

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF MARYLAND  
(Baltimore Division)**

**In re:**

\*

**Case No. 23-11505-NVA**

**SMITH & SON'S CONTRACTING CO. INC.,**

\*

**(Chapter 7)**

**Debtor.**

\*

\* \* \* \* \*

**TRUSTEE'S MOTION FOR APPROVAL OF  
SETTLEMENT AGREEMENT BY AND BETWEEN TRUSTEE  
AND U.S. SMALL BUSINESS ADMINISTRATION**

Craig B. Leavers, the Chapter 7 trustee in the above-captioned bankruptcy case (the "Trustee"), pursuant to Fed. R. Bankr. P. 9019, files this motion seeking the approval of a settlement agreement by and between the Trustee and the U.S. Small Business Administration (the "Motion"). In support of this Motion, the Trustee states as follows:

**Background**

1. The debtor herein (the "Debtor") commenced the above-captioned bankruptcy case (the "Bankruptcy Case") by filing a voluntary petition under chapter 7 of the Bankruptcy Code on March 7, 2023 (the "Petition Date").

2. The Trustee was appointed to serve as interim trustee in the Bankruptcy Case, and no other trustee was appointed at the Debtor's meeting of creditors held on April 14, 2023. The Trustee has accepted his appointment, has qualified and is acting in that capacity.

3. Prior to the Petition Date, on or about June 10, 2020, the U.S. Small Business Administration (the "SBA") extended a loan in the amount of \$150,000.00 to the Debtor (the "SBA Loan"). To secure the Debtor's obligations under the SBA Loan, the Debtor granted the SBA a security interest in, in pertinent part to this Bankruptcy Case, the Debtor's deposit accounts (the "Debtor's Bank Accounts") and the Debtor's accounts receivable (the "Debtor's Receivables").

The security interest in the Debtor's Bank Accounts and Debtor's Receivables was noted in a financing statement filed with the Maryland State Department of Assessment and Taxation on June 18, 2020 (the "SBA's Financing Statement").

4. As of the Petition Date, the amount of money due and owing to the SBA is \$156,846.55 (the "SBA Payoff"). The Trustee has verified the amount of the SBA Payoff by review of the payment history provided by the SBA and the Debtor's books and records.

5. Also as of the Petition Date, according to its Schedule B, the Debtor's Receivables consists of \$244,963.17 of outstanding invoices that the Debtor deemed to be collectible.

### **The Controversy**

6. As to the Debtor's Bank Accounts, the Trustee has asserted that the SBA's security interest in the Debtor's Bank Accounts is not enforceable because the SBA does not have "control" over the deposit accounts as required by Md. Code Ann., Com. Law ("CL") §§ 9-203(b)(3)(D), 9-104(a).

7. As to the Debtor's Receivables, the Trustee has asserted that the language of the SBA's Financing Statement is ambiguous as to whether the SBA has a security interest *in the proceeds* of the Debtor's Receivables. As such, the Trustee has asserted that, pursuant to 11 U.S.C. § 552(b)(1), the SBA does not have a security interest in the Debtor's Receivables received or collected by the Debtor post-petition.

8. The SBA disagrees with the Trustee's reading of the SBA's Financing Statement as it pertains to the Debtor's Receivables.

**The Settlement**

9. The parties have reached a resolution of the aforementioned controversy, the terms of which are more fully set forth in a settlement agreement dated October 10, 2023 (the “Settlement Agreement”). A copy of the Settlement Agreement is attached hereto as ***Exhibit A***.

10. As more fully set forth in the Settlement Agreement, the Trustee and the SBA have agreed that the SBA does not have “control” over the Debtor’s Bank Accounts as required by CL § 9-104(a) and therefore does not have an enforceable security interest in the Debtor’s Bank Accounts. As to the Debtor’s Receivables, the parties have agreed to allow the Trustee to collect the Debtor’s Receivables and to allow the Trustee to keep for the estate forty percent (40%) of the receivables collected. The remaining sixty percent (60%), less the attorney’s fees, costs and expenses incurred by the estate to collect the Debtor’s Receivables, will be used to pay the SBA’s secured claim.

