Phoenix Chemicals and re-sold these chemicals to the Debtors at a mark-up.

528. Upon information and belief, Centaur Tech added no value to the manufacturing chemicals it re-sold to the Debtors, and essentially acted as a middleman to benefit its owners, Michael and Nathalie Pollard and John Bryant.

529. As a result, the Debtors paid Centaur Tech more than they would have paid a third-party in an arm's length transaction for the purchase of manufacturing chemicals.

530. Accordingly, the amounts of the Centaur Tech 503(b)(9) Claim and the Centaur Tech General Unsecured Claim, which are based on the above-market prices charged for the Centaur Tech Goods, exceed the fair market price at which the Centaur Tech Goods would change hands between the Debtors and a third-party vendor acting at arms-length.

531. Additionally, as set forth above, the Centaur Tech Proof of Claim and the Centaur Tech General Unsecured Claim includes the amount allegedly owed to Centaur Tech for the value of the Centaur Tech 503(b)(9) Goods, which amount is also included in the Centaur Tech 503(b)(9) Request and the Centaur Tech 503(b)(9) Claim.

532. Based on the foregoing, the Trustee, on behalf of the Debtors' estates and their creditors, submits that there is sufficient basis to (I) disallow the Centaur Tech 503(b)(9) Request and expunge the Centaur Tech 503(b)(9) Claim to the extent that the amount of the Centaur Tech 503(b)(9) Claim for the Centaur Tech 503(b)(9) Goods exceeds the fair market price at which the Centaur Tech 503(b)(9) Goods would change hands between the Debtors and a third-party vendor acting at arms-length; (II) disallow the Centaur Tech General Proof of Claim and

expunge the Centaur Tech General Unsecured Claim to the extent that the amount of Centaur Tech General Unsecured Claim for the Centaur Tech General Unsecured Goods exceeds the fair market price at which the Centaur Tech General Unsecured Goods would change hands between the Debtors and a third-party vendor acting at arms-length, and (III) to the extent that the Centaur Tech 503(b)(9) Claim is allowed, disallow the Centaur Tech General Proof of Claim and reduce Centaur Tech General Unsecured Claim by the amount that the Centaur Tech 503(b)(9) Claim is allowed, pursuant to 11 U.S.C. § 502(a), Fed. R. Bankr. P. 3007 and 7001, and BLR 3007-1.

COUNT TWENTY-ONE
Disallowance of OneSource 503(b)(9) Request and OneSource Proof of Claim and Expungement of OneSource 503(b)(9) Claim and OneSource General Unsecured Claim
(OneSource)

533. The Trustee repeats and re-alleges the allegations contained in all of the preceding paragraphs of this Complaint as if the same were fully set forth herein at length.

534. As described above, upon information and belief, defendants Michael and Nathalie Pollard utilized OneSource as a means to syphon funds from the Debtors to OneSource and out of the reach of the Debtors' creditors by requiring the Debtors to purchase flooring samples from OneSource.

535. As a result, the Debtors paid OneSource more than they would have paid a third-party in an arm's length transaction for the purchase of flooring samples.

536. Accordingly, the amounts of the OneSource 503(b)(9) Claim and the OneSource General Unsecured Claim, which are based on the above-market prices charged for the OneSource Goods, exceed the fair market price at which the OneSource Goods would change hands between the Debtors and a third-party vendor acting at arms-length.

537. Additionally, as set forth above, the OneSource Proof of Claim and the OneSource General Unsecured Claim includes the amount allegedly owed to OneSource for the value of the OneSource 503(b)(9) Goods, which amount is also included in the OneSource 503(b)(9) Request and the OneSource 503(b)(9) Claim.

