

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF LOUISIANA
LAFAYETTE DIVISION**

IN RE:	*	CASE NO. 16-50740
	*	
PROGRESSIVE ACUTE CARE, LLC, et al.	*	CHAPTER 11
	*	
DEBTORS	*	JUDGE ROBERT SUMMERHAYS
	*	
	*	JOINTLY ADMINISTERED
	*	

JOINT OBJECTION TO DEBTOR’S SUPPLEMENTAL MOTION

NOW INTO COURT, through undersigned counsel, come (a) The Schumacher Group of Louisiana, Inc., Iberia Physician Services, LLC, Iberia Emergency Group, LLC, Avoyelles Emergency Group, LLC, Winn Emergency Group, LLC and Allen Emergency Group, LLC (collectively, “The Schumacher Group”), (b) Sheridan Healthcare of Louisiana, Inc. (“Sheridan”) and (c) Parallon Business Solutions, LLC (“Parallon”), who file this Joint Objection to the sale of the Debtors’ assets as proposed in the *Supplemental Motion Under 11 U.S.C. §§ 363(b) and (f) and 365* (Dkt. #282) filed by the Debtors on August 25, 2016 (the “Supplemental Sale Motion”), and respectfully state:

OBJECTION TO PROPOSED ASSET SALE AND ANY AMENDMENTS THERETO

1.

The Schumacher Group, Sheridan and Parallon, which constitute a group of most of the largest creditors in these jointly-administered cases, filed a Joint Objection on August 16, 2016 to the Debtors’ sale of their assets as proposed in the *Motion Under 11 U.S.C. §§ 363(b) and (f) and 365* (Dkt. #183) submitted by the Debtors on July 14, 2016 (the “Original Sale Motion”).

2.

A final hearing on the Original Sale Motion and any objections to the Original Sale Motion is set for August 26, 2016 at 10:00 a.m.

3.

Less than 24 hours prior to the final hearing and with no prior notice to interested parties, Debtors filed the Supplemental Sale Motion which seeks to materially alter the terms of the Asset Purchase Agreement purportedly governing the sale of the Debtors' assets as previously submitted by the approved Stalking Horse Bidder.

4.

The Supplemental Sale Motion seeks to permit the Closing of the sale of the Debtors' assets based on the premise the Stalking Horse Bidder "will *likely* be able to obtain final funding. . . on or before September 30, 2016." (Dkt. #282, ¶ 5) (emphasis added).

5.

The Supplemental Sale Motion further seeks court approval to materially alter the terms of payment. Under the Asset Purchase Agreement, the Stalking Horse Bidder committed to a cash payment of \$10,550,000 at Closing. The Supplemental Sale Motion requests this payment term be modified to permit payment of \$10,050,000 (substantially all of the originally negotiated cash payment at closing) through a promissory note with a guarantor only liable for \$500,000 of the note. This change from a cash payment to a note payment presumably means that a note obligation to pay an amount in excess of \$9,500,000 is an obligation only of the Stalking Horse Bidder, which on information and belief remains only a shell company (a special purpose entity) with no assets to speak of.

6.

The Supplemental Sale Motion and Exhibit attached thereto do not provide a copy of the proposed promissory note, rendering the actual terms unknown. Debtors' only provide a summary of proposed terms and vaguely state it will include "such other provisions and terms as may be reasonably requested by Sellers. . .," leaving the terms even more anonymous. (Dkt. #282, ¶ 8(ii)).

7.

The Supplemental Sale Motion further contends these materially modified payment terms were negotiated "with the concurrence of the Committee." (Dkt. #282, ¶ 6). Assuming "the Committee" refers to the Unsecured Creditors Committee, Parallon, being the largest creditor scheduled by the Debtors as the holder of an unsecured claim, was not notified or consulted on the terms of the proposed Amendment. The Debtors' schedules show the Schumacher Group and Sheridan to be the holders of disputed secured claims, suggesting that the Debtors consider those entities to actually be the holders of unsecured claims; yet the Schumacher Group and Sheridan were likewise never informed nor consulted by the Debtors, SOLIC or the Committee of the significant changes in the terms of the purported Stalking Horse Bid.

8.

The late filing of this Supplemental Sale Motion combined with the material, yet uncertain, modification in payment terms lend further support to the primary bases of the Schumacher Group, Sheridan and Parallon's joint objection to the Original Sale Motion – concerns with the financial wherewithal of the Stalking Horse Bidder to perform and the ability of the Debtors to seek specific performance if the Stalking Horse Bidder fails to perform.

9.

For the foregoing reasons, the Schumacher Group, Sheridan and Parallon reurge their joint objection to the Original Sale Motion and further object to the Supplemental Sale Motion, each of which is not in the best interest of the creditors due to the unreliable terms of the Asset Purchase Agreement and the proposed Amendment. Moreover, the Debtors are attempting to bring the Supplemental Sale Motion, regardless of its alleged merits, for consideration by this Court on a timeframe (less than 24 hours notice) that plainly cannot satisfy the minimal requirements of procedural due process.

10.

The Schumacher Group, Sheridan and Parallon each reserve the right to further object on grounds pertinent to their respective individual situations to the proposed sale of the Debtors' assets.

11.

For these reasons, the Schumacher Group, Sheridan and Parallon pray that the sale of the Debtors' assets proposed in the Original Sale Motion and Supplemental Sale Motion be denied.

Filed this 26th day of August, 2016.

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that, on the 26th day of August, 2016, the foregoing *Joint Objection to Debtors' Supplemental Motion* has been filed electronically with the Clerk of Court using the CM/ECF system and notice of this filing has been sent to all parties or counsel of record who have registered to receive electronic service via the Court's ECF Filing System. I further certify that, on the same date, the above-mentioned filing was also sent to the following persons via electronic mail:

- J. Eric Lockridge (eric.lockridge@keanmiller.com);
- Boris I. Mankovetskiy (bmankovetskiy@sillscummis.com);
- Andrew H. Sherman (asherman@sillscummis.com);
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- Noel Steffes Melancon (nsteffes@steffeslaw.com);
- William E. Steffes (bsteffes@steffeslaw.com);
- Office of U.S. Trustee (USTPRegion05.SH.ECF@usdoj.gov);

and to the following via United States First Class Mail, postage prepaid and properly addressed:

Progressive Acute Care, LLC
Post Office Box 5309
Abita Springs, LA 70420

Stephen D. Wheelis
Richard A. Rozanski
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P.O. Box 13199
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Lafayette, Louisiana, this 26th day of August, 2016.

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