

ADVERSARY PROCEEDING COVER SHEET (Instructions on Reverse)		ADVERSARY PROCEEDING NUMBER (Court Use Only)
PLAINTIFFS The Official Committee of Unsecured Creditors of Progressive Acute Care, LLC, et al	DEFENDANTS First Bancshares, Inc. d/b/a Business First Bank ("First"); Progressive Acute Care, LLC; Progressive Acute Care Avoyelles, LLC; Progressive Acute Care Oakdale, LLC ; and Progressive Acute Care Winn, LLC	
ATTORNEYS (Firm Name, Address, and Telephone No.) Andrew H. Sherman: One Riverfront Plaza, Newark, NJ 07102, 973.643.7000 and J. Eric Lockridge and Wade Iversline: 400 Convention Street, Suite 700 P.O. box 3513, 70821, 225.387.099	ATTORNEYS (If Known)	
PARTY (Check One Box Only) <input type="checkbox"/> Debtor <input type="checkbox"/> U.S. Trustee/Bankruptcy Admin <input type="checkbox"/> Creditor <input checked="" type="checkbox"/> Other Official Committee <input type="checkbox"/> Trustee	PARTY (Check One Box Only) <input type="checkbox"/> Debtor <input type="checkbox"/> U.S. Trustee/Bankruptcy Admin <input type="checkbox"/> Creditor <input checked="" type="checkbox"/> Other Debtors and Creditor <input type="checkbox"/> Trustee	
CAUSE OF ACTION (WRITE A BRIEF STATEMENT OF CAUSE OF ACTION, INCLUDING ALL U.S. STATUTES INVOLVED) <small>"This is an adversary proceeding seeking annulment and/or avoidance of obligations and liens, avoidance of preferential transfers, declaratory judgment, determination of a secured claim, dis-allowance of a claim, and surcharge of collateral, and brought pursuant to Federal Rule of Bankruptcy Procedure 7001." Statutes: 28 U.S.C 157(b)(2)(A),(B),(C), (F), (K), and (O); 28 U.S.C 157; 28 U.S.C. 1334; 28 U.S.C 1409; 11 U.S.C. 1102; 11 U.S.C. 1108; 11 U.S.C 544; La. Civ. Code art. 2036; 11 U.S.C 547; 28 U.S.C. 2201; 11 U.S.C 506; 11 U.S.C 502; and 28 U.S.C. 2202.</small>		
NATURE OF SUIT (Number up to five (5) boxes starting with lead cause of action as 1, first alternative cause as 2, second alternative cause as 3, etc.)		
FRBP 7001(1) – Recovery of Money/Property <input type="checkbox"/> 11-Recovery of money/property - §542 turnover of property <input checked="" type="checkbox"/> 12-Recovery of money/property - §547 preference <input type="checkbox"/> 13-Recovery of money/property - §548 fraudulent transfer <input checked="" type="checkbox"/> 14-Recovery of money/property - other FRBP 7001(2) – Validity, Priority or Extent of Lien <input checked="" type="checkbox"/> 21-Validity, priority or extent of lien or other interest in property FRBP 7001(3) – Approval of Sale of Property <input type="checkbox"/> 31-Approval of sale of property of estate and of a co-owner - §363(h) FRBP 7001(4) – Objection/Revocation of Discharge <input type="checkbox"/> 41-Objection / revocation of discharge - §727(c),(d),(e) FRBP 7001(5) – Revocation of Confirmation <input type="checkbox"/> 51-Revocation of confirmation FRBP 7001(6) – Dischargeability <input type="checkbox"/> 66-Dischargeability - §523(a)(1),(14),(14A) priority tax claims <input type="checkbox"/> 62-Dischargeability - §523(a)(2), false pretenses, false representation, actual fraud <input type="checkbox"/> 67-Dischargeability - §523(a)(4), fraud as fiduciary, embezzlement, larceny (continued next column)	FRBP 7001(6) – Dischargeability (continued) <input type="checkbox"/> 61-Dischargeability - §523(a)(5), domestic support <input type="checkbox"/> 68-Dischargeability - §523(a)(6), willful and malicious injury <input type="checkbox"/> 63-Dischargeability - §523(a)(8), student loan <input type="checkbox"/> 64-Dischargeability - §523(a)(15), divorce or separation obligation (other than domestic support) <input type="checkbox"/> 65-Dischargeability - other FRBP 7001(7) – Injunctive Relief <input type="checkbox"/> 71-Injunctive relief – imposition of stay <input type="checkbox"/> 72-Injunctive relief – other FRBP 7001(8) Subordination of Claim or Interest <input type="checkbox"/> 81-Subordination of claim or interest FRBP 7001(9) Declaratory Judgment <input checked="" type="checkbox"/> 91-Declaratory judgment FRBP 7001(10) Determination of Removed Action <input type="checkbox"/> 01-Determination of removed claim or cause Other <input type="checkbox"/> SS-SIPA Case – 15 U.S.C. §§78aaa <i>et seq.</i> <input type="checkbox"/> 02-Other (e.g. other actions that would have been brought in state court if unrelated to bankruptcy case)	
<input checked="" type="checkbox"/> Check if this case involves a substantive issue of state law	<input type="checkbox"/> Check if this is asserted to be a class action under FRCP 23	
<input type="checkbox"/> Check if a jury trial is demanded in complaint	Demand \$	
Other Relief Sought Revocatory Action; Determination of Secured Status; Claim Objection; and Collateral Surcharge		

