UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
LAFAYETTE DIVISION

IN RE:	Case No. 16-50740
PROGRESSIVE ACUTE CARE, LLC, et al.	Chapter 11
	Jointly Administered

OBJECTION BY THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS TO MOTION TO COMPEL DEBTORS TO DISTRIBUTE SALE PROCEEDS TO BUSINESS FIRST BANCSHARES, INC.

The Official Committee of Unsecured Creditors (the "Committee") of Progressive Acute Care, LLC ("PAC"), Progressive Acute Care Avoyelles, LLC ("PAC Avoyelles"), Progressive Acute Care Oakdale, LLC ("PAC Oakdale"), and Progressive Acute Care Winn, LLC ("PAC Winn," and collectively with PAC, PAC Avoyelles, and PAC Oakdale, the "Debtors") object to the motion by Business First Bancshares, Inc. d/b/a Business First Bank (the "Business First") to compel the Debtors to distribute the cash proceeds of sale of certain estate assets to Business First (the "Motion"), and respectfully states as follows:

PRELIMINARY STATEMENT

Business First seeks to compel the Debtors to pay it over $10.3 million prior to the filing of a Chapter 11 plan and disclosure statement in these cases. The Motion should be denied because the Bankruptcy Code does not authorize the pre-confirmation distribution of funds to creditors whose claims are disputed, and the Court lacks statutory authority to compel a debtor to make an involuntary distribution to creditors holding disputed claims. The Committee has challenged the validity, extent and priority of Business First's alleged secured claims through the filing of an adversary proceeding in these cases. Pending a resolution of that adversary

proceeding and confirmation of a plan in these cases, Business First should not be paid on account of its claims herein.

The Motion should also be denied because the relief Business First seeks would constitute an impermissible *sub rosa* plan. Disbursement of more than $10.3 million to Business First prior to the determination of Business First's liens would effectively gut the assets of these estates without affording the general unsecured creditors and other constituencies in these cases the procedural protections of the reorganization process. This compelled payment would effectively dictate the terms of any future reorganization plan, an outcome proscribed by Fifth Circuit case law. Moreover, if permitted, the distribution may cause the Debtors' estates to become administratively insolvent and would jeopardize the Committee's ability to prosecute the adversary proceeding to conclusion on the merits.

Effectively, Business First requests that this Court compel payment of more than $10 million when information critical to the Debtors' reorganization process remains unknown. At this time, there has yet to be a determination of all secured claims consistent with section 506 of the Bankruptcy Code or a calculation of the net sale proceeds available to fund distributions to all creditors in these cases.[1] The extent of all priority and post-petition administrative claims is unknown because an administrative bar date has yet to be established and no estimation has been made of the funds necessary to implement and confirm a plan consistent with sections 1123 and 1129 of the Bankruptcy Code. These essential elements of the chapter 11 process and the Bankruptcy Code must be addressed prior to the disbursement of funds to pre-petition creditors.

Accordingly, the Committee respectfully requests that the Motion be denied.

[1] As of the date hereof, the purchase price for the Debtors' assets has not yet been paid by the Purchaser.

BACKGROUND

1. On May 31, 2016 (the "Petition Date"), the Debtors each filed a voluntary petition for relief under Chapter 11 of Title 11 of the United States Code ("Bankruptcy Code") in the United States Bankruptcy Court for the Western District of Louisiana (the "Court").

2. No trustee has been appointed in the Debtors' Chapter 11 cases and the Debtors continue in the possession of their respective property and the operation of their respective businesses as debtors-in-possession pursuant to 11 U.S.C. §§ 1107(a) and 1108.

3. The Debtors' chapter 11 cases are being jointly administered before the Court.

4. PAC owns all outstanding membership interests, including all economic and non-economic rights, in PAC Avoyelles, PAC Oakdale, and PAC Winn (collectively, the "Operating Debtors").

