

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

DELAWARE BSA, LLC,¹

Reorganized Debtor.

Chapter 11

Case No. 20-10342 (LSS)

Re: Case No. 20-10343, Dkt. Nos. 13420

Case No. 20-10342, Dkt. No. 138

**MEMORANDUM ORDER PROHIBITING DEDUCTION OF LIEN
ADMINISTRATION FEE FROM THE EXPEDITED DISTRIBUTION
AND REQUIRING ADDITIONAL DISTRIBUTION OF \$125.00**

By Order dated February 27, 2026, the Court, *sua sponte*, scheduled a Status Conference for April 14, 2026 regarding the BSA Settlement Trust's practice of deducting a \$125 lien administration fee ("Administration Fee") from payments made to the beneficiaries of the BSA Settlement Trust ("Trust").² Having considered the written submissions of Trustee³ and Claimant W.H.⁴ and having entertained and considered

¹ On March 13, 2026, the Court entered a final decree closing the chapter 11 case of Boy Scouts of America. *See* Case No. 20-10343, Docket No. 13530. Accordingly, this Order is being filed in the remaining case, Delaware BSA, LLC, Case No. 20-10342. Documents filed prior to March 13, 2026 remain on the docket of Case No. 20-10343. Case No. 20-10343 should be consulted, as necessary, for all previous filings.

² Order Scheduling Status Conference, Case No. 20-10343, Dkt. No. 13478.

³ Submission of the Honorable Barbara J. Houser (Ret.), in her Capacity as Trustee of the BSA Settlement Trust, in Response to the Court's Inquiries Concerning Lien Administration Fee Deductions from Claimants' Awards, Case No. 20-10343, Dkt. No. 13420; Supplemental Submission of the Honorable Barbara J. Houser (Ret.), in her Capacity as Trustee of the BSA Settlement Trust, in Response to the Court's Inquiries Concerning Lien Administration Fee Deductions from Claimants Awards, Case No. 20-10342, Dkt. No. 138.

⁴ W.H.'s Opposition to the Honorable Barbara J. Houser's (Ret) Response Concerning the Court's Inquiry Concerning Lien Administration Fee Deductions, Case No. 20-10343, Dkt. Nos. 13456 (sealed), 13457 (redacted).

argument, I conclude that Trustee erred in deducting the Administration Fee from claimants who made the Expedited Distribution election and order Trustee to make another distribution in the amount of \$125.00 to each such claimant. Further, because no attorney for any claimant receiving an Expedited Distribution brought this issue to my attention, I order that this additional distribution will not be subject to any attorneys' fees that would otherwise be contractually owed.

Background

Holders of Direct Abuse Claims against Boy Scouts of America had the option to elect a one-time payment in full satisfaction of their claims. This option was dubbed the Expedited Distribution election, which was made on the ballot submitted in connection with solicitation of Debtors' Plan.⁵ As defined in the Plan, Expedited Distribution means "a one-time Cash payment from the Settlement Trust of \$3,500.00, conditioned upon satisfaction of the criteria set forth in the Trust Distribution Procedures."⁶

On November 10, 2025, Claimant W.H. filed a Notice to Compel.⁷ In his filing, W.H. explains that he elected to receive the Expedited Distribution and represented that he had fulfilled all requirements to receive it. W.H. also represented that he had received two payments from the BSA Settlement Trust toward the Expedited Distribution: an initial payment in the amount of \$2,535.00 and a subsequent payment in the amount of \$825.00

⁵ Third Modified Fifth Am. Chapter 11 Plan of Reorganization (with Technical Modifications) for Boy Scouts of America and Delaware BSA, LLC ("Plan"), Case No. 20-10343, Dkt. No. 10316-1. Any terms not defined herein have the meaning set forth in the Plan. For a fulsome discussion of the Expedited Distribution election, see *In re Boy Scouts of America and Delaware BSA, LLC*, 2024 WL 459571 (Bankr. D. Del. Feb. 5, 2024) ("Expedited Distribution Opinion"), *aff'd*, 772 F. Supp. 3d (D. Del. 2025) *appeal docketed*, No. 25-1826 (3d Cir. May 1, 2025).