BANKRUPTCY CASE IN WHICH THIS ADVERSARY PROCEEDING ARISES			
NAME OF DEBTOR <small>Progressive Acute Care, LLC; Progressive Acute Care Avoyelles, LLC; Progressive Acute Care Oakdale, LLC ; and Progressive Acute Care Winn, LLC</small>		BANKRUPTCY CASE NO. 16-50740	
DISTRICT IN WHICH CASE IS PENDING Western	DIVISIONAL OFFICE Lafayette	NAME OF JUDGE Robert Summerhays	
RELATED ADVERSARY PROCEEDING (IF ANY)			
PLAINTIFF	DEFENDANT	ADVERSARY PROCEEDING NO.	
DISTRICT IN WHICH ADVERSARY IS PENDING	DIVISIONAL OFFICE	NAME OF JUDGE	
SIGNATURE OF ATTORNEY (OR PLAINTIFF) /s/			
DATE	PRINT NAME OF ATTORNEY (OR PLAINTIFF)		

INSTRUCTIONS

The filing of a bankruptcy case creates an "estate" under the jurisdiction of the bankruptcy court which consists of all of the property of the debtor, wherever that property is located. Because the bankruptcy estate is so extensive and the jurisdiction of the court so broad, there may be lawsuits over the property or property rights of the estate. There also may be lawsuits concerning the debtor's discharge. If such a lawsuit is filed in a bankruptcy court, it is called an adversary proceeding.

A party filing an adversary proceeding must also must complete and file Form 104, the Adversary Proceeding Cover Sheet, if it is required by the court. In some courts, the cover sheet is not required when the adversary proceeding is filed electronically through the court's Case Management/Electronic Case Files (CM/ECF) system. (CM/ECF captures the information on Form 104 as part of the filing process.) When completed, the cover sheet summarizes basic information on the adversary proceeding. The clerk of court needs the information to process the adversary proceeding and prepare required statistical reports on court activity.

The cover sheet and the information contained on it do not replace or supplement the filing and service of pleadings or other papers as required by law, the Bankruptcy Rules, or the local rules of court. The cover sheet, which is largely self-explanatory, must be completed by the plaintiff's attorney (or by the plaintiff if the plaintiff is not represented by an attorney). A separate cover sheet must be submitted to the clerk for each complaint filed.

Plaintiffs and Defendants. Give the names of the plaintiffs and the defendants exactly as they appear on the complaint.

Attorneys. Give the names and addresses of the attorneys, if known.

Party. Check the most appropriate box in the first column for the plaintiffs and in the second column for the defendants.

Demand. Enter the dollar amount being demanded in the complaint.