538. Based on the foregoing, the Trustee, on behalf of the Debtors' estates and their creditors, submits that there is sufficient basis to (I) disallow the OneSource 503(b)(9) Request and expunge the OneSource 503(b)(9) Claim to the extent that the amount of the OneSource 503(b)(9) Claim for the OneSource 503(b)(9) Goods exceeds the fair market price at which the OneSource 503(b)(9) Goods would change hands between the Debtors and a third-party vendor acting at arms-length; (II) disallow the OneSource General Proof of Claim and expunge the OneSource General Unsecured Claim to the extent that the amount of OneSource General Unsecured Claim for the OneSource General Unsecured Goods exceeds the fair market price at which the OneSource General Unsecured Goods would change hands between the Debtors and a third-party vendor acting at arms-length, and (III) to the extent that the OneSource 503(b)(9) Claim is allowed, disallow the OneSource Proof of Claim and reduce the OneSource General Unsecured Claim by the amount that the OneSource 503(b)(9) Claim is allowed, pursuant to 11 U.S.C. § 502(a), Fed. R. Bankr. P. 3007 and 7001, and BLR 3007-1.

COUNT TWENTY-TWO
Disallowance of Leinster General Unsecured Claim and Leinster Proof of Claim
(Leinster)

539. The Trustee repeats and re-alleges the allegations contained in all of the preceding paragraphs of this Complaint as if the same were fully set forth herein at length.

540. As set forth above, defendants, the Bouckaert Children, own Leinster, which was generally controlled by defendant Stanislas Bouckaert.

541. Upon information and belief, Leinster is a services company based in Hong Kong and domiciled in the British Virgin Islands.

542. Leinster focused on procurement of goods manufactured in China and other Asian countries for shipment to the United States. Leinster also provided related services, including, quality control and inspection services.

543. Upon information and belief, there was no written agreement entered into between the Debtors and Leinster and the prices for services charged to the Debtors by Leinster therefore fluctuated, to benefit Leinster and the Bouckaert Children. As a result, the Debtors paid Leinster more than they would have paid a third-party in an arm's length transaction for these services.

544. The prices charged to the Debtors by Leinster for these services were above-market and exceeded the prices that would have been charged by unaffiliated, third-party provider of the same services.

545. Accordingly, the amount of the Leinster General Unsecured Claim based on the above-market prices charged for their services exceeds the fair market price that would have been charged by unaffiliated, third-party provider for the same services.

546. Based on the foregoing, the Trustee, on behalf of the Debtors' estates and their creditors, submits that there is a sufficient basis to disallow the Leinster Proof of Claim and expunge the Leinster General Unsecured Claim to the extent that the amount Leinster General Unsecured Claim for its services exceeds the fair market price that would have been charged by

an unaffiliated, third-party provider for the same services, pursuant to 11 U.S.C. § 502(a), Fed. R. Bankr. P. 3007 and 7001, and BLR 3007-1.

COUNT TWENTY-THREE
Disallowance of Avalon 503(b)(9) Request and Avalon Proof of Claim and Expungement of Avalon 503(b)(9) Claim and Avalon General Unsecured Claim
(Avalon)

547. The Trustee repeats and re-alleges the allegations contained in all of the preceding paragraphs of this Complaint as if the same were fully set forth herein at length.

548. As set forth above, upon information and belief, defendant Nicolas Bouckaert utilized Avalon as a means to syphon funds from the Debtors to Avalon and out of the reach of the Debtors' creditors by requiring the Debtors to purchase recycled yarn tubes from Avalon.

549. Upon information and belief, this was accomplished by defendant Nicolas Bouckaert's requirement that all of the Debtors' manufacturing and plant facilities use Avalon regardless of the preferences of the plant manager, increasing the amount and number of transactions between the Debtors and Avalon. Upon information and belief, the goods sold by Avalon to the Debtors were of sufficient quality for use by the Debtors only approximately 50% of the time, which in effect doubled the cost of purchases from Avalon. The Debtors paid Avalon more than they would have paid a third-party in an arm's length transaction for the purchase of recycled yarn tubes.

550. The prices charged to the Debtors by Avalon were above-market and exceeded the prices that would have been charged by unaffiliated, third-party vendors for the same product.

551. As a result, the amounts of the Avalon 503(b)(9) Claim and the Avalon General

Unsecured Claim, which are based on the above-market prices charged for the Avalon Goods, exceed the fair market price at which the Avalon Goods would change hands between the Debtors and a third-party vendor acting at arms-length.