⁶ Plan, Art. I.A.126, Dkt. No. 10316-1.

⁷ Case No. 20-10343, Dkt Nos. 13252 (sealed), 13253 (redacted).

leaving \$125.00 remaining. It is undisputed that Trustee deducted/withheld the Administration Fee from her payment to W.H. It is also undisputed that the Administration Fee was charged to all holders of Direct Abuse Claims for the work performed by the Trust's lien resolution administrator who Trustee engaged to research certain statutory healthcare lien claims. W.H. questioned the propriety of the deduction of the Administration Fee and demanded the remainder of his Expedited Distribution.

I heard the matter on January 20, 2026⁸ and granted W.H.'s motion. As explained in my order dated January 28, 2026,⁹ Trustee's counsel could not point to any provision of the Plan that permits Trustee to deduct the Administration Fee from the Expedited Distribution and thus pay holders of Direct Abuse Claims who elected the Expedited Distribution anything less than \$3,500.00. I also ordered Trustee to make a submission explaining her authority to deduct the Administration Fee from distributions made to other holders of Direct Abuse Claims.

Discussion

Article 4, section 4.6 of the BSA Settlement Trust Agreement addresses Medicare Reimbursement and Reporting Obligations. It requires the Trust to register as a Registered Reporting Entity under section 111 of the Medicare, Medicaid, and SCHIP Extension Act of 2007 ("MMSEA"). It also requires the Trust "at its sole expense [to] timely submit all reports that are required under MMSEA on account of claims settled, resolved, paid or otherwise liquidated by the Trust or with respect to contributions to the Trust."¹⁰ Finally,

⁸ Hr'g Tr. 11:4-20, Jan. 20, 2026, Case No. 20-10343, Dkt. No. 13405.

⁹ Order Regarding W.H., Case No. 20-10343, Dkt. No. 13408.

¹⁰ BSA Settlement Trust Agreement, Art. 4, § 4.6(b).

the BSA Settlement Trust Agreement provides that before making a distribution to a beneficiary (as relevant here, a holder of a Direct Abuse Claim), Trustee “shall obtain a certification that said Beneficiary . . . has provided or will provide for the payment and/or resolution of any obligations owing or potentially owing” on account of asserted healthcare liens.¹¹

While she was not required to do so, Trustee represents that she retained a lien resolution administrator to determine whether any claimant’s payout is subject to a statutory healthcare lien. Trustee also negotiated the Administration Fee for these services, which she represents (and there is no reason to doubt) is a very favorable rate. Trustee argues that because the BSA Settlement Trust Agreement is silent as to whether the Trust should bear the cost associated with determining the existence of a lien, she used her discretion to impose the Administration Fee on all holders of Abuse Claims regardless of the method of liquidation.¹² Trustee believes this approach comports with Article IV.B.1 of the Plan, which requires that claimants be treated “in a fair, consistent, equitable manner.”¹³

¹¹ *Id.* § 4.6(c).

¹² The other two options for liquidating Direct Abuse Claims are the use of the Claims Matrix or the Independent Review Option (“IRO”).

¹³ Article IV.B.1 provides:

1. The purposes of the Settlement Trust shall be to assume liability for all Abuse Claims, to hold, preserve, maximize and administer the Settlement Trust Assets, and to direct the processing, liquidation and payment of all compensable Abuse Claims in accordance with the Settlement Trust Documents. The Settlement Trust shall resolve Abuse Claims in accordance with the Settlement Trust Documents in a fair, consistent, equitable manner, and on a pro rata basis, in compliance with the terms of the Settlement Trust Documents and to the extent of available Settlement Trust Assets.

I disagree. Trustee is correct that the BSA Trust Settlement Agreement does not specify who will pay for any lien administration process Trustee puts in place. But, that appears to be because the BSA Trust Settlement Agreement does not contemplate or require Trustee to undergo that process. Rather, as shown above, the BSA Trust Settlement Agreement only provides for the Trust to register and report. It does not require Trustee to ensure healthcare liens are paid. Instead, it puts the onus on the claimant who must supply Trustee with a certification before he can receive a distribution.