5. On the Petition Date, PAC Avoyelles owned and operated a hospital in Marksville, Louisiana, PAC Oakdale owned and operated a hospital in Oakdale, Louisiana, and PAC Winn owned and operated a hospital in Winnfield, Louisiana.

6. In addition to owning all membership interests in the Chapter 11 Debtors, PAC also owns all outstanding membership interests, including all economic and non-economic rights, in PAC Dauterive.

7. PAC Dauterive filed a voluntary petition for relief under Chapter 7 of the Bankruptcy Code in this Court on the Petition Date. The PAC Dauterive chapter 7 bankruptcy case is being separately administered in this Court under Case No. 16-50739.

8. From approximately May 1, 2013 through January 2016, PAC Dauterive owned and operated Dauterive Hospital in New Iberia, Louisiana.

PAC's Acquisition and Sale of Dauterive Hospital

9. PAC Dauterive acquired the Dauterive Hospital on May 1, 2013 (the "Dauterive Purchase").

10. The Dauterive Purchase, related obligations, and simultaneous payments of outstanding loans to Business First in the name of PAC were financed with the proceeds of (i) a promissory note in the principal amount of $20,700,000 between the Debtors and PAC Dauterive as borrowers and Business First as lender dated April 30, 2013 (as amended, the "Term Note") and (ii) a promissory note in the principal amount of $3,000,000 between the Debtors and PAC Dauterive as borrowers and Business First as lender dated April 30, 2013 (as amended, the "LOC Note," and together with the Term Note, the "Notes").

11. The Notes were purportedly cross-collateralized and secured by a multiple indebtedness mortgage and a commercial security agreement, among other documents, granting liens and/or security interests in substantially all of the Debtors' and PAC Dauterive's respective real and personal property (the "Security Grants").

12. As a result of the Operating Debtors' entry into the Notes and Security Grants, the Operating Debtors' liabilities increased without a corresponding reasonably equivalent benefit to the Operating Debtors, and assets that otherwise would have been available to satisfy claims of the Operating Debtors' creditors other than Business First were pledged to Business First.

13. The Operating Debtors became jointly and severally liable for the payment of more than $20 million without receiving concomitant benefits and, upon information and belief, lacked the ability to service such debt obligations.

14. Dauterive Hospital was a significant financial burden on PAC and the Operating Debtors.

15. In or about January 2016, PAC Dauterive sold the Dauterive Hospital (the "Dauterive Sale") for an amount significantly less than the price paid in 2013.

16. The proceeds of the Dauterive Sale were and used to pay down outstanding loan obligations to Business First under the Notes (the "Sale Payment").

17. Business First alleges that, after application of the Sale Payment, more than $10.3 million remains due under the Notes.

Sale of the Debtors' Hospitals

18. By order dated September 30, 2016 (the "Sale Order"), this Court approved the sale of the Debtors' hospitals to Central Louisiana Hospital Group, LLC (the "Purchaser"). At Closing, the Debtors received from the Purchaser a secured promissory note in the principal amount of $10,050,000 that is due and payable on or before October 17, 2016.

19. The Sale Order expressly provides that the Purchaser "shall make payment to the Debtors (and only to the Debtors) of all amounts due" under the promissory note issued by the Purchaser for payment of the purchase price (the "Wraparound Note"), and only the interest due under the Wraparound Note is to be remitted by the Debtors to Business First, "as and when due to be paid to Business First." Sale Order, p. 4 (emphasis added).

20. The assets sold to the Purchaser were not sold free and clear of any valid lien held by Business First. Rather, the Sale Order provides that, upon payment of the Wraparound Note, Business First's liens, if any, in the assets and assumed contracts sold to the Purchaser will be released and cancelled, with such liens to attach to the proceeds of the sale with the same validity, extent, rank, and priority they had against the assets and contracts themselves. Sale Order, p. 4.

