

STATE OF MICHIGAN

IN THE CIRCUIT COURT FOR THE COUNTY OF OAKLAND

IN RE MICHIGAN HEMATOLOGY-
ONCOLOGY, PC, et al,

Assignors.

2013-137010-CB

Case No. ~~2013-137010-CB~~

Hon. Wendy Potts

OPINION AND ORDER RE: MOTION TO COMPEL PAYMENT OF PROOF OF
CLAIM

At a session of Court
Held in Pontiac, Michigan

On

DEC 16 2014

Claimant Dr. Mirna Farhat moves the Court to compel the Assignee to pay her proof of claim. The Court is exercising its discretion to decide the motion without a hearing. MCR 2.119(E)(3).

Dr. Farhat claims that in September 2012 she signed a three-year employment agreement with Michigan Hematology-Oncology, P.C., but she did not begin working until July 2013. Her employment was terminated soon after Dr. Fata was charged with health care fraud in August 2013. Dr. Farhat is seeking \$192,165.52 she claims she is owed under her employment agreement.

In an Assignment for the Benefit of Creditors action, funds available for distribution must be applied in order of priority in MCL 600.5251(1). The statute places “labor debts entitled to preference under the laws of this state” third in line after payment of taxes and “costs of administration.” Because tax and administrative costs have higher priority than Dr. Farhat’s

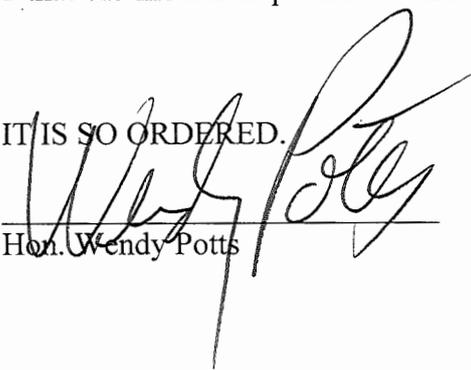
claim, and there no evidence that all of the tax and administration costs have been paid, it is premature for the Court to determine whether Dr. Farhat's claim has priority for payment.

Even if labor debts are the current highest priority payments, it is not clear based on the evidence presented whether Dr. Farhat's claim qualifies as a preferential labor debt under MCL 600.5251(1)(c). Dr. Farhat's claim relies on MCL 408.511, which states that when a business is placed in the custody of a receiver or trustee, "debts owing to or for the benefit of employees of the business . . . which have accrued by reason of their employment . . . are preferred claims." Dr. Farhat presents no evidence that Michigan Hematology owes her a debt that accrued by reason of her employment. She does not appear to be claiming earned wages and, in fact, the Assignee presents evidence that Dr. Farhat's earned wages were paid months ago. Rather, Dr. Farhat appears to be seeking contractual severance pay or contractual damages for wages she would have earned had her employment not terminated. Dr. Farhat presents no authority that an unliquidated breach of contract claim has priority under MCL 600.5251(1). While the Assignee does not object to payment of Dr. Farhat's severance pay, the amount she is claiming conflicts with the Assignee's calculations.

For all of these reasons, the Court concludes that the motion is premature and denies it without prejudice.

Dated: **DEC 16 2014**

IT IS SO ORDERED.



Hon. Wendy Potts