Signature. This cover sheet must be signed by the attorney of record in the box on the second page of the form. If the plaintiff is represented by a law firm, a member of the firm must sign. If the plaintiff is pro se, that is, not represented by an attorney, the plaintiff must sign.

ADVERSARY PROCEEDING COVER SHEET (Reverse Side)

This cover sheet must be completed by the plaintiff's attorney (or by the plaintiff if the plaintiff is not represented by an attorney) and submitted to the clerk of the court upon the filing of a complaint initiating an adversary proceeding.

The cover sheet and the information contained on it *do not* replace or supplement the filing and service of pleadings or other papers as required by law, the Bankruptcy Rules, or the local rules of court. This form is required for the use of the clerk of the court to initiate the docket sheet and to prepare necessary indices and statistical records. A separate cover sheet must be submitted to the clerk of the court for each complaint filed. The form is largely self explanatory.

Parties. Give the names of the parties to the adversary proceeding *exactly* as they appear on the complaint. Give the names and addresses of the attorneys if known. Following the heading "Party," check the appropriate box indicating whether the United States is a party named in the complaint.

Cause of Action. Give a brief description of the cause of action including all federal statutes involved. For example, "Complaint by trustee to avoid a transfer of property by the debtor, 11 U.S.C. § 544."

Nature of Suit. Place an "X" in the appropriate box. Only one box should be checked. If the cause of action fits more than one category of suit, select the most definitive.

Origin of Proceedings. Check the appropriate box to indicate the origin of the case:

- | | |
|---|--|
| 1 | Original Proceeding. |
| 2 | Removed from a State or District Court. |
| 1 | Reinstated or Reopened. |
| 2 | Transferred from Another Bankruptcy Court. |

Class Action. Place an "X" in this box if you are filing a class action under Rule 23, Fed. R. Civ. P., as made applicable by Rule 7023, Fed. R. Bankr. P.

Demand. In this space enter the dollar amount being demanded in the complaint. If no monetary demand is made, enter "XXXX." If the plaintiff is seeking non-monetary relief, state the relief sought, such as injunction or foreclosure of a mortgage.

Jury Demand. Check the box only if a jury trial is demanded in the complaint.

Bankruptcy Case in Which This Adversary Proceeding Arises. Enter the name of the debtor and the docket number of the bankruptcy case from which the proceeding now being filed arose. Beneath, enter the district and divisional office where the case was filed, and the name of the presiding judge.

Related Adversary Proceedings. State the names of the parties and the six digit adversary proceeding number from any adversary proceeding concerning the same two parties or the same property currently pending in any bankruptcy court. On the next line, enter the district where the related case is pending, and the name of the presiding judge.

Filing Fee. Check one box. The fee must be paid upon filing unless the plaintiff meets one of the following exceptions. The fee is not required if the plaintiff is the United States government or the debtor. If the plaintiff is the trustee or a debtor in possession, and there are no liquid funds in the estate, the filing fee may be deferred until there are funds in the estate. (In the event no funds are ever recovered for the estate, there will be no fee.) There is no fee for adding a party after the adversary proceeding has been commenced.

Signature. This cover sheet must be signed by the attorney of record in the box on the right of the last line of the form. If the plaintiff is represented by a law firm, a member of the firm must sign. If the plaintiff is *pro se*, that is, not presented by an attorney, the plaintiff must sign.

The name of the signatory must be printed in the box to the left of the signature. The date of the signing must be indicated in the box on the far left of the last line.

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
LAFAYETTE DIVISION

IN RE: PROGRESSIVE ACUTE CARE,
LLC, *et al.*,

Debtors.

OFFICIAL COMMITTEE OF UNSECURED
CREDITORS,

Plaintiff

v.

BUSINESS FIRST BANCSHARES, INC.
D/B/A BUSINESS FIRST BANK,
PROGRESSIVE ACUTE CARE, LLC,
PROGRESSIVE ACUTE CARE
AVOYELLES, LLC, PROGRESSIVE
ACUTE CARE OAKDALE, LLC, and
PROGRESSIVE ACUTE CARE WINN,
LLC,

Defendants.