21. The Sale Order reserved the right of the Debtors, the Committee and any other party in interest to challenge Business First's liens.

> Nothing in this Order shall be deemed an admission, acknowledgment, or allowance of the validity, extent, rank, or priority of any liens, claims, or interests that may attach to the proceeds of the Sale, and any and all rights, claims, defenses, and other challenges of the Debtors, the Official Committee of Unsecured Creditors, or any other parties-in-interest with respect to the validity, extent, rank, or priority of such liens, claims, or interests are hereby expressly preserved.

Sale Order, p. 6.

The Adversary Proceeding

22. On or about October 11, 2016, the Committee commenced an adversary proceeding against Business First that seeks, *inter alia*, to avoid Business First's liens, determine the extent, validity and priority of Business First's liens, and surcharge of Business First's collateral, if any.

23. Through the Motion, Business First seeks to compel the Debtors to pay the entire indebtedness allegedly remaining due under the Notes through turnover of substantially all of the proceeds the Debtors received from sale of the Debtors' hospitals. For the reasons set forth herein, the Motion should be denied.

OBJECTION

I. DISTRIBUTION OF ESTATE CASH IS PREMATURE

A. THE BANKRUPTCY CODE DOES NOT PERMIT PAYMENT OF A SECURED CLAIM PRIOR TO PLAN CONFIRMATION UNDER THE CIRCUMSTANCES OF THESE CASES

24. It is well settled that distributions to creditors in Chapter 11 bankruptcy cases should not occur except pursuant to a confirmed plan of reorganization that has been properly presented and approved, absent extraordinary circumstances. *In re TPOP, LLC*, 2015 Bankr. LEXIS 306, 17-18 (Bankr. D. Del. Jan. 30, 2015) (immediate payment of secured claim denied where debtor had affirmative defenses, set-offs, and counterclaims that may reduce the amount of the secured claim); *Rosenberg Real Estate Equity Fund III v. Air Beds, Inc. (In re Air Beds,*

Inc.), 92 B.R. 419, 422 (B.A.P. 9th Cir. 1988) (bankruptcy court abused its discretion by permitting distribution of sale proceeds, since doing so circumvents the provisions of the Bankruptcy Code for the administration of a case under Chapter 11); *In re Conroe Forge & Mfg. Corp*., 82 B.R. 781, 785 (Bankr. W.D. Pa. 1988)("If distribution is made to creditors in a liquidating Chapter 11 before confirmation of a plan there will be little incentive for parties in interest to prosecute the case in an expeditious manner much less to perform the work required to issue and obtain approval of a disclosure statement and plan.").

25. Bankruptcy Rule 3021 provides that "[a]fter confirmation of a plan, distribution shall be made to creditors whose claims have been allowed ...." (emphasis added). Pre-confirmation distribution of assets is generally not permitted even in liquidating Chapter 11 cases. *Conroe,* 82 B.R. at 785, citing *In re Jartran, Inc*., 71 B.R. 938, 942 & n.6 (Bank. N.D. Ill. 1987) (rejecting argument that because debtor's case was a liquidating Chapter 11 it should be treated as a Chapter 7 for distribution purposes). "[I]f distribution of assets occurs before confirmation, there will exist no means by which a plan may be implemented, which would violate section 1123(a)(5) of the Bankruptcy Code." *Conroe,* 82 B.R. at 785; 11 U.S.C. § 1123(a)(5) (requiring a plan to provide adequate means for implementation).

26. Bankruptcy Rule 3021 expressly provides that distribution pursuant to a Chapter 11 plan is authorized only with respect to "allowed" claims. The amount of Business First's allowed claim has not been determined and is being affirmatively challenged by the Committee. The Committee has commenced an adversary proceeding against Business First that seeks, *inter alia*, avoidance of Business First's liens, determination of the extent, validity and priority of Business First's liens, and surcharge of Business First's collateral, if any.