552. Additionally, as set forth above, the Avalon Proof of Claim and the Avalon General Unsecured Claim includes the amount allegedly owed to Avalon for the value of the Avalon 503(b)(9) Goods, which amount is also included in the Avalon 503(b)(9) Request and the Avalon 503(b)(9) Claim.

553. Based on the foregoing, the Trustee, on behalf of the Debtors' estates and their creditors, submits that there is sufficient basis to (I) disallow the Avalon 503(b)(9) Request and expunge the Avalon 503(b)(9) Claim to the extent that the amount of the Avalon 503(b)(9) Claim for the Avalon 503(b)(9) Goods exceeds the fair market price at which the Avalon 503(b)(9) Goods would change hands between the Debtors and a third-party vendor acting at arms-length; (II) disallow the Avalon General Proof of Claim and expunge the Avalon General Unsecured Claim to the extent that the amount of Avalon General Unsecured Claim for the Avalon General Unsecured Goods exceeds the fair market price at which the Avalon General Unsecured Goods would change hands between the Debtors and a third-party vendor acting at arms-length, and (III) to the extent that the Avalon 503(b)(9) Claim is allowed, disallow the Avalon Proof of Claim and reduce the Avalon General Unsecured Claim by the amount that the Avalon 503(b)(9) Claim is allowed, pursuant to 11 U.S.C. § 502(a), Fed. R. Bankr. P. 3007 and 7001, and BLR 3007-1.

COUNT TWENTY-FOUR
Disallowance of Renuco Administrative Expense Application and Renuco 503(b)(1) Claim (Renuco)

554. The Trustee repeats and re-alleges the allegations contained in all of the preceding paragraphs of this Complaint as if the same were fully set forth herein at length.

555. Section 502 of the Bankruptcy Code and Bankruptcy Rule 3007 provide that a proof of claim, which has been duly filed under Section 501 of the Bankruptcy Code and the Bankruptcy Rules, is deemed allowed unless a party in interest objects. In re Eastern Fire Protection, Inc., 44 B.R. 140, 142 (Bankr. E.D. Pa. 1984) (citing 11 U.S.C. § 502(a)).

556. Section 502(b) of the Bankruptcy Code and Bankruptcy Rule 3007 permits a party in interest to object to a filed proof of claim. See 11 U.S.C. § 502(b); Fed. R. Bankr. P. 3007. An objection to a proof of claim initiates a contested matter and requires that a hearing be held. Id. Fed. R. Bankr. P. 3007(b) provides that a party in interest may include an objection to the allowance of a claim and a demand for relief in an adversary proceeding. Fed. R. Bankr. P. 3007(b).

557. The burden of proof for claims brought under 11 U.S.C. § 502 rests on different parties at different times. Allegheny Int'l, Inc., 954 F.2d at 173. To satisfy a claimant's initial burden of going forward, the claim must allege facts sufficient to establish a legal liability and to factually support the claim in order to attain the status of prima facie validity. See In re LJL Truck Center, Inc., 299 B.R. at 686; In re Allegheny Int'l, Inc., 954 F.2d at 173; In re Planet Hollywood Int'l, 274 B.R. at 394 ("claimant must allege facts sufficient to support a legal basis for the claim").

558. "The burden going forward then shifts to the objector to produce evidence sufficient to negate the *prima facie* validity of the filed claim. In re Allegheny Int'l, Inc., 954 F.2d at 173. See also LJL Truck Center, 299 B.R. at 686. If an objection refuting at least one of

the claim's essential allegations is asserted, the claimant has the burden to demonstrate validity of the claim. See, e.g., In re Reilly, 245 B.R. at 773; In re Rockefeller Ctr. Props., 272 B.R. at 539; In re St. Johnsbury Trucking Co., 206 B.R. at 323. Regardless of initial shifting of burdens, the burden of persuasion is always on the claimant. In re Allegheny Int'l, Inc., 954 F.2d at 173.

559. Courts have denied prima facie validity to proofs of claim in instances where a claimant failed to attach the necessary documents which evidence legal liability and factually support the claim against the debtor. See e.g., In re Eagson Corp., 58 B.R. at 396 (where claim was based on loan made to debtor, but no documentation supported claimant's assertion, evidence supporting the claim was "substantially deficient.").