11. The SBA will be granted an allowed secured claim without having to file a proof of claim in the amount of sixty percent (60%) of the Debtor’s Receivables collected by the Trustee, less the attorney’s fees, costs and expenses incurred by the estate to collect the Debtor’s Receivables, and in no event more than the amount of the SBA Payoff (the “SBA’s Allowed Secured Claim”). The SBA will be granted a general unsecured claim without having to file a proof of claim in the amount of the difference between the SBA Payoff and the SBA’s Allowed Secured Claim.

12. The releases and all other terms and conditions of the Settlement Agreement are subject to approval of this Court.

### **Standard**

13. Pursuant to Fed. R. Bankr. P. 9019, courts may approve a compromise or settlement after notice and a hearing.

14. “It is well established that a bankruptcy court’s approval of a settlement . . . is within its sound discretion.” *St. Paul Fire & Marine Ins. Co. v. Vaughn*, 779 F.2d 1003, 1010 (4<sup>th</sup> Cir. 1985). “Objection [to a proposed settlement] is not fatal to such a settlement if ‘[it] is found to be in the best interests of the estate as a whole.’” *Id.* (quoting *In re Flight Transp. Corp. Securities Litigation*, 730 F.2d 1128, 1138 (8<sup>th</sup> Cir. 1984)). *See also, Rahman v. Oncology Associates, P.C.*, 269 B.R. 139, 150 (D. Md. 2001) (“[T]he essential inquiry which this Court must make in this particular case is to determine whether the compromise reached by the parties is ‘fair and equitable’ and in the best interests of the estate.”); *In re Smith*, 210 B.R. 689, 692 (Bankr. D. Md. 1997) (“[I]t is also the obligation of a bankruptcy court to review independently a proposed compromise to determine whether it is fair and equitable and in the best interests of the bankruptcy estate.”).

15. When determining whether a particular settlement is “in the best interests of the estate,” a court must consider the following factors: (a) the probability of success in litigation; (b) the difficulties, if any, to be encountered in the matter of collection; (c) the complexity of the litigation involved (including the expense, inconvenience and delay necessarily attending the litigation); and (d) the paramount interest of the creditors and a proper deference to their reasonable views. *Rahman v. Oncology Associates, P.C.*, 269 B.R. at 149.

### **Argument**

16. The Trustee believes that the Settlement Agreement is in the best interest of the bankruptcy estate. The parties have exchanged information and documentation pertaining the

SBA's security interest in the Debtor's Bank Accounts and the Debtor's Receivables. Upon review of the information and documents disclosed, and taking into consideration the defenses of the SBA, the cost of litigation and the likelihood of success on the merits, the Trustee believes that the Settlement Agreement is in the best interests of the bankruptcy estate.

17. The Settlement Agreement is also in the best interest of the estate because it will provide provides funds for payment to the Debtor's creditors.

18. As required by Local Bankruptcy Rule 9013-2, the Trustee hereby states that no memorandum will be filed and that she will rely solely upon this Motion.

WHEREFORE, for the foregoing reasons, Craig B. Leavers, the Trustee, respectfully requests the following relief:

A. That the Court enter an order approving the Settlement Agreement by and between the Trustee and the SBA; and

B. That the Court grant the Trustee such other and further relief as is just and equitable.

/s/ Craig B. Leavers

Craig B. Leavers, Bar No. 26914  
The Law Offices of Craig B. Leavers, LLC  
P.O. Box 306  
Cockeysville, Maryland 21030  
Phone: (443) 318-4526  
Craig@LeaversLaw.com

*Attorney for Craig B. Leavers, Trustee*

**CERTIFICATE OF MAILING**

I HEREBY CERTIFY that on the 11<sup>th</sup> day of October, 2023, a copy of the foregoing was served on the parties listed below by electronic service via CM/ECF:

Eric Steiner, Esq.  
Steiner Law Group, LLC  
115 Sudbrook Lane, Suite 206  
Baltimore, Maryland 21208  
*(Attorney for Debtor)*

And on the parties listed below by first class mail, postage prepaid:

Office of the United States  
101 West Lombard Street, Suite 2625  
Baltimore, Maryland 21201

Smith & Son's Contracting Company, Inc.  
6407 Ford Smallwood Rd, Unit 1A  
Baltimore, Maryland 21226  
*(Debtor)*