27. The Bankruptcy Code does not authorize this Court to compel distributions to creditors prior to plan confirmation. "At least when a party in interest objects, a bankruptcy court cannot issue orders that bypass the requirements of Chapter 11, such as disclosure statements, voting, and a confirmed plan, and proceed to a direct reorganization on the terms the court thinks best, no matter how expedient that might be." *State Dep't of Taxation v. Swallen's, Inc. (In re Swallen's, Inc.)*, 269 B.R. 634, 638-39 (6th Cir. BAP 2001).

28. Similarly, this Court's equitable powers under section 105(a) of the Bankruptcy Code do not authorize the Court to direct the Debtors to make an involuntary distribution to Business First. In *Official Comm. of Equity Security Holders v. Mabey*, 832 F.2d 299, 302 (4th Cir. 1987), the Fourth Circuit reversed a case in which the bankruptcy court, in reliance upon its equitable powers under Section 105(a), set up a special fund to pay certain unsecured claims before any plan had been confirmed. Rejecting all such distributions, the Fourth Circuit stated:

> 11 U.S.C. § 1121 provides for the filing of a plan of reorganization. Sections 1122-1129 set forth the required contents of a plan, the classification of claims, the requirements of disclosure of the contents of the plan, the method for accepting the plan, any modification thereof, the hearing required on confirmation of the plan and the requirements for confirmation. The clear language of these statutes, as well as the Bankruptcy Rules applicable thereto, does not authorize the payment in part or in full, or the advance of monies to or for the benefit of unsecured claimants prior to the approval of the plan of reorganization. The creation of the Emergency Treatment Program has no authority to support it in the Bankruptcy Code and violates the clear policy of Chapter 11 reorganizations by allowing piecemeal, pre-confirmation payments to certain unsecured creditors. Such action also violates Bankruptcy Rule 3021 which allows distribution to creditors only after the allowance of claims and the confirmation of a plan.

Id. Section 105(a) does not permit this Court to "creat[e] a hybrid creature not recognized by the Bankruptcy Code: a Chapter 7 without the protections of a trustee, or a Chapter 11 without the protections of a confirmed plan." *Id.*

29. Distribution of sale proceeds should not occur outside a confirmed plan of reorganization unless there is a showing of extraordinary circumstances. If a debtor's sale of

assets outside a plan of reorganization is permissible only under limited circumstances, distribution of sale proceeds will require, at minimum, a showing of similar immediate need. *Conroe*, 82 F.2d at 786-87.

30. Business First has articulated no basis upon which immediate payment of the net proceeds of sale would be required to afford it adequate protection nor why substitution of liens would not suffice. Business First's interest in the value of its collateral is preserved because the sale itself determined the value of the collateral and the sales proceeds, to which any valid lien of Business First would attach, are escrowed. Moreover, Business First consented to the Debtors' motion for sale providing for transfer of its liens to the sale proceeds upon the Purchaser's payment of the Wraparound Note and the Motion is devoid of any recitation describing how the confirmation requirements of section 1129 of the Bankruptcy Code could be satisfied if the relief requested in the Motion was granted. These cases should be administered for the benefit of all creditors herein, not just Business First.

31. Notably, the Sale Order expressly provides that the Purchaser "shall make payment to the Debtors (and only to the Debtors) of all amounts due" under the promissory note issued by the Purchaser for payment of the purchase price, and only the interest due under the promissory note is to be remitted by the Debtors to Business First, "as and when due to be paid to Business First." Sale Order, p. 4 (emphasis added). The Sale Order further provided that:

> nothing in this Order shall be deemed an admission, acknowledgment, or allowance of the validity, extent, rank, or priority of any liens, claims, or interests that may attach to the proceeds of the Sale, and any and all rights, claims, defenses, and other challenges of the Debtors, the Official Committee of Unsecured Creditors, or any other parties-in-interest with respect to the validity, extent, rank, or priority of such liens, claims, or interests are hereby expressly preserved.