560. The Renuco Occupancy Agreement provides that during the Term of the Renuco Occupancy Agreement, Debtor Beaulieu Group, LLC shall only be responsible to pay for real estate taxes, utilities, maintenance and other costs associated with Beaulieu Group, LLC's use of the Property and the improvements located thereon.

561. Under the express terms of the Renuco Occupancy Agreement, Debtor Beaulieu Group, LLC has no obligation to pay Renuco any rent for the use and occupancy of the Renuco Property. As such, the Renuco Rent Administrative Expense Claim is improper because there is no obligation under the Renuco Occupancy Agreement of Debtor Beaulieu Group, LLC to pay rent to Renuco.

562. Because Renuco cannot demonstrate, as a matter of law, the existence of legal liability on Beaulieu Group, LLC to pay rent under the Renuco Occupancy Agreement, other than the obligation to pay the real estate taxes, utilities, maintenance and other costs associated with the occupancy of the Renuco Real Property, Renuco has failed to carry its initial burden to

establish *prima facie* validity of the Renuco Rent Administrative Expense Claim.

563. Based on the foregoing, the Trustee, on behalf of the Debtors' estates and their creditors, submits that there is sufficient basis to disallow and expunge the Renuco Rent Administrative Expense Claim in the amount of $408,566.67 of the Renuco 503(b)(1) Claim on the grounds that Renuco has failed to submit any evidence or allege facts sufficient to establish legal liability against the Debtor for rent, pursuant to 11 U.S.C. § 502(a), Fed. R. Bankr. P. 3007 and 7001, and BLR 3007-1.

COUNT TWENTY-FIVE
Disallowance of Beaulieu Canada Reclamation Claim No. 900004, Beaulieu Canada 503(b)(9) Request and Beaulieu Canada First Proof of Claim and Expungement of Beaulieu Canada 546(c) Reclamation Claim, Beaulieu Canada 503(b)(9) Claim and Beaulieu Canada General Unsecured Goods Claim
(Beaulieu Canada)

564. The Trustee repeats and re-alleges the allegations contained in all of the preceding paragraphs of this Complaint as if the same were fully set forth herein at length.

565. As set forth above, upon information and belief, defendant Mieke Hanssens utilized Beaulieu Canada as a means to syphon funds from the Debtors to Beaulieu Canada and out of the reach of the Debtors' creditors by requiring the Debtors purchase and sell product to and from Beaulieu Canada at prices that benefitted Beaulieu Canada. Upon information and belief, the transactions entered into between Beaulieu Canada and the Debtors were insider transactions designed to benefit Beaulieu Canada and its owner and were not arm's length transactions. The prices charged to the Debtors by Beaulieu Canada were above-market and exceeded the prices that would have been charged by unaffiliated, third-party vendors for the same product.

566. Accordingly, the amount of the Beaulieu Canada 546(c) Reclamation Claim, the

Beaulieu 503(b)(9) Claim, and the Beaulieu Canada General Unsecured Goods Claim, which are based on the above-market prices charged for the Beaulieu Canada Goods, exceed the fair market price at which the Beaulieu Goods would change hands between the Debtors and a third-party vendor acting at arms-length.

567. Additionally, as set forth above, the Beaulieu Canada General Unsecured Goods Claim and the Beaulieu Canada First Proof of Claim includes the amounts allegedly owed to Beaulieu Canada for the value of the Beaulieu Canada 546(c) Goods and the Beaulieu Canada 503(b)(9) Goods, which amounts are also included in the Beaulieu Canada Reclamation Claim No. 900004 and the Beaulieu Canada 546(c) Reclamation Claim and the Beaulieu Canada 503(b)(9) Request and the Beaulieu Canada 503(b)(9) Claim.

