UNITED STATES BANKRUPTCY COURT FOR THE MIDDLE DISTRICT OF NORTH CAROLINA

Vicki L. Parrott, Chapter 7 Trustee for Prairie E&L Management, LLC v. Sandra Yeh, M.D., and Blue Daffodil, LLC

Parrott v. Yeh · No. Adv. Pro. No. 25-02016; Main Case No. 25-10087 · Decided April 10, 2026

SUMMARY

The United States Bankruptcy Court for the Middle District of North Carolina considers Sandra Yeh's Rule 12(b)(6) motion to dismiss an amended fraudulent-transfer complaint brought by the Chapter 7 trustee of Prairie E&L Management, LLC. The court dismisses the second cause of action, based on alleged insurance-policyholder triggering creditors, but otherwise denies the motion. The opinion addresses pleading standards under Rules 8, 9(b), and 12(b)(6), trustee standing under 11 U.S.C. § 544(b), and the North Carolina Uniform Voidable Transactions Act.

CASE DETAILS

COURT	United States Bankruptcy Court for the Middle District of North Carolina
WRITING FOR THE COURT	Mansori James
JURISDICTION	United States Bankruptcy Court for the Middle District of North Carolina
DECIDED	April 10, 2026
DOCKET	Adv. Pro. No. 25-02016; Main Case No. 25-10087
DISPOSITION	other
PROCEDURAL POSTURE	Defendant Sandra Yeh moved under Federal Rule of Civil Procedure 12(b)(6), as incorporated by Federal Rule of Bankruptcy Procedure 7012, to dismiss all three causes of action in the Trustee's amended complaint. The court granted the motion as to the second cause of action and denied it as to the first and third causes of action.
STANDARD OF REVIEW	On a Rule 12(b)(6) motion, well-pleaded factual allegations are accepted as true and viewed in the light most favorable to the plaintiff, but legal conclusions and conclusory assertions are not accepted as factual allegations. The complaint must contain enough factual matter to state a facially plausible claim. Fraud allegations are subject to Rule

	9(b), although the particularity requirements are relaxed for a bankruptcy trustee relying initially on secondhand information.
PRECEDENTIAL VALUE	Unknown

TOPICS

motions to dismiss · fraudulent transfer · adversary proceedings · bankruptcy · commercial litigation

PRACTICE AREAS

bankruptcy · fraudulent transfer · civil procedure · commercial litigation

QUESTIONS PRESENTED

1. Whether the amended complaint plausibly alleged that insurance policyholders could qualify as triggering creditors holding allowable unsecured claims under 11 U.S.C. § 544(b)(1) and the North Carolina Uniform Voidable Transactions Act.
2. Whether the amended complaint plausibly alleged actual fraudulent transfers or obligations under N.C. Gen. Stat. § 39-23.4(a)(1), including the property transferred, timing, consideration, badges of fraud, insolvency, lack of reasonably equivalent value, and a connection to Lindberg's broader scheme.
3. Whether the bankruptcy court was required to determine its constitutional authority to enter a final order at the motion-to-dismiss stage.

HOLDINGS

1. The amended complaint failed to plausibly allege that any insurance policyholder had a claim against the Debtor and therefore failed to establish a qualifying triggering creditor for the second cause of action under § 544(b)(1).
2. The amended complaint plausibly stated claims under N.C. Gen. Stat. § 39-23.4(a)(1) and 11 U.S.C. § 544(b)(1) based on insurance-company and trade-creditor triggering creditors.
3. The court did not need to determine its constitutional authority or the parties' consent because an order dismissing only one claim in a multi-claim adversary proceeding was not a final order.

KEY QUOTATIONS

> *"The Court finds the Amended Complaint, with respect to the First and Third Causes of Action, states a claim for actual fraudulent transfer under N.C. Gen. Stat. § 39-23.4(a)(1) and 11 U.S.C. § 544."*

> *"Conversely, the Court finds the Trustee has not sufficiently alleged the existence of a qualifying creditor for purposes of the Second Cause of Action."*

FACTUAL BACKGROUND

Prairie E&L Management, LLC was created by Greg Lindberg to acquire an Illinois optometry practice owned by Prairie Eye Center, Ltd., whose president and sole shareholder was Sandra Yeh. The parties agreed to a $25 million purchase price, and the Debtor paid approximately $12.54 million at closing, including approximately $10 million to Yeh, while incurring substantial debt to fund the transaction. The Trustee alleged that Lindberg used the acquisition as part of a broader scheme involving diverted insurance-company funds, inflated goodwill, sham or overleveraged transactions, and payments benefiting Lindberg personally. The Debtor allegedly operated at a loss after the acquisition, failed to make payments on its principal debt, and later filed for Chapter 7 bankruptcy.

PROCEDURAL HISTORY

The Chapter 7 trustee commenced the adversary proceeding on August 11, 2025, seeking under 11 U.S.C. § 544(b)(1) and the North Carolina Uniform Voidable Transactions Act to avoid transfers and obligations arising from the Debtor's purchase of an Illinois optometry practice. The court previously dismissed the original complaint without prejudice for failure to adequately plead badges of fraud and granted leave to amend. After the amended complaint asserted three causes of action based on different categories of triggering creditors, Yeh moved to dismiss. The court considered the motion and reply without oral argument, dismissed the policyholder-creditor claim, and allowed the remaining actual-fraudulent-transfer claims to proceed.

DISPOSITION

other

CASES CITED

- Mason v. Ivey, 498 B.R. 540 (M.D.N.C. 2013)
- Stern v. Marshall, 564 U.S. 462 (2011)
- Executive Benefits Insurance Agency v. Arkison, 573 U.S. 25 (2014)
- Wellness International Network, Ltd. v. Sharif, 575 U.S. 665 (2015)
- Kiviti v. Bhatt, 80 F.4th 520 (4th Cir. 2023)
- Bell Atlantic Corp. v. Twombly, 550 U.S. 544 (2007)
- Ashcroft v. Iqbal, 556 U.S. 662 (2009)
- Nemet Chevrolet, Ltd. v. Consumeraffairs.com, Inc., 591 F.3d 250 (4th Cir. 2009)
- Hall v. DIRECTV, LLC, 846 F.3d 757 (4th Cir. 2017)
- MSP Recovery Claims, Series LLC v. Lundbeck LLC, 130 F.4th 91 (4th Cir. 2025)
- Hongda Chem USA, LLC v. Shangyu Sunfit Chem. Co., 2016 WL 4703725 (M.D.N.C. Sept. 8, 2016)
- In re Whitley, 2013 WL 486782 (Bankr. M.D.N.C. Feb. 7, 2013)
- Cook v. United States (In re Yahweh Center, Inc.), 27 F.4th 960 (4th Cir. 2022)
- United States v. Miller, United States v. Miller, 604 U.S. 518 (2025)
- United States ex rel. Bunk v. Government Logistics N.V., 842 F.3d 261 (4th Cir. 2016)
- Sparkman v. Coley (In re Coley), 608 B.R. 625 (Bankr. E.D.N.C. 2019)
- Cherry Community Org. v. Sellars, 871 S.E.2d 706 (N.C. 2022)
- Alameda Research Ltd. v. Giles (In re FTX Trading Ltd.), 2024 WL 4562675 (Bankr. D. Del. Oct. 23, 2024)

- Geron v. Craig (In re Direct Access Partners, LLC), 602 B.R. 495 (Bankr. S.D.N.Y. 2019)
- O'Melveny & Myers v. FDIC, 512 U.S. 79 (1994)
- Krakauer v. Dish Network, L.L.C., 925 F.3d 643 (4th Cir. 2019)