Sale Order, p. 6.

32. Thus, the Sale Order expressly provides that the sale proceeds be paid only to the Debtors and intentionally does not provide for payment of any portion of the purchase price to Business First, except interest "as and when due."

33. Whether or not Business First receives the indubitable equivalent of its claim is a matter for determination at the time of plan confirmation, *United Savings Association of Texas v. Timbers of Inwood Forest Associates, Ltd.*, 484 U.S. 365, 108 S. Ct. 626, 98 L. Ed. 2d 740 (1988), especially where the value of Business First's security interest has not been determined and where a liquidating plan is forthcoming.

B. FORCED DISTRIBUTION OF A SUBSTANTIAL PORTION OF THE CASH ASSETS OF THE DEBTORS' ESTATES IS TANTAMOUNT TO A *SUB ROSA* PLAN AND CANNOT BE APPROVED.

34. It is well established that section 363(b) of the Bankruptcy Code is not to be utilized as a means of avoiding Chapter 11's plan confirmation procedures. Where it is clear that the terms of a section 363(b) sale would preempt or dictate the terms of a Chapter 11 plan, the sale is beyond the scope of section 363(b) and should not be approved. *In re Westpoint Stevens*, 333 B.R. 30, 36 (S.D.N.Y. 2005), *aff'd in part and rev'd in part on other grounds*, 600 F.3d 231 (2d Cir. 2010), citing *Clyde Bergemann, Inc. v. The Babcock & Wilcox Co. (In re The Babcock & Wilcox Co.)*, 250 F.3d 955, 960 (5th Cir. 2001) ("The provisions of § 363 . . . do not allow a debtor to gut the bankruptcy estate before reorganization or to change the fundamental nature of the estate's assets in such a way that limits a future reorganization plan."); *Pension Benefit Guar. Corp. v. Braniff Airways, Inc. (In re Braniff Airways, Inc.)*, 700 F.2d 935, 939-40 (5th Cir. 1983) (district court did not have authority under section 363(b) to approve transaction that required "significant restructuring of the rights of Braniff creditors," including provisions limiting permissible dispositions of proceeds of sale of all of debtor's assets), *reh'g denied*, 705 F.2d 450 (5th Cir. 1983); see also COLLIER ON BANKRUPTCY ¶ 363.02[4] (15th ed. rev. 2005) ("Attempts

to determine plan issues in connection with the [section 363(b)] sale will be improper and should result in a denial of the relief requested.").

35. The Fifth Circuit Court of Appeals has consistently recognized that "'[t]he debtor and the Bankruptcy Court should not be able to short circuit the requirements of Chapter 11 for confirmation of a reorganization plan by establishing the terms of a plan *sub rosa* in connection with a sale of assets.'" *Official Comm. of Unsecured Creditors v. Cajun Elec. Power Coop. by & Through Mabey (In re Cajun Elec. Power Coop.)*, 119 F.3d 349, 354 (5th Cir. 1997), quoting *Pension Benefit Guar. Corp. v. Braniff Airways, Inc. (In re Braniff Airways, Inc.)*, 700 F.2d 935, 940 (5th Cir. 1983).

36. A transaction may be found to be a *sub rosa* plan where the action "ha[s] the practical effect of dictating some of the terms of any future reorganization plan." *Braniff*, 700 F.2d at 940; *Matter of The Babcock & Wilcox Co.*, 250 F.3d 955, 960 (5th Cir. 2001) (debtor may not "gut the bankruptcy estate before reorganization or … change the fundamental nature of the estate's assets in such a way that limits a future reorganization plan."); see also 3 COLLIER ON BANKRUPTCY ¶ 363.02[4], at 363-20 (Lawrence P. King ed., 15th ed. 1996) ("Attempts to determine plan issues in connection with the sale [under § 363(b)] will be improper and should result in a denial of the relief requested.").