568. Based on the foregoing, the Trustee, on behalf of the Debtors' estates and their creditors, submits that there is sufficient basis to (I) disallow the Beaulieu Canada Reclamation Claim No. 900004 and expunge the Beaulieu Canada 546(c) Reclamation Claim to the extent that the amount of the Beaulieu Canada 546(c) Reclamation Claim exceeds the fair market price at which the Beaulieu Canada 546(c) Goods would change hands between the Debtors and a third-party vendor acting at arms-length, (II) disallow the Beaulieu Canada 503(b)(9) Request and expunge the Beaulieu Canada 503(b)(9) Claim to the extent that the amount of the Beaulieu Canada 503(b)(9) Claim for the Beaulieu Canada 503(b)(9) Goods exceeds the fair market price at which the Beaulieu Canada 503(b)(9) Goods would change hands between the Debtors and a third-party vendor acting at arms-length, (III) disallow the Beaulieu Canada First Proof of Claim and expunge the Beaulieu Canada General Unsecured Goods Claim to the extent that the amount of the Beaulieu Canada General Unsecured Goods Claim exceeds the fair market price at which

the Beaulieu Canada General Unsecured Goods would change hands between the Debtors and a third-party vendor acting at arms-length, and (IV) to the extent that the Beaulieu Canada 546(c) Reclamation Claim and the Beaulieu Canada 503(b)(9) Claim are allowed, disallow the Beaulieu Canada First Proof of Claim and reduce the Beaulieu Canada General Unsecured Goods Claim by the amount that the Beaulieu Canada 546(c) Reclamation Claim and the Beaulieu Canada 503(b)(9) Claim are allowed, pursuant to 11 U.S.C. § 502(a), Fed. R. Bankr. P. 3007 and 7001, and BLR 3007-1.

COUNT TWENTY-SIX
Disallowance of Beaulieu Canada Second Proof of Claim and Expungement of Beaulieu Canada Unsecured Rejection Claim
(Beaulieu Canada)

569. The Trustee repeats and re-alleges the allegations contained in all of the preceding paragraphs of this Complaint as if the same were fully set forth herein at length.

570. Georgia Law provides that to constitute a valid contract, "there must be parties able to contract, a consideration moving to the contract, the assent of the parties to the terms of the contract, and a subject matter upon which the contract can operate." *See* Ga. Code Ann. § 13-3-1. Courts have denied prima facie validity to proofs of claim in instances where a claimant failed to attach the necessary documents which evidence legal liability and factually support the claim against the debtor. See e.g., In re Eagson Corp., 58 B.R. at 396 (where claim was based on loan made to debtor, but no documentation supported claimant's assertion, evidence supporting the claim was "substantially deficient.").

571. Beaulieu Canada has failed to carry its initial burden to establish the *prima facie* validity of the Beaulieu Canada Second Proof of Claim and the Beaulieu Canada Unsecured Rejection Claim because it failed to allege facts or submit documents sufficient with the

Beaulieu Canada Second Proof of Claim to establish legal liability against any of the Debtors for the chargeback claims for amounts allegedly incurred by Beaulieu Canada related to defective goods, or chargeback claims for an future amounts that Beaulieu Canada may incur resulting from the rejection of warranties.

572. Based on the foregoing, the Trustee, on behalf of the Debtors' estates and their creditors, submits that there is sufficient basis to disallow the Beaulieu Canada Second Proof of Claim and expunge the Beaulieu Canada Beaulieu Canada Unsecured Rejection Claim in its entirety, pursuant to 11 U.S.C. § 502(a), Fed. R. Bankr. P. 3007 and 7001, and BLR 3007-1.

COUNT TWENTY-SEVEN
Disallowance of Beaulieu Canada Administrative Expense Application and Beaulieu Canada 503(b) Rejection Administrative Expense Claim
(Beaulieu Canada)

573. The Trustee repeats and re-alleges the allegations contained in all of the preceding paragraphs of this Complaint as if the same were fully set forth herein at length.

574. The Beaulieu Canada Administrative Expense Application should be disallowed and the Beaulieu Canada 503(b) Rejection Administrative Expense Claim should be expunged because Beaulieu Canada has failed to carry its initial burden to establish the *prima facie* validity of the Beaulieu Canada 503(b) Rejection Administrative Expense Claim.

575. Pursuant to Section 503(b) of the Bankruptcy Code, "[a]fter notice and a hearing, there shall be allowed administrative expenses, other than claims allowed under section 502(g) of this title, including: (1)(A) the actual, necessary costs and expenses of preserving the estate including – (i) wages, salaries, and commissions for services rendered after the commencement of the case." 11 U.S.C. § 503(b)(1)(A)(i).