CASE NO. 16-50740

CHAPTER 11

JOINTLY ADMINISTERED

ADVERSARY PROCEEDING NO.

**COMPLAINT FOR ANNULMENT AND/OR AVOIDANCE OF OBLIGATIONS
AND LIENS, AVOIDANCE OF PREFERENTIAL TRANSFERS, DECLARATORY
JUDGMENT, DETERMINATION OF SECURED CLAIM, DISALLOWANCE OF
CLAIM, AND SURCHARGE OF COLLATERAL**

The Official Committee of Unsecured Creditors of Progressive Acute Care, LLC, *et al.*
(“Plaintiff” or the “Committee”) through undersigned counsel alleges:

JURISDICTION AND VENUE

1. This is an adversary proceeding seeking annulment and/or avoidance of obligations and liens, avoidance of preferential transfers, declaratory judgment, determination of

a secured claim, disallowance of a claim, and surcharge of collateral, and brought pursuant to Federal Rule of Bankruptcy Procedure 7001.

2. This adversary proceeding arises in and relates to the above-captioned, jointly administered Chapter 11 cases now pending in this Court (the “Chapter 11 Cases”).

3. This adversary proceeding is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A), (B), (C), (F), (K), and (O).

4. This Court has jurisdiction over this proceeding pursuant to 28 U.S.C. §§ 157 and 1334.

5. Venue of this adversary proceeding in this Court is proper pursuant to 28 U.S.C. § 1409.

PLAINTIFF

6. Plaintiff, the Committee, is an official creditors’ committee of Progressive Acute Care, LLC, *et al.* in the Chapter 11 Cases, appointed pursuant to 11 U.S.C. § 1102.

DEFENDANTS

7. Defendant Business First Bancshares, Inc. d/b/a Business First Bank (“Business First”), is a corporation having an office at 8440 Jefferson Highway, Suite 101, Baton Rouge, LA 70809.

8. Defendant Progressive Acute Care, LLC (“PAC”) is a debtor in the jointly administered Chapter 11 Cases.

9. Defendant Progressive Acute Care Avoyelles, LLC (“PAC Avoyelles”) is a debtor in jointly administered the Chapter 11 Cases.

10. Defendant Progressive Acute Care Oakdale, LLC (“PAC Oakdale”) is a debtor in the jointly administered Chapter 11 Cases.

11. Defendant Progressive Acute Care Winn, LLC (“PAC Winn,” and collectively with PAC, PAC Avoyelles, and PAC Oakdale, the “Chapter 11 Debtors”) is a debtor in the jointly administered Chapter 11 Cases.

FACTUAL ALLEGATIONS

PROCEDURAL BACKGROUND

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

13. The Debtors’ Chapter 11 Cases (Case Nos. 16-50740, 16-80584, 16-50742, and 16-50743, respectively) are being jointly administered as Case No. 16-50740 in this Court.

14. No trustee has been appointed in the Chapter 11 Debtors’ Chapter 11 Cases, and the Chapter 11 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.

15. The Chapter 11 Debtors have consented to the grant of leave, standing, and authority to the Committee to commence, prosecute, and settle certain claims of the Chapter 11 Debtors and their estates, including claims under Chapter 5 of the Bankruptcy Code, including the claims set forth in this Complaint.

16. The Chapter 11 Debtors and the Committee have filed a joint motion to approve a consent order (the “Consent Order”) granting leave, standing, and authority to the Committee to commence, prosecute, and settle certain claims of the Chapter 11 Debtors and their estates, including claims under Chapter 5 of the Bankruptcy Code, including the claims set forth in this

Complaint, and entered into a stipulation in support of and consenting to entry of the Consent Order.

THE CHAPTER 11 DEBTORS

17. PAC owns, and at all relevant times owned, all outstanding membership interests, including all non-economic and economic rights, in PAC Avoyelles, PAC Oakdale, and PAC Winn.

18. As of the Petition Date, and at all relevant times, PAC Avoyelles owned and operated a hospital in the town of Marksville, Louisiana; PAC Oakdale owned and operated a hospital in the town of Oakdale, Louisiana; and PAC Winn (collectively with PAC Avoyelles and PAC Oakdale, the “Operating Debtors”) owned and operated a hospital in the town of Winnfield, Louisiana.