U.S. Small Business Administration  
ATTN: Marchelle Bailey, Esq., General Attorney  
200 W. Santa Anna Blvd., Suite 740  
Santa Anna, California 92701

/s/ Craig B. Leavers  
Craig B. Leavers

# EXHIBIT A

## **SETTLEMENT AGREEMENT**

This Agreement is made this 10th day of October, 2023, by and between **CRAIG B. LEAVERS, CHAPTER 7 TRUSTEE FOR THE ESTATE OF SMITH & SON'S CONTRACTING COMPANY, INC.** (the "Trustee") and the **U.S. SMALL BUSINESS ADMINISTRATION** (the "SBA") (collectively, the "Parties").

### **A. General Background**

**WHEREAS**, Smith & Son's Contracting Company, Inc. (the "Debtor") commenced that chapter 7 proceeding styled In re Smith & Son's Contracting Company, Inc., Case No. 23-11505-NVA (the "Bankruptcy Case") in the United States Bankruptcy Court for the District of Maryland (the "Bankruptcy Court") by filing a voluntary petition under chapter 7 of the Bankruptcy Code on March 7, 2022 (the "Petition Date");

**WHEREAS**, the Trustee was appointed to serve as interim trustee in the Bankruptcy Case, and no other trustee was appointed at the Debtor's meeting of creditors held on April 14, 2023. The Trustee has accepted his appointment, has qualified and is acting in that capacity;

**WHEREAS**, prior to the Petition Date, on or about June 10, 2020, the U.S. Small Business Administration (the "SBA") extended a loan in the amount of \$150,000 to the Debtor (the "SBA Loan");

**WHEREAS**, to secure the Debtor's obligations under the SBA Loan, the Debtor granted the SBA a security interest in, in pertinent part to this Bankruptcy Case, the Debtor's deposit accounts (the "Debtor's Bank Accounts") and the Debtor's accounts receivable (the "Debtor's Receivables");



**WHEREAS**, the security interest in the Debtor's Bank Accounts and Debtor's Receivables was noted in a financing statement filed with the Maryland State Department of Assessment and Taxation on June 18, 2020 (the "SBA's Financing Statement");

**WHEREAS**, according to documents provided by the SBA as well as the Debtor's books and records, as of the Petition Date, the amount of money due and owing to the SBA is \$156,846.55 (the "SBA Pay Off");

**WHEREAS**, also as of the Petition Date, according to its Schedule B, the Debtor's Receivables consists of \$244,963.17 of outstanding invoices that the Debtor deemed to be collectible;

***B. Trustee's Issues with Enforceable Security Interests***

**WHEREAS**, as to the Debtor's Bank Accounts, the Trustee has asserted that the SBA's security interest in the Debtor's Bank Accounts is not enforceable because the SBA does not have "control" over the deposit accounts as required by Md. Code Ann., Com. Law ("CL") §§ 9-203(b)(3)(D), 9-104(a);

**WHEREAS**, as to the Debtor's Receivables, the Trustee has asserted that the language of the SBA's Financing Statement is ambiguous as to whether the SBA has a security interest *in the proceeds* of the Debtor's Receivables. As such, the Trustee has asserted that, pursuant to 11 U.S.C. § 552(b)(1), the SBA does not have a security interest in the Debtor's Receivables received or collected by the Debtor post-petition;

**WHEREAS**, the SBA disagrees with the Trustee's reading of the SBA's Financing Statement as it pertains to the Debtor's Receivables;

**WHEREAS**, the Parties desire to settle the aforementioned issues upon the terms and condition set forth herein.

**NOW, THEREFORE**, in consideration of the covenants and for good and valuable consideration, the receipt of which is hereby acknowledged, the Parties agree as follows:

**1. Settlement.** The Trustee's issues with the SBA's security in the Debtor's Bank Accounts and the Debtor Receivables shall be resolved as follows:

**1.1. Consent as to Debtor's Bank Accounts/Trustee's Liquidation of Debtor's Receivables.** The SBA concedes that it does not have control over the Debtor's Bank Accounts as required by Maryland law and therefore does not have an enforceable security interest in the Debtor's Bank Accounts. As to the Debtor's Receivables, the Trustee shall collect the Debtor's Receivables as provided for herein and shall be allowed to keep for the estate forty percent (40%) of the receivables collected. The remaining sixty percent (60%), less the attorney's fees, costs and expenses incurred by the estate to collect the Debtor's Receivables (which includes drafting this Agreement and obtaining the Approval Order), will be used to pay the SBA's secured claim.