576. "The burden of proving entitlement to an administrative expense claim is on the

claimant and the measure of proof is preponderance of evidence." In re Interstate Grocery Distributions Systems, Inc. et al., 267 B.R. 907, 913 (Bankr. D.N.J. 2001) (citing In re Drexel Burnham Lambert Group, Inc., 134 B.R. 482 (Bankr. S.D.N.Y. 1991)). See also In re Hayes Lemmerz Intl., Inc., 340 B.R. 461, 471 (Bankr. D. Del. 2006) (noting that the burden rests with the requesting party because the administrative expense status permits a claimant to be paid before unsecured creditors); In re Verso Tech., Inc., Case No. 08-67659, 2010 WL 2025553, * 1 (Bankr. N.D. Ga. Jan. 28, 2010) ("[t]he party requesting payment has the burden of proving that its request constitutes an administrative expense.").

577. Courts have established a two (2) prong test for determining whether a claim should be afforded an administrative priority. Interstate Grocery Distributions System, 267 B.R. at 914-15 (citing In re Mammoth Mart, Inc., 536 F.2d 950, 954 (1st Cir. 1976) (the seminal case setting forth the test generally followed)). See also In re Mahoney Troast Construction Co., 189 B.R. 57 (Bankr. D.N.J. 1995).

578. First, the claim must arise from a post-petition transaction with the debtor-in-possession or the trustee. Interstate Grocery Distributions System, 267 B.R. at 914-15. "Only debts incurred for the economic preservation of the bankruptcy estate are entitled to an administrative priority." Mahoney-Troast Construction, 189 B.R. at 59. Thus, to determine whether a claim should be accorded administrative expense status depends on when the claim arose. Id.

579. The second prong of the Mammoth Mart test is "whether there has been a substantial contribution warranting reimbursement as an administrative expense and the applicant has shown an actual and demonstrable benefit to the debtor's estate and creditors."

Interstate Grocery Distributions Systems, 267 B.R. at 915 (citing Lebron v. Mechem Financial, Inc., 27 F.3d 937 (3d Cir. 1994)). "Inherent in this concept is that the benefit received by the estate must be more than an incidental benefit arising from the applicant's activities pursued in protecting the applicant's own interest." Interstate Grocery Distributions Systems, 267 B.R. at 915 (denying creditor's request for payment of administrative expense claim for improvements done to property because the creditor's actions were performed in furtherance of his own private interest of having the property ready for occupancy on the closing date, and there was no agreement in place allowing for the services to be performed) (citing In re Bellman Farms, Inc., 140 B.R. 986 (Bankr. D.S.D. 1991) (where it was determined that a creditor's efforts were undertaken solely to further its own self interest, the creditor's claims were not entitled to priority status)). *See also* In re Verso Tech., 2010 WL 2025553, at * 2 ("[t]he benefit of an allowable administrative expense 'must run to the debtor and be fundamental to the conduct of its business.'") (quoting In re Das A. Borden & Co., 131 F.3d 1459, 1463 (11th Cir. 1997)).

580. Beaulieu Canada has not shown that the Debtors' rejection of the warranties allegedly owed by Debtor Beaulieu Group, LLC to Beaulieu Canada on goods sold to Beaulieu Canada or Beaulieu Canada's payment of costs and expenses on behalf of Debtor Beaulieu Group, LLC to Leinster provided an actual and demonstrable benefit to the Debtors' estates.

581. Accordingly, Beaulieu Canada has failed to carry its initial burden to establish the *prima facie* validity of the Beaulieu Canada 503(b) Rejection Administrative Expense Claim and the Beaulieu Canada Administrative Expense Application because Beaulieu Canada has failed to allege facts or submit documents sufficient to establish that it provided an actual and demonstrable benefit to the Debtors' estates for the Beaulieu Canada 503(b) Rejection

Administrative Expense Claim.