37. By the Motion, Business First seeks to dictate to the Debtors both the treatment and timing of payment of Business First's alleged secured claim, which are the hallmarks of a *sub rosa* plan. Business First asks this Court to compel the Debtors to make immediate distribution to Business First from the proceeds of the Wraparound Note. This strategy clearly constitutes an attempt to determine or preempt plan issues shortly after the section 363(b) sale of the Debtors' assets and is improper.

38. Notably, the relief Business First now requests was not granted as part of the Debtors' section 363(b) sale of assets to the Purchaser. Business First should not be permitted to do piecemeal that which the Bankruptcy Code and applicable case law would prohibit in a single transaction.

39. The Fifth Circuit Court of Appeals has declared that:

> a debtor in Chapter 11 cannot use § 363(b) to sidestep the protection creditors have when it comes time to confirm a plan of reorganization. . . . If a debtor were allowed to reorganize the estate in some fundamental fashion pursuant to § 363(b), creditor's [sic] rights under, for example 11 U.S.C. §§ 1125, 1126, 1129(a)(7), and 1129(b)(2) might become meaningless. Undertaking reorganization piecemeal pursuant to § 363(b) should not deny creditors the protection they would receive if the proposals were first raised in the reorganization plan.

Institutional Creditors of Continental Air Lines, Inc. v. Continental Air Lines, Inc. (In re Continental Air Lines, Inc., in In re Continental Airlines, 780 F.2d 1223, 1226-28 (5th Cir. 1986).

40. Immediate payment of Business First's disputed lien, in cash, immediately upon the Debtors' receipt of payment on the Wraparound Note would be prejudicial to the Debtors unsecured creditors, since it would circumvent the Chapter 11 plan process and the plan's procedures for determining disputed claims.

41. *Sub rosa* plans typically leave few assets remaining in the estate and there would be "little prospect or occasion for further reorganization." *Braniff*, 700 F.2d at 940. In bankruptcy cases, "cash is king," and Business First's attempt to force the disposition of virtually all of the estate's cash is akin to the disposal of the "crown jewel" asset of the Debtors' estates. *Richmond Leasing Co. v. Capital Bank, N.A.*, 762 F.2d 1303 (5th Cir. 1985) (recognizing that the disposal of a crown jewel asset may constitute a *sub rosa* plan).

42. The forced distribution of $10.3 million to Business First will not facilitate the Debtors' reorganization, but will denigrate the rights of the unsecured creditors. If turnover is compelled, the Debtors will be left with potentially inconsequential assets remaining in the Debtors' estates and an unknown quantum of liabilities. The immediate distribution of $10.3 million to Business First would deprive the Debtors' Estates of virtually all of their cash assets and effectively deny the Committee of the financial wherewithal to challenge Business First's liens, which is a right that was expressly reserved to the Committee in the Sale Order.

43. In sum, the Motion would alter creditors' rights, dispose of assets and leave little prospect for further reorganization, similar to the transaction that was disapproved by the Fifth Circuit in *Braniff*. The Motion would affect an impermissible *sub rosa* plan and, therefore, cannot be approved.

II. DISTRIBUTION CANNOT BE MADE WHILE THE BANK'S LIEN IS IN *BONA FIDE* DISPUTE.

44. The Motion should be denied because Business First's secured claim is disputed, and any distribution on Business First's claim must await final adjudication of its liens. The Committee has commenced an adversary proceeding against Business First Bank and each of the Debtors, seeking annulment and/or avoidance of obligations and liens, avoidance of preferential transfers, recovery of property, declaratory judgment, determination of Business First's secured claim, and, if and to the extent Business First is determined to have unavoidable liens in certain collateral, for surcharge of Business First's collateral.