The SBA shall be granted an allowed secured claim without having to file a proof of claim in the amount of sixty percent (60%) of the Debtor's Receivables collected by the Trustee, less the attorney's fees, costs and expenses incurred by the estate to collect the Debtor's Receivables (which includes drafting this Agreement and obtaining the Approval Order), and in no event more than the amount of the SBA Payoff (the "SBA's Allowed Secured Claim"). The SBA will be granted a general unsecured claim without having to file a proof of claim in the amount of the difference between the SBA Payoff and the SBA's Allowed Secured Claim (the "SBA's Allowed General Unsecured Claim").

In collecting the Debtor's Receivables, the Trustee shall initially seek to collect the receivables only by correspondence or telephone calls with the entities that owe money to the Debtor. The Trustee will provide the SBA monthly updates on the status of collections and the

amount of attorney's fees, costs and expenses incurred in collecting the Debtor's Receivables at that time. The Parties hereby acknowledge that the amount of the Debtor's Receivables, on an individual basis as opposed to collectively, range from \$116.53 to \$103,333.56. As such, the Parties also acknowledge that pursuing litigation to collect any particular receivable may not be cost efficient. As such, after a period of 90 days from the date that the Bankruptcy Court enters the Approval Order (defined herein), the Parties will discuss and come to an agreement on the manner in which to pursue any outstanding receivables at that time. The Trustee will not file any lawsuits to collect the Debtor's Receivables absent authorization from the SBA. In the event the Trustee desires to file a lawsuit to seek recovery on any outstanding receivables that the SBA has not authorized, the attorney fees, costs and expenses incurred in pursuing any such action shall not be deducted from the SBA's 60% share of the recovered receivables.

The amount that the SBA is entitled to receive on account of the SBA's Allowed Secured Claim from the Trustee's collection activities shall be derived only from the collection of the Debtor's Receivables, and not from any monies remitted to the estate on account of any avoidance actions, claims of the Debtor against third parties, refunds for overpayment on insurance premiums or tax deposits, tax refunds, or any other sources unrelated to monies due and owing to the Debtor on account of services rendered by the Debtor to the entity that owes the Debtor money for said services.

**1.2. The Trustee's Release.** Except as expressly provided in this Agreement, the Trustee does hereby forever release and discharge the SBA and any of its agents, officers, managers, employees and attorneys from any actions, causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, awards, extents, executions,

claims and demands whatsoever, in law or in equity, or as a result of any arbitration, arising in connection with any act or omission which the Trustee ever had, now has or hereafter can, shall or may have, from the beginning of time through and including the date of execution of this Agreement arising out of or related to the SBA Loan.

**1.3. The SBA's Release.** Except as expressly provided in this Agreement, the SBA, on behalf of itself, its successors or assigns, does hereby forever release and discharge the Trustee and the bankruptcy estate of the Debtor, as well as its respective professionals, from any actions, causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, awards, extents, executions, claims and demands whatsoever, in law or in equity, or as a result of any arbitration, arising in connection with any act or omission which the SBA ever had, now has or hereafter can, shall or may have, from the beginning of time through and including the date of execution of this Agreement arising out of or related to the SBA Loan.

**1.4. Approval of Agreement.** The Trustee shall, at the earliest possible date, file a motion with the Bankruptcy Court seeking entry of an Order authorizing the Trustee to resolve the matters stated herein in accordance with the terms and conditions provided for in this Agreement (the "Approval Order").

## **2. Miscellaneous.**

**2.1. Cooperation, Further Assurances.** The Parties agree to execute and deliver such instruments and take such further actions as another party may, from time to time, reasonably request in order to effectuate the purposes and to carry out the terms of this Agreement.

**2.2. Entire Agreement.** This Agreement shall constitute the entire agreement among the Parties with respect to the subject matter hereof and shall supersede all prior negotiations,

agreements, arrangements and understandings, both oral and written, between the Parties with respect to such matter.