582. Based on the foregoing, the Trustee, on behalf of the Debtors' estates and their creditors, submits that there is sufficient basis to disallow the Beaulieu Canada Administrative Expense Application and expunge the Beaulieu Canada 503(b) Rejection Administrative Expense Claim in its entirety, pursuant to 11 U.S.C. § 502(a), Fed. R. Bankr. P. 3007 and 7001, and BLR 3007-1.

COUNT TWENTY-EIGHT
Disallowance of Centaur Equestrian 503(b)(9) Request and Centaur Equestrian Proof of Claim and Expungement of Centaur Equestrian 503(b)(9) Claim and Centaur Equestrian General Unsecured Claim
(Centaur Equestrian)

583. The Trustee repeats and re-alleges the allegations contained in all of the preceding paragraphs of this Complaint as if the same were fully set forth herein at length.

584. As set forth above, the transactions entered into between Centaur Equestrian and the Debtors were insider transactions designed to benefit Centaur Equestrian and its owner and were not arm's length transactions. The prices charged to the Debtors by Centaur Equestrian were above-market and exceeded the prices that would have been charged by unaffiliated, third-party vendors for the same goods and services.

585. As a result, the amounts of the Centaur Equestrian 503(b)(9) Claim and the Centaur Equestrian General Unsecured Claim, which are based on the above-market prices charged for the Centaur Equestrian Goods, exceed the fair market price at which the Centaur Equestrian Goods would change hands between the Debtors and a third-party vendor acting at arms-length.

586. Additionally, as set forth above, the Centaur Equestrian Proof of Claim and the

Centaur Equestrian General Unsecured Claim includes the amount allegedly owed to Centaur Equestrian for the value of the Centaur Equestrian 503(b)(9) Goods, which amount is also included in the Centaur Equestrian 503(b)(9) Request and the Centaur Equestrian 503(b)(9) Claim.

587. Based on the foregoing, the Trustee, on behalf of the Debtors' estates and their creditors, submits that there is sufficient basis to (I) disallow the Centaur Equestrian 503(b)(9) Request and expunge the Centaur Equestrian 503(b)(9) Claim to the extent that the amount of the Centaur Equestrian 503(b)(9) Claim for the Centaur Equestrian 503(b)(9) Goods exceeds the fair market price at which the Centaur Equestrian 503(b)(9) Goods would change hands between the Debtors and a third-party vendor acting at arms-length; (II) disallow the Centaur Equestrian General Proof of Claim and expunge the Centaur Equestrian General Unsecured Claim to the extent that the amount of Centaur Equestrian General Unsecured Claim for the Centaur Equestrian General Unsecured Goods exceeds the fair market price at which the Centaur Equestrian General Unsecured Goods would change hands between the Debtors and a third-party vendor acting at arms-length, and (III) to the extent that the Centaur Equestrian 503(b)(9) Claim is allowed, disallow the Centaur Equestrian Proof of Claim and reduce the Centaur Equestrian General Unsecured Claim by the amount that the Centaur Equestrian 503(b)(9) Claim is allowed, pursuant to 11 U.S.C. § 502(a), Fed. R. Bankr. P. 3007 and 7001, and BLR 3007-1.

WHEREFORE, the Trustee respectfully requests that the Bankruptcy Court enter judgment in his favor and against Defendants:

i. finding the D&O Defendants liable for breaching their fiduciary duties to the Debtors, and awarding compensatory damages to the Debtors' estates in an amount to be determined at trial;

ii. declaring that the Fraudulent Transfers (plus the amount of any additional transfers of property of the Debtors to any of the Defendants during the two years preceding the Petition Date that discovery may reveal) constitute avoidable fraudulent transfers pursuant to Section 548 of the Bankruptcy Code;

iii. declaring that the Fraudulent Transfers (plus the amount of any additional transfers of property of the Debtors to any of the Defendants during the four years preceding the Petition Date that discovery may reveal) constitute avoidable fraudulent transfers pursuant to Georgia Code §§ 18-2-74, 18-2-75, and 18-2-77;