Further, Trustee's reliance on Article IV.B.1 of the Plan is misplaced. Article IV.B.2 of the Plan provides that if there is any ambiguity or conflict between the BSA Settlement Trust Agreement and the Plan, the Plan controls.¹⁴ Assuming for the sake of argument that silence in the BSA Settlement Trust Agreement can equate to ambiguity, that ambiguity is resolved by reference to the Plan. Article I.A.126 is straightforward—it provides that “Expedited Distribution means a one-time payment from the Settlement Trust of \$3,500.00, conditioned upon satisfaction of the criteria set forth in the Trust Distribution Procedures.” The Plan does not permit the Expedited Distribution to be reduced because of the Administration Fee or otherwise.¹⁵

¹⁴ Article IV.B.2. provides:

2. In the event of any ambiguity or conflict between the terms of the Settlement Trust Agreement or any related document required or provided for under the Settlement Trust Documents (other than the Confirmation Order), on the one hand, and the terms of the Plan and the Confirmation Order, on the other hand, the terms of the Plan and the Confirmation Order shall control, notwithstanding that the Settlement Trust Agreement and related documents required or provided for under the Settlement Trust Documents may be incorporated in or annexed to the Plan or the Confirmation Order.

¹⁵ Indeed, it could be argued that the reduction of the Expedited Distribution is an amendment to the Plan, which is not permissible. *See Expedited Distribution Opinion.*

While I do not doubt Trustee's good faith in instituting a process to efficiently address healthcare liens at a favorable fee, the Administration Fee cannot reduce the amount of the Expedited Distribution. As such, it must be absorbed by the Trust.¹⁶ The fairness argument is unavailing in light of the clear dictate of the Plan.¹⁷

Finally, as stated above, this matter was brought to my attention by W.H., who is representing himself, *pro se*. This additional distribution was not the result of work by any attorney, all of whom seem to be satisfied with Trustee's assessment and the reduction of the Expedited Distribution to their clients. To permit an attorney to receive a contingent fee in these circumstances would result in the collection of an unreasonable fee.

THEREFORE, IT IS HEREBY ORDERED THAT:

1. Trustee shall issue a one-time payment of \$125 ("Additional Distribution") to holders of Direct Abuse Claims who elected the Expedited Distribution and did not receive the full payment of \$3,500.00 as a result of the assessment of the Administration Fee.

2. Attorney(s) and/or law firm(s) who currently represent or previously represented holders of Direct Abuse Claims who elected the Expedited Distribution shall not be entitled to any portion of the Additional Distribution.

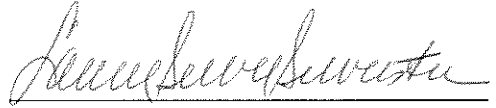
¹⁶ Trustee represents that the amount the Trust will need to absorb is "over \$800,000." To date, the Trust has paid out \$789,173,594 to claimants who chose to liquidate their claims through the Matrix Process and the Independent Review Option.

¹⁷ I make no ruling on the propriety of the deduction of the Administration Fee from those claimants who chose the Claims Maxtrix or IRO methods to liquidate their respective claims. No such claimant has raised that issue with me and those claimants are not entitled to a set amount under the Plan. Further, in her Supplemental Submission, Trustee represents that she has changed the lien resolution process for those claimants at the request of certain of their counsel. Rather than automatically relying on Trustee's lien resolution administrator, the new procedure offers those claimants three options to resolve any potential healthcare liens: a) the LRA Global Pathway; b) the LRA Traditional Pathway; and c) the Certification Pathway (all as set forth in the Supplemental Submission). Similarly, I make no ruling on this new process.

3. Trustee shall include a copy of this Order with the Additional Distribution if made to an attorney or law firm on behalf of his/its client.

4. The Court specifically retains jurisdiction to interpret and enforce this Order.

Dated: May 14, 2026


LAURIE SELBER SILVERSTEIN
United States Bankruptcy Judge