**2.3. Amendment.** This Agreement may not be amended or modified in any respect, except by the mutual written agreement of the Parties (and, if required, approved by the Bankruptcy Court).

**2.4. Waivers and Remedies.** The waiver by any of the Parties of any other Party's prompt and complete performance, or breach or violation, of any provision of this Agreement shall not operate nor be construed as a waiver of any subsequent breach or violation, and the waiver by any of the Parties of the right to exercise any right or remedy that it may possess hereunder shall not operate nor be construed as a bar to the exercise of any right or remedy by such Party upon the occurrence of any subsequent breach or violation.

**2.5. Governing Law.** The laws of the State of Maryland shall govern the rights and obligations of the Parties under this Agreement, as well as the interpretation and construction and enforceability thereof, and any issues relating to the transactions contemplated herein, without giving effect to the principles of conflicts of laws that would require the application of laws of another jurisdiction. The Parties acknowledge and agree that the Bankruptcy Court shall have the exclusive jurisdiction over this Agreement and that any claims arising out of or related in any manner to this Agreement shall be properly brought only before the Bankruptcy Court.

**2.6. Counterparts.** This Agreement may be executed in separate counterparts, each of which shall be an enforceable document, but all of which together shall constitute one and the same document. In the event that any signature is delivered by e-mail delivery of a ".pdf" format data file, such signature shall create a valid and binding obligation of the party executing with the same force and effect as if such ".pdf" signature page were an original thereof.

2.7. **Rule of Construction.** The Parties acknowledge that each Party and its counsel have reviewed this Agreement and the Parties hereby agree that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any amendments or exhibits hereto.

2.8. **Captions and Headings.** The captions, headings and titles in this Agreement are inserted only as a matter of convenience and for reference and in no way define or limit the scope of this Agreement, and shall not be used in construing this Agreement.

2.9. **Binding Effect.** This Agreement shall not be binding in any way upon the Parties unless (a) each Party executes and delivers the Agreement to the other and (b) the Approval Order is entered by the Bankruptcy Court.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

WITNESS

\_\_\_\_\_

 (SEAL)  
By: Craig B. Leavers, Trustee

WITNESS

\_\_\_\_\_  
(Signature)

Marchelle  
Bailey  
Digitally signed by  
Marchelle Bailey  
Date: 2023.10.10 12:55:13 (SEAL)  
By: Marchelle Bailey, General Attorney  
for the U.S. Small Business Administration

\_\_\_\_\_  
(Print Name)

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF MARYLAND  
(Baltimore Division)**

**In re:**

\*

**Case No. 23-11505-NVA**

**SMITH & SON'S CONTRACTING CO. INC.,**

\*

**(Chapter 7)**

**Debtor.**

\*

\* \* \* \* \*

**ORDER APPROVING SETTLEMENT AGREEMENT BY AND BETWEEN  
TRUSTEE AND U.S. SMALL BUSINESS ADMINISTRATION<sup>1</sup>**

Upon consideration of the Trustee's Motion for Approval of Settlement Agreement By and Between Trustee and U.S. Small Business Administration (the "Motion"), and no opposition to the Motion having been filed, and having determined that the proposed settlement at issue in the Motion is in the best interests of the Debtor's estate, it is, by the United States Bankruptcy Court for the District of Maryland,

ORDERED, that the Motion is hereby GRANTED; and it is further

ORDERED, that the terms of the settlement agreement dated as of October 10, 2023, attached to the Motion as Exhibit A (the "Settlement Agreement"), are hereby approved; and it is further

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<sup>1</sup> All capitalized terms in this Order shall have the same meaning as ascribed to them in the Motion unless otherwise defined herein.

ORDERED, that the SBA shall be and is hereby granted an allowed secured claim without having to file a proof of claim in the amount of sixty percent (60%) of the Debtor's Receivables collected by the Trustee, less the attorney's fees, costs and expenses incurred by the estate to collect the Debtor's Receivables (which includes drafting the Settlement Agreement and obtaining this Order), and in no event more than the amount of the SBA Payoff (the "SBA's Allowed Secured Claim"); and it is further

ORDERED, that the SBA shall be and is hereby granted a general unsecured claim without having to file a proof of claim in the amount of the difference between the SBA Payoff and the SBA's Allowed Secured Claim; and it is further