iv. (i) avoiding the Fraudulent Transfers (plus the amount of any additional transfers of property of the Debtors to any of the Defendants that discovery may reveal), (ii) directing and ordering that the respective Defendants return to the Trustee, pursuant to Section 550 of the Bankruptcy Code and Georgia Code § 18-2-77, the full value of, and awarding judgment against the respective Defendants in an amount equal to the Fraudulent Transfers (plus the amount of any additional transfers of property of the Debtors to any of the Defendants), (iii) requiring the respective Defendants to immediately pay to the Trustee pre-judgment and post-judgment interest from the date the Fraudulent Transfers (plus the amount of any additional transfers of property of the Debtors to any of the Defendants that discovery may reveal) were made through the date of the payment at the maximum legal rate; and (iv) awarding Trustee fees and costs incurred in this suit;

v. declaring that the Preferential Transfers (plus the amount of any additional transfers of property of the Debtors to any of the Defendants during the 90-days or one year preceding the Petition Date that discovery may reveal) constitute avoidable preferential transfers pursuant to Section 547 of the Bankruptcy Code;

vi. (i) avoiding the Preferential Transfers (plus the amount of any additional transfers of property of the Debtors to any of the Defendants that discovery may reveal), (ii) directing and ordering that the respective Defendants return to the Trustee, pursuant to Section 550 of the Bankruptcy Code, the full value of, and awarding judgment against the respective Defendants in an amount equal to the Preferential Transfers (plus the amount of any additional transfers of property of the Debtors to any of the Defendants), (iii) requiring the respective Defendants to immediately pay to the Trustee pre-judgment and post-judgment interest from the date the Preferential Transfers (plus the amount of any additional transfers of property of the Debtors to any of the Defendants that discovery may reveal) were made through the date of the payment at the maximum legal rate; and (iv) awarding Trustee fees and costs incurred in this suit;

vii. if any of the Defendants have an existing claim, then disallowing such existing claim pursuant to Sections 502(d) and 502(j) of the Bankruptcy Code until such time as (i) such Defendant turns over to the Trustee any property deemed

recoverable pursuant to Section 550 of the Bankruptcy Code, and/or (ii) such Defendant has paid the amount for which such Defendant is liable pursuant to Section 550 of the Bankruptcy Code;

viii. awarding the Trustee restitution from the Bouckaert Family, Joseph Astrachan, Ralph Boe, Constance Cantrell, Annette Cyr, Vincent Donargo, Ronald Steven Hills, G. Michael Hofmann, Del Land, David A. Marr, Ray Mullinax, Michael Pollard, Richard Roedel, Lawrence Rogers, Rosanne St. Clair, Leo Van Steenberge, Karel Vercruyssen, Joyce White and the Bouckaert Affiliates as a result of their unjust enrichment and ordering disgorgement of profits, salaries, bonuses, payments, fees, benefits and other compensation and transfers obtained by these Defendants;

ix. awarding the Trustee breach of contract damages from Beaulieu Canada in the amount of the Beaulieu Canada A/R plus applicable interest and the Assessment Damages;

x. awarding the Trustee restitution damages from Mieke Hanssens and Beaulieu International Group as a result of their unjust enrichment and ordering the payment of the Beaulieu Canada A/R plus applicable interest, the Assessment Damages and the Beaulieu Canada Fraudulent Transfers;

xi. declaring that Beaulieu International Group is the successor to Beaulieu Canada and is responsible for its liabilities, including but not limited to, the Beaulieu Canada A/R plus applicable interest, the Assessment Damages, and the Beaulieu Canada Fraudulent Transfers;

xii. finding the D&O Defendants liable for breaching their fiduciary duties to the Debtors' creditors, and awarding compensatory damages to the Debtors' estates in an amount to be determined at trial;

xiii. awarding to the Trustee the costs and disbursements of the action, including reasonable attorneys' fees, accountants' and experts' fees and costs, and expenses;

xiv. finding Carl M. Bouckaert, Mieke Hanssens, and The CAMI Trust liable for causing the Debtors to issue and receiving unlawful distributions and/or improper dividends and awarding the Trustee compensatory damages in an amount to be determined at trial;

xv. disallowing and/or expunging all proofs of claim objected to herein; and

xvi. awarding the Trustee such other and further relief as may be just and proper.

Dated: August 29, 2018

Respectfully submitted,

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