PROGRESSIVE ACUTE CARE DAUTERIVE, LLC

19. PAC also owns, and at all relevant times owned, all outstanding membership interest, including all non-economic and economic rights, in Progressive Acute Care Dauterive, LLC (“PAC Dauterive”).

20. PAC Dauterive filed a voluntary petition for relief under Chapter 7 of the Bankruptcy Code with the Court on the Petition Date.

21. PAC Dauterive’s Chapter 7 bankruptcy case (the “Chapter 7 Case”) is being separately administered in this Court as Case No. 16-50739.

22. From approximately May 1, 2013 to approximately January 2016, PAC Dauterive owned and operated a hospital in New Iberia, Louisiana (the “Dauterive Hospital”).

**THE BUSINESS FIRST FINANCING AND
ACQUISITION OF THE DAUTERIVE HOSPITAL**

23. PAC Dauterive acquired the Dauterive Hospital on May 1, 2013 (the “Dauterive Purchase”).

24. 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 Chapter 11 Debtors and PAC Dauterive as borrowers and Business First as lender dated April 30, 2013 (as amended, and collectively with all documents relating thereto, including any loan agreements, mortgages, and security agreements, 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, and collectively with all documents relating thereto, including any loan agreements, mortgages, and security agreements, the “LOC Note,” and together with the Term Note, the “Notes”).

25. In addition, the Chapter 11 Debtors and PAC Dauterive incurred not less than \$247,308.16 in finance charges and other fees in connection with the Notes.

26. Pursuant to Disbursement Requests and Authorizations executed by the Chapter 11 Debtors and PAC Dauterive with respect to the Notes, copies of which are attached hereto as Exhibit A, the proceeds of the Notes were disbursed as follows:

a. Term Note:

i. \$4,549,982.65 in payment of loans by Business First to PAC.

ii. \$16,150,017.35 in connection with the acquisition of the Dauterive

Hospital as follows:

(1) \$15,525,017.35 to First American Title.

(2) \$625,000.00 to Rodrigue & Rodrigue (law firm).

b. LOC Note:

i. \$469,636.16 in payment of a loan by Business First to PAC.

ii. \$2,530,363.84 undisbursed.

27. 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 Chapter 11 Debtors' and PAC Dauterive's respective real and personal property (the "Security Grants").

28. The Operating Debtors received no reasonably equivalent benefit in exchange for obligating themselves under the Notes and pledging their respective property as collateral through the Security Grants, which instead benefitted PAC, PAC Dauterive, and Business First.

29. The Operating Debtors entered into the Notes and gave the Security Grants when they were insolvent or were rendered insolvent by entry into the Notes and the Security Grants. No single Operating Debtor had the ability to satisfy the obligations of the borrowers under the Notes.

30. In addition to the foregoing, insiders (the "Guarantors") of the Chapter 11 Debtors provided \$1,000,000 personal guaranties of the amounts owed under the Notes (the "Personal Guaranties"). The total of such Personal Guaranties was \$3,000,000. Plaintiff reserves all rights and claims with respect to such parties and the Personal Guaranties.

SALE OF THE DAUTERIVE HOSPITAL

31. In January 2016, PAC Dauterive sold the Dauterive Hospital (the "Dauterive Sale").

32. The proceeds of the Dauterive Sale were used to pay down outstanding amounts to Business First under the Notes (the “Sale Payment”).

CAUSES OF ACTION

**COUNT I – REVOCATORY ACTION
(AS TO BUSINESS FIRST AND THE CHAPTER 11 DEBTORS)**

(La. Civ. Code art. 2036 and 11 U.S.C. § 544)

33. Plaintiff repeats the allegations in each of the foregoing paragraphs, which are incorporated by reference as if set forth fully herein.

34. Each of the Operating Debtors’ respective liabilities exceeded the value of their respective fairly appraised assets on the date(s) of the Notes and the Security Grants or were caused to exceed the value of their respective fairly appraised assets by the Notes and Security Grants.