ORDERED, that Craig B. Leavers, the Chapter 7 trustee, may take any and all actions necessary and appropriate to effectuate and consummate the Settlement Agreement.

cc: Eric Steiner, Esq., *via CM/ECF*

Craig B. Leavers, Esq., *via CM/ECF*

Office of the United States  
101 West Lombard Street, Suite 2625  
Baltimore, Maryland 21201  
(*by first class mail*)

Smith & Son's Contracting Company, Inc.  
6407 Ford Smallwood Rd, Unit 1A  
Baltimore, Maryland 21226  
(*by first class mail*)

U.S. Small Business Administration  
ATTN: Marchelle Bailey, Esq., General Attorney  
200 W. Santa Anna Blvd., Suite 740  
Santa Anna, California 92701  
(*by first class mail*)

**END OF ORDER**



**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF MARYLAND  
(Baltimore Division)**

<b>In re:</b>	*	
		<b>Case No. 23-11505-NVA</b>
<b>SMITH &amp; SON'S CONTRACTING CO. INC.,</b>	*	
		<b>(Chapter 7)</b>
<b>Debtor.</b>	*	

\* \* \* \* \*

**NOTICE OF TRUSTEE'S MOTION FOR APPROVAL OF  
SETTLEMENT AGREEMENT BY AND BETWEEN TRUSTEE  
AND U.S. SMALL BUSINESS ADMINISTRATION**

PLEASE TAKE NOTICE that Craig B. Leavers, the Chapter 7 trustee in the above-captioned case (the "Trustee"), has filed a motion (the "Motion") seeking approval of a settlement by and between the Trustee and the U.S. Small Business Administration (the "SBA").<sup>1</sup>

Prior to the commencement of the above caption case, on or about June 10, 2020, the SBA extended a loan in the amount of \$150,000.00 to the Debtor (the "SBA Loan"). To secure the Debtor's obligations under the SBA Loan, the Debtor granted the SBA a security interest in, in pertinent part to this Bankruptcy Case and the Motion, the Debtor's deposit accounts (the "Debtor's Bank Accounts") and the Debtor's accounts receivable (the "Debtor's Receivables"). The security interest in the Debtor's Bank Accounts and Debtor's Receivables was noted in a financing statement filed with the Maryland State Department of Assessment and Taxation on June 18, 2020 (the "SBA's Financing Statement").

As of the date that the Debtor commenced this case (the "Petition Date"), the amount of money due and owing to the SBA under the SBA Loan was \$156,846.55 (the "SBA Payoff"). The Trustee has verified the amount of the SBA Payoff by review of the payment history provided by the SBA and the Debtor's books and records.

Also as of the Petition Date, according to its Schedule B, the Debtor's Receivables consists of \$244,963.17 of outstanding invoices that the Debtor deemed to be collectible.

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<sup>1</sup> A copy of the Motion with the Settlement Agreement can be viewed at <https://www.leaverslaw.com/trustee-cases>.

As to the Debtor's Bank Accounts, the Trustee has asserted that the SBA's security interest in the Debtor's Bank Accounts is not enforceable because the SBA does not have "control" over the deposit accounts as required by Md. Code Ann., Com. Law ("CL") §§ 9-203(b)(3)(D), 9-104(a). As to the Debtor's Receivables, the Trustee has asserted that the language of the SBA's Financing Statement is ambiguous as to whether the SBA has a security interest *in the proceeds* of the Debtor's Receivables. As such, the Trustee has asserted that, pursuant to 11 U.S.C. § 552(b)(1), the SBA does not have a security interest in the Debtor's Receivables received or collected by the Debtor post-petition.

The SBA has agreed that it does not have "control" over the Debtor's Bank Accounts as required by CL § 9-104(a) and therefore does not have an enforceable security interest in the Debtor's Bank Accounts. However, the SBA disagrees with the Trustee's reading of the SBA's Financing Statement as it pertains to the Debtor's Receivables. This disagreement has been resolved via a Settlement Agreement that is attached to the Motion as Exhibit A. That Settlement Agreement, in short, allows the Trustee to collect the Debtor's Receivables and allows the Trustee to keep for the estate forty percent (40%) of the receivables collected. The remaining sixty percent (60%), less the attorney's fees, costs and expenses incurred by the estate to collect the Debtor's Receivables, will be used to pay the SBA's secured claim. It further provides that the SBA will be granted an allowed secured claim without having to file a proof of claim in the amount of sixty percent (60%) of the Debtor's Receivables collected by the Trustee, less the attorney's fees, costs and expenses incurred by the estate to collect the Debtor's Receivables, and in no event more than the amount of the SBA Payoff (the "SBA's Allowed Secured Claim"). The SBA will be granted a general unsecured claim without having to file a proof of claim in the amount of the difference between the SBA Payoff and the SBA's Allowed Secured Claim.