45. As set forth above, this Court lacks the statutory authority to compel the Debtors to bypass the Bankruptcy Code's requirement to confirm a plan before making distributions to Business First, particularly where Business First's claim is disputed and subject to set-off. "We simply cannot find a basis in the Bankruptcy Code for permitting, over objections by interested

parties, a distribution to creditors of all the assets in a Chapter 11 case absent a confirmed Chapter 11 plan." *Swallen's,* 269 B.R. at 639.

46. Courts that have permitted pre-confirmation distribution to creditors have done so only where such distribution was consensual and the claims were undisputed or adequately protected. *See, e.g., In re San Jacinto Glass Indus., Inc.,* 93 B.R. 934, 942-43 (Bankr. S.D. Tex. 1988) (distribution permitted where secured claim was "uncontested by the debtor and the other creditors" and "there is no known impediment to giving [the secured creditor] full allowance for its outstanding claim"); *In re Industrial Office Bldg. Corp.*, 171 F.2d 890, 892-93 (3d Cir. 1949); *In re Avado Brands Inc.*, 2007 Bankr. LEXIS 5101, 2007 WL 4994670 (Bankr. D. Del. Dec. 10, 2007).

47. Where, as here, objection to immediate payment is made and the claim is subject to affirmative defenses, set-offs or counterclaims, payment before confirmation of a Chapter 11 plan is not permissible. *In re TPOP, LLC*, 2015 Bankr. LEXIS 306 (Bankr. D. Del. Jan. 30, 2015).

48. The Motion should be denied so that the extent, validity and priority of Business First's liens, and any avoidance rights or rights of setoff or surcharge, can be determined in connection with the adversary proceeding.

III. THE COURT SHOULD NOT COMPEL DISTRIBUTION TO BUSINESS FIRST BECAUSE THE DISTRIBUTION MAY RENDER THE ESTATES ADMINISTRATIVELY INSOLVENT.

49. These are not cases where the Debtors' liquid assets substantially exceed what will be necessary for the wind down of the Debtors' businesses and the filing and consummation of a liquidating plan. The Debtors may be rendered administratively insolvent if the Motion is granted and the Debtors are compelled to transfer $10.3 million to Business First. In addition, as set forth above, Business First's lien is contested and the distribution may impair the

Committee's right to challenge the extent, validity and priority of Business First's security interests by effectively depriving the Committee of the funding necessary to prosecute the adversary proceeding.

PRAYER

Wherefore, the Committee prays that the Court deny the Motion in its entirety and for such other and further relief as the Court deems just and appropriate.

Respectfully submitted,

Date: October 11, 2016

/s/ J. Eric Lockridge

Andrew H. Sherman (Bar Roll No. AS6061)
Admitted Pro Hac Vice
Email: asherman@sillcummis.com
Boris I. Mankovestskiy (Bar Roll No. BM2376)
Admitted Pro Hac Vice
Email: bmankovetskiy@sillscummis.com
Sills Cummis & Gross, P.C.
One Riverfront Plaza
Newark, NJ, 07102
Phone: (973) 643-7000
Counsel for the Official Committee of Unsecured Creditors

J. Eric Lockridge (Bar Roll No. 30159)
Email: eric.lockridge@keanmiller.com
Wade R. Iverstine (Bar Roll No. 31793)
Email: wade.iverstine@keanmiller.com
KEAN MILLER LLP
400 Convention Street, Suite 700
P. O. Box 3513 (70821-3513)
Baton Rouge, LA 70802
Telephone: (225) 387-0999
Co-Counsel for the Official Committee of Unsecured Creditors

Certificate of Service

I hereby certify that a copy of the foregoing *OBJECTION BY THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS TO MOTION TO COMPEL DEBTORS TO DISTRIBUTE SALE PROCEEDS TO BUSINESS FIRST BANCSHARES, INC.* was served on the Office of the U.S. Trustee, the Debtor through its counsel, and all parties requesting and receiving notice through the Court's CM/ECF System on October 11, 2016.

/s/ J. Eric Lockridge

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