**SO ORDERED.**

**SIGNED this 1 day of April, 2026.**

**Joseph N. Callaway**
**United States Bankruptcy Judge**

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**UNITED STATES BANKRUPTCY COURT**
**EASTERN DISTRICT OF NORTH CAROLINA**
**NEW BERN DIVISION**

**IN RE:**

**JSMITH CIVIL, LLC,**

**DEBTOR.**

**CASE NO. 23-02734-5-JNC**
**CHAPTER 11**

| | |
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| **JSMITH CIVIL, LLC,**<br><br>***Plaintiff*,**<br><br>**vs.**<br><br>**SYNERGI PARTNERS, INC.,**<br><br>***Defendant*.** | **AP NO. 25-00160-5-JNC** |

**ORDER APPROVING SETTLEMENT AND COMPROMISE WITH SYNERGI PARTNERS, INC.**

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**THIS MATTER** coming before the Court upon the Motion for Approval of Settlement and Compromise with Synergi Partners, Inc. [BK D.E. 595; AP D.E. 13], as modified, amended, and supplemented by the Amended Notice of Motion for Approval of Settlement and Compromise with Synergi Partners, Inc. [BK D.E. 599; AP D.E. 14], and the Supplement Motion for Approval of Settlement and

Compromise with Synergi Partners, Inc. [BK D.E. 600; AP D.E. 15] (collectively, the "Settlement Motion") filed by Debtor-Plaintiff JSMITH CIVIL, LLC ("JSmith"), seeking approval of the settlement and compromise reached with Defendant SYNERGI PARTNERS, INC. ("Synergi") (JSmith and Synergi are collectively referred to herein as, the "Parties" and individually as, "Party"), regarding the claims for relief asserted in the above-captioned adversary proceeding.

The Parties desire to fully compromise, finally settle, and fully release all claims, disputes and differences against one another and have a Synergi agreed to resolve this matter as set forth herein. The entry of this Order, however, constitutes neither a retraction by JSmith of any claims made against Synergi nor an admission of any liability and/or any wrongdoing by either.

Based upon the record, and based upon the agreement reached between the Parties, the Court makes the following **FINDINGS OF FACT** and **CONCLUSIONS OF LAW**:

1. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Likewise, this Court possesses the authority to hear and adjudicate this matter pursuant to the General Order of Reference entered by the United States District Court for the Eastern District of North Carolina on August 3, 1984.

2. JSmith, a limited liability company organized and existing under the laws of the State of North Carolina, filed a voluntary petition with the United States Bankruptcy Court for the Eastern District of North Carolina (the

"Bankruptcy Court") seeking relief under chapter 11 of the Bankruptcy Code on September 19, 2023 (the "Petition Date"), BK Case No. 23-02734-5-JNC (the "Bankruptcy Case").

3. Prior to the commencement of the Bankruptcy Case, Synergi and JSmith entered into a Client Services Agreement dated May 20, 2022 (the "Agreement"), pursuant to which Synergi provided services related to identification and determination of eligibility for Employee Retention Tax Credits (the "Tax Credits") allowed by the Coronovirus Aid Relief and Economic Stimulus Act. Pursuant to the terms of the Agreement, Synergi invoiced JSmith for fees due totaling $404,352.58 ("JSmith Fees"), via Invoices number 1918765, 1918766, 1919276, and 1919277 (collectively the "Invoices"). Additionally, pursuant to the Agreement, Synergi provided its services for an affiliate of JSmith, JSE Enterprises, LLC ("JSE"), and invoiced JSE for fees due totaling $155,307.26 ("JSE Fees") via the Invoices.

4. On or about August 9, 2022, JSmith submitted a check to Synergi totaling $279,964.92 (the "Transfer"), of which $202,176.29 was for JSmith Fees and $77,788.63 was for JSE Fees, leaving $279,964.92 as the balance (the "Remaining Balance") owed on the Invoices.

5. Following the filing of the Bankruptcy Case, Synergi filed a proof of claim number 52 (the "Proof of Claim") for the Remaining Balance.

6. On September 12, 2025, JSmith commenced an adversary proceeding against Synergi with the Bankruptcy Court, Adv. Pro. No. 25-00160-5-JNC (the

"Adversary Proceeding"), by and through the filing of a Complaint [D.E. 1], alleging that the Transfer was avoidable under the 11 U.S.C. §§ 544 and 548; N.C. Gen. Stat. § 39-23.1 *et seq*., as well as claims for Recovery and Preservation for the Benefit of the Estate pursuant to 11 U.S.C. § 550.