The Trustee believes that the Settlement Agreement is in the best interest of the bankruptcy estate. The parties have exchanged information and documentation pertaining the SBA's security interest in the Debtor's Bank Accounts and the Debtor's Receivables. Upon review of the information and documents disclosed, and taking into consideration the defenses of the SBA, the cost of litigation and the likelihood of success on the merits, the Trustee believes that the Settlement Agreement is in the best interests of the bankruptcy estate. The Settlement Agreement is also in the best interest of the estate because it will provide funds for payment to the Debtor's creditors.

**NOTICE IS FURTHER GIVEN** that objections, if any, to this Settlement Agreement must be filed within twenty-one (21) days from the date of this Notice with the Office of the Clerk, United States Courthouse, United States Bankruptcy Court, 101 W. Lombard Street, Suite 8530, Baltimore, Maryland 21201. A copy of any objection must be served on the undersigned and upon the Office of the United States Trustee, 101 W. Lombard Street, Suite 2625, Baltimore, Maryland 21201. If objections are filed, they must contain a complete specification of factual and legal grounds upon which they are based. If no objections are timely filed, the Court may act upon the Settlement Agreement without conducting a hearing and approve the proposed Settlement Agreement without further notice. The Court, in its discretion, may conduct a hearing or determine the matter without a hearing regardless of whether an objection is filed. Parties desiring further information may contact the undersigned counsel.

Date: October 11, 2023

/s/ Craig B. Leavers  
Craig B. Leavers, Bar No. 26914  
The Law Offices of Craig B. Leavers, LLC  
P.O. Box 306  
Cockeysville, Maryland 21030  
Phone: (443) 318-4526  
Craig@LeaversLaw.com

*Attorney for Chapter 7 Trustee*

**CERTIFICATE OF MAILING**

I HEREBY CERTIFY that on the 11<sup>th</sup> day of October, 2023, a copy of the foregoing was served on the parties listed below by electronic service via CM/ECF:

Eric Steiner, Esq.  
Steiner Law Group, LLC  
115 Sudbrook Lane, Suite 206  
Baltimore, Maryland 21208  
*(Attorney for Debtor)*

And on the parties listed below by first class mail, postage prepaid:

Office of the United States  
101 West Lombard Street, Suite 2625  
Baltimore, Maryland 21201

Smith & Son's Contracting Company, Inc.  
6407 Ford Smallwood Rd, Unit 1A  
Baltimore, Maryland 21226  
*(Debtor)*

U.S. Small Business Administration  
ATTN: Marchelle Bailey, Esq., General Attorney  
200 W. Santa Anna Blvd., Suite 740  
Santa Anna, California 92701

Those creditors on the attached creditors matrix

/s/ Craig B. Leavers  
Craig B. Leavers

Label Matrix for local noticing  
0416-1  
Case 23-11505  
District of Maryland  
Baltimore  
Wed Apr 12 15:42:06 EDT 2023

Smith & Son's Contracting Company Inc.  
6407 - 1A Fort Smallwood Road  
Baltimore, MD 21226-1815

ABC Supply  
3924 Vero Road  
Baltimore, MD 21227-1510

AT & T/Fleet Complete  
P.O Box 6463  
Carol Stream, IL 60197-6463

AllSpark Electric  
4505 Willow View Street  
Hampstead, MD 21074-1219

American Express  
P.O. Box 1270  
Newark, NJ 07101-1270

Baltimore Gas & Electric Co.  
P.O. Box 13070  
Philadelphia, PA 19101-3070

Bank Of America, N.A.  
P.O. Box 660441  
Dallas, TX 75266-0441

Capital Concrete Foundations Inc.  
1654 Electric Avenue  
Crofton, MD 21114-2407