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

36. Pursuant to La. Civ. Code art. 2036 “[a]n obligee has a right to annul an act of the obligor . . . made or effected after the right of the obligee arose, that causes or increases the obligor’s insolvency.”

37. Pursuant to 11 U.S.C. § 544(b), a debtor-in-possession “may avoid any transfer of an interest of the debtor in property or any obligation incurred by the debtor that is voidable under applicable law by a creditor holding an unsecured claim that is allowable under section 502 of [the Bankruptcy Code].”

38. One or more creditors holding claims against the Operating Debtors allowable under 11 U.S.C. § 502 has the right to annul and/or avoid the Notes and the Security Grants under La. Civ. Code art. 2036.

39. Based upon the foregoing, Plaintiff is entitled to annul and/or avoid the Notes to the extent they caused or increased the Operating Debtors' insolvency.

40. Based upon the foregoing, Plaintiff is entitled to annul and/or avoid the Security Grants to the extent they caused or increased the Operating Debtors' insolvency.

**COUNT II – PREFERENTIAL TRANSFER
(AS TO BUSINESS FIRST)**

(11 U.S.C. § 547)

41. Plaintiff repeats the allegations in each of the foregoing paragraphs, which are incorporated by reference as if set forth fully herein.

42. The Sale Payment benefitted the Guarantors of the Operating Debtors' obligations under the Notes.

43. The Sale Payment was a transfer of an interest of the Operating Debtors in property.

44. The Sale Payment was for the benefit of the Guarantors as creditors of the Operating Debtors.

45. The Sale Payment was made on account of antecedent debt owed by the Operating Debtors before the Sale Payment was made.

46. The Sale Payment was made while the Operating Debtors were insolvent.

47. The Sale Payment was made between 90 days and one year before the Petition Date.

48. The Sale Payment enabled such creditors to receive more than they would receive if the Operating Debtors' Chapter 11 Cases were cases under Chapter 7 of the Bankruptcy Code, the Sale Payment had not been made, and such creditors received payment of the debts owed by the Operating Debtors to the extent provided under the provisions of the Bankruptcy Code.

49. Based upon the foregoing, Plaintiff is entitled to judgment avoiding the Sale Payment under 11 U.S.C. § 547(b).

**COUNT III – DECLARATORY JUDGMENT
(AS TO BUSINESS FIRST)**

(28 U.S.C. § 2201)

50. Plaintiff repeats the allegations in each of the foregoing paragraphs, which are incorporated by reference as if set forth fully herein.

51. The Operating Debtors' respective schedules of assets and liabilities filed in their respective bankruptcy cases identify cash in deposit accounts held at banks other than Business First in an amount of not less than \$122,310.57.

52. On information and belief, Business First was not a party to any control agreement(s) with respect to deposit accounts held at other banks sufficient to perfect any security interest in funds held in such accounts.

53. Section 544(a) of the Bankruptcy Code, among other things, grants a debtor-in-possession the rights and powers of: (i) "a creditor that extends credit to the debtor at the time of the commencement of the case, and that obtains, at such time and with respect to such credit, a judicial lien on all property on which a creditor on a simple contract could have obtained such a judicial lien, whether or not such a creditor exists[;]" (ii) "a creditor that extends credit to the debtor at the time of the commencement of the case, and obtains at such time and with respect to such credit, an execution against the debtor that is returned unsatisfied at such time, whether or

not such a creditor exists[;]” and (iii) a bona fide purchaser of real property, other than fixtures, from the debtor, against whom applicable law permits such transfer to be perfected, that obtains the status of a bona fide purchaser and has perfected such transfer at the time of the commencement of the case, whether or not such a purchase exists.”

54. Pursuant to 11 U.S.C. § 544(a), the interest(s) of the Operating Debtors and/or their estates in funds held in deposit accounts at banks other than Business First (or proceeds of such funds) are superior and/or senior to that of Business First.