7. On November 3, 2025, JSmith also filed an Objection to the Proof of Claim, submitted by Synergi (the "Claim Objection"), alleging that Synergi's Proof of Claim for the Remaining Balance should be disallowed.

8. Synergi denies all of the allegations contained in the Adversary Proceeding and opposes the relief in the Claim Objection.

9. Both the Adversary and the Claim Objection are based, in part, on a determination by an Order on Motion for Summary Judgment entered on August 8, 2025, and its accompanying Memorandum Opinion on Order Granting Summary Judgment entered on August 22, 2025 (collectively the "Order"), filed in a separate adversary proceeding, *JSmith Civil, LLC vs. United States of America*, Adversary Proceeding 24-00004-5 (the "IRS Adversary Proceeding"), in which this Court determined that JSmith was not entitled to the Tax Credits.

10. JSmith timely filed an appeal of the Order to the United States District Court, Eastern District of North Carolina, No. 5:25-cv-00513-D (the "Appeal"), which remains pending.

11. Following commencement of the Adversary Proceeding, the Parties engaged in negotiations and settlement discussions, which culminated in a resolution of the issues and controversies in the Adversary Proceeding and the

Claim Objection, including any and all of which have been, or could have been, asserted by and against the Parties (collectively, the "Claims"), memorialized in the *Settlement Agreement and Release of Claims* (the "Settlement Agreement"), a fully-executed copy of which was attached to the Settlement Motion as Exhibit 1 and is incorporated herein by reference.[1]

12. Based upon the foregoing, and the record in the Bankruptcy Case and the Adversary Proceeding, the settlement and resolution memorialized in the Settlement Agreement is a sound exercise of the business judgment of JSmith, and is otherwise in the best interests of the JSmith, the bankruptcy estate, creditors, and parties interest, and should be approved pursuant to Fed. R. Bankr. P. 9019.

**NOW THEREFORE,** based on the foregoing, including the agreement of the Parties memorialized in the Settlement Agreement, **IT IS HEREBY ORDERED, ADJUDGED, and DECREED** as follows:

1. The Settlement Motion is **GRANTED** and the compromise and settlement with Synergi memorialized in the Settlement Motion and accompanying Settlement Agreement, is hereby **APPROVED**.

2. Within fifteen (15) calendar days of the entry of this Order, Synergi shall pay $77,788.63 (the "JSE Settlement Amount") to JSmith. The JSE Settlement Amount shall be made payable to "Buckmiller & Frost, PLLC IOLTA Trust Account," and delivered to Buckmiller & Frost, PLLC, Attn: Joseph Z. Frost, Esq., 4700 Six Forks Road, Suite 150, Raleigh, NC 27609. Synergi shall be entitled

[1] All capitalized terms used herein that are not otherwise defined shall have the

to file a proof of claim under 11 U.S.C. § 502(h) of the Bankruptcy Code in the Bankruptcy Case, as a nonpriority unsecured claim, for the JSE Settlement Amount.

3. Within fifteen (15) calendar days of the entry of this Order, Synergi shall escrow a total of Eighty-Two Thousand One Hundred Forty-Seven and 49/100 Dollars ($82,147.49) (the "JSC Settlement Funds") with Haynsworth Sinkler Boyd, P.A. ("HSB") to be held in HSB's trust account in accordance with this Settlement Agreement. The Settlement Funds shall be disbursed solely in accordance with Section 2.2.2 of the Settlement Agreement upon the entry of a Final Judgment in the IRS Adversary Proceeding. Further, Synergi's Proof of Claim shall be allowed as a nonpriority unsecured claim in an amount equal to the fee due for the Allocated Amount of the allowed Tax Credits.

4. Within ten (10) days following payment of the JSE Settlement Amount and JSC Settlement Funds, JSmith shall draft, prepare, and file any motions, stipulations, and any other papers or instruments necessary to effectuate a voluntary dismissal of all the Claims against Synergi set forth in the Complaint and in the Adversary Proceeding, with prejudice, with the Parties bearing their own costs and expenses, including attorneys' fees.

5. The Parties shall be authorized to execute any and all formal documents and undertake any additional measures in order to implement the terms and provisions of this Order, which will formalize the settlement and resolution of

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meaning set forth in the Settlement Agreement.

the Adversary Proceeding and provide the Parties with the requisite releases of any and all claims they may have against one another in the Adversary Proceeding.

6. The Court shall retain jurisdiction to interpret, construe, enforce, or resolve any disputes or controversies arising from or related to, this Order and the Settlement Agreement executed by the Parties.

**END OF DOCUMENT**