Capital One  
P.O. Box 71087  
Charlotte, NC 28272-1087

Charon Smith  
8131 Solley Road  
Pasadena, MD 21122-1110

Comcast Cable  
One Comcast Center  
1701 JFK Blvd.  
Philadelphia, PA 19103-2899

(p)COMPTROLLER OF MARYLAND  
BANKRUPTCY UNIT  
301 W PRESTON ST ROOM 409  
BALTIMORE MD 21201-2383

Home Depot  
P.O. Box 790340  
Saint Louis, MO 63179-0340

Johnson Lumber Co.  
P.O. Box 248  
Millersville, MD 21108-0248

Lowe s  
1000 Lowes Blvd.  
 Mooresville, NC 28117-8520

Maryland Air & Mechanical Services  
1123 Wharf Drivec  
Pasadena, MD 21122-2520

Michael Agro  
6319 Fort Smallwood Road  
Curtis Bay, MD 21226-1801

Pasadena Building Concepts Inc.  
580 A Street  
Pasadena, MD 21122-5012

Quill Corporation  
7 Technology Circle  
Columbia, SC 29203-9591

Quill LLC  
P.O. Box 37600  
Philadelphia, PA 19101-0600

RingCentral  
200 South College Street #2200  
Charlotte, NC 28202-2012

Sherwin Williams Co.  
7566 Ritchie Highway  
Glen Burnie, MD 21061-3797

Smith & Co. HVAC  
1211 St. Stephens Church Road  
Crownsville, MD 21032-2220

State of Maryland DLLR  
Division of Unemployment Insurance  
1100 N. Eutaw Street, Room 401  
Baltimore, MD 21201-2226

Statewide Septic & Backhoe Inc.  
P.O. Box 176  
Davidsonville, MD 21035-0176

Supervisor of Delin. Accts.  
Abel Wolman Municipal Building  
200 Holliday Street- Room #1 Bankruptcy  
Baltimore, MD 21202-3635

Tesla Electric  
10326 Lewis Drive  
Damascus, MD 20872-1714

Townsquare  
200 South Tryon Street #400  
Charlotte, NC 28202-0095

U.S. Attorney for the District of Md.  
36 S. Charles St.  
Baltimore, MD 21201-3020

U.S. Small Business Administration  
100 S. Charles St., Suite 1201  
Baltimore, MD 21201-2714

U.S. Small Business Administration  
409 3rd St. SW  
Washington, DC 20416-0005

Wells Fargo Auto  
P.O. Box 5265  
Sioux Falls, SD 57117-5265

Wells Fargo Bank, N.A.  
101 N. Phillips Ave.  
Sioux Falls, SD 57104-6714

Wells Fargo Bank, N.A.  
Small Business Lending Division  
P.O. Box 29482 MAC S4101-08C  
Phoenix, AZ 85038-9482

Wells Fargo Bank, N.A.  
c/o CSC Lawyers Inc. Svc. Co.  
7 St. Paul St.  
Suite 820  
Baltimore, MD 21202-1681

Wells Fargo SBL (credit line)  
P.O. Box 29482  
Phoenix, AZ 85038-9482

Wex Bank  
P.O. Box 6293  
Carol Stream, IL 60197-6293

Wrangler Plumbing/Heating  
7855 Belhaven Avenue  
Pasadena, MD 21122-3706

Craig B. Leavers  
P.O. Box 306  
Cockeysville, MD 21030-0306

Eric Steiner  
Steiner Law Group, LLC  
PO Box 17598  
Pmb 83805  
Baltimore, MD 21297-1598

The preferred mailing address (p) above has been substituted for the following entity/entities as so specified by said entity/entities in a Notice of Address filed pursuant to 11 U.S.C. 342(f) and Fed.R.Bank.P. 2002 (g)(4).

Comptroller of the Treasury  
Compliance Division, Room 409  
301 W. Preston Street  
Baltimore, MD 21201

The following recipients may be/have been bypassed for notice due to an undeliverable (u) or duplicate (d) address.

(u)Bay Stoves Hearth & Heat Inc.  
INVALID ADDRESS PROVIDED

End of Label Matrix	
Mailable recipients	40
Bypassed recipients	1
Total	41