55. Based on the foregoing, Plaintiff is entitled to declaratory judgment that any purported lien or security interest of Business First in funds held in deposit accounts at banks other than Business First is junior to the interest(s) of the Operating Debtors and/or their estates and/or not enforceable with respect to such funds (or proceeds of such funds) pursuant to 28 U.S.C. § 2201(a).

**COUNT IV – DETERMINATION OF SECURED CLAIM
(AS TO BUSINESS FIRST)**

(11 U.S.C. § 506(a), (d))

56. Plaintiff repeats the allegations in each of the foregoing paragraphs, which are incorporated by reference as if set forth fully herein.

57. Pursuant to 11 U.S.C. § 506(a), (i) Business First’s claim under the Notes, to the extent allowable, is an allowed secured claim only to the extent of the value of the collateral securing it and (ii) Business First’s claim under the Notes, to the extent allowable, is an allowed unsecured claim to the extent that the value of the collateral is less than the amount of the claim.

58. Pursuant to 11 U.S.C. § 506(d), a lien that secures a claim against a debtor that is not an allowed secured claim is void.

59. Based upon the foregoing, Plaintiff is entitled to a judgment determining that Business First's claim under the Notes is a secured claim only to the extent of the value of the collateral securing the Chapter 11 Debtors' obligations under the Notes in an amount to be determined at trial.

60. Based upon the foregoing, Plaintiff is entitled to a judgment determining that any lien securing Business First's claim under the Notes is void to the extent Business First's claim is not an allowed secured claim.

**COUNT IV – OBJECTION TO CLAIM
(AS TO BUSINESS FIRST)**

(11 U.S.C. § 502)

61. Plaintiff repeats the allegations in each of the foregoing paragraphs, which are incorporated by reference as if set forth fully herein.

62. Pursuant to 11 U.S.C. § 502(a), parties in interest may object to claims.

63. Pursuant to 11 U.S.C. § 502(b), after an objection is made, the Court shall determine the amount of such claim.

64. Based upon the foregoing, Plaintiff is entitled to a judgment allowing Business First's claim under the Notes only to the extent the validity, amount, and priority of the asserted claim are supported by Business First at trial.

**COUNT V – SURCHARGE OF COLLATERAL
(AS TO BUSINESS FIRST)**

(11 U.S.C. § 506(c))

65. Plaintiff repeats the allegations in each of the foregoing paragraphs, which are incorporated by reference as if set forth fully herein.

66. Pursuant to 11 U.S.C. § 506(c), a debtor-in-possession "may recover from property securing an allowed secured claim the reasonable, necessary costs and expenses of

preserving, or disposing of, such property to the extent of any benefit to the holder of such claim[.]”

67. The Operating Debtors incurred reasonable, necessary administrative costs and expenses in the course of preserving and disposing of property purportedly securing Business First’s claim under the Notes, including without limitation the costs of the sale of such assets to Central Louisiana Hospital Group, LLC in the Debtors’ jointly administered Chapter 11 Cases.

68. To the extent that Business First is allowed a secured claim in the Chapter 11 Cases, Business First has and will benefit from the costs and expenses of preserving and disposing of Business First’s collateral.

69. Based upon the foregoing, Plaintiff is entitled to judgment in the amount of the expenses and costs of the Debtors of preserving and disposing of Business First’s collateral (to be determined at trial), to be satisfied from such collateral or the proceeds thereof pursuant to 11 U.S.C. § 506(c).

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays that this Court issue a summons requiring Business First, the Chapter 11 Debtors, and PAC Dauterive (collectively, the “Defendants”) to respond to this Complaint within the time provided by law, and after due proceedings held, issue the following relief:

1. Judgment annulling and/or avoiding the Notes to the extent they caused or increased the Operating Debtors’ insolvency.
2. Judgment annulling and/or avoiding the Security Grants to the extent they caused or increased the Operating Debtors’ insolvency
3. Judgment avoiding the Sale Payment.

4. Declaratory judgment that any purported lien or security interest of Business First in funds held in deposit accounts at banks other than Business First are junior to the interest(s) of the Operating Debtors and/or their estates and/or not enforceable with respect to such funds (or proceeds of such funds)
5. Judgment determining that Business First's claim under the Notes is a secured claim only to the extent of the value of the collateral securing the Chapter 11 Debtors' obligations under the Notes.
6. Judgment determining that any lien securing Business First's claim under the Notes is void to the extent Business First's claim is not an allowed secured claim.
7. Judgment allowing Business First's claim under the Notes only to the extent the validity, amount, and priority of the asserted claim are supported by Business First at trial.
8. Judgment in the amount of the expenses and costs of the Debtors of preserving and disposing of Business First's collateral, to be satisfied from such collateral or the proceeds thereof.
9. Judgment in the amount of Plaintiff's attorneys' fees and costs of suit.
10. Such other and further relief that the Court determines necessary and proper under 28 U.S.C. § 2202

11. Such other and further relief that the Court deems just and appropriate.

DATED: October 11, 2016

/s/ J. Eric Lockridge

Andrew H. Sherman (Bar Roll No. AS6061)
Admitted Pro Hac Vice
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KEAN MILLER LLP
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P.O. Box 3513 (70821-3513)
Baton Rouge, LA 70802
Phone: (225) 387-0999
Co-Counsel for Plaintiff

EXHIBIT A



00000000037001051034504302013026-31473320CL

DISBURSEMENT REQUEST AND AUTHORIZATION

Borrower: Progressive Acute Care Oakdale, L.L.C. (TIN: [REDACTED]); Progressive Acute Care Winn, L.L.C. (TIN: [REDACTED]); Progressive Acute Care Avoyelles, L.L.C. (TIN: [REDACTED]); Progressive Acute Care Dauterive, LLC (TIN: [REDACTED]); and Progressive Acute Care, LLC (TIN: [REDACTED])
2210 7th Street, Suite B
Mandeville, LA 70471

Lender: Business First Bank
North Shore Banking Center
1675 Hwy 190
Covington, LA 70433

LOAN TYPE. This is a Variable Rate Nondisclosable Loan to five Limited Liability Companies for \$20,700,000.00 due on May 5, 2018

PRIMARY PURPOSE OF LOAN. The primary purpose of this loan is for

- Personal, Family, or Household Purposes or Personal Investment.
- Business (Including Real Estate Investment).

SPECIFIC PURPOSE. The specific purpose of this loan is: Refinance existing term debt with Lender and to purchase properties located at 600 North Lewis Street, New Ibera, LA 70563 and 4239 Highway 1192, Marksville, LA 71351.

FLOOD INSURANCE. Some of the property that will secure the loan is not located in an area that has been identified by the Director of the Federal Emergency Management Agency as an area having special flood hazards. Therefore, although flood insurance may be available for the property, no special flood hazard insurance protecting property not located in an area having special flood hazards is required by law for this loan at this time.

DISBURSEMENT INSTRUCTIONS. Borrower understands that no loan proceeds will be disbursed until all of Lender's conditions for making the loan have been satisfied. Please disburse the loan proceeds of \$20,700,000.00 as follows:

Amount paid on Borrower's account:	\$4,549,982.65
\$1,346,945.45 Payment on Loan # [REDACTED] in the name of Progressive Acute Care, LLC	
\$2,998,201.56 Payment on Loan # [REDACTED] in the name of Progressive Acute Care, LLC	
\$204,835.64 Payment on Loan # [REDACTED] in the name of Progressive Acute Care, LLC	
Amount paid to others on Borrower's behalf:	\$16,150,017.35
\$15,525,017.35 to First American Title	
\$625,000.00 to Rodrigue & Rodrigue	
Note Principal:	\$20,700,000.00

CHARGES PAID IN CASH. Borrower has paid or will pay in cash as agreed the following charges:

Prepaid Finance Charges Paid in Cash:	\$207,125.00
\$207,000.00 Loan Origination Fee	
\$125.00 Flood Determination Fee	
Other Charges Paid in Cash:	\$23,185.55
\$3,500.00 Appraisal Fee to The Lakvold Group, LLC	
\$140.00 Appraisal Handling Fee to RIMS	
\$4,000.00 Appraisal Review Fees to Cheryl Bonnaffons Bella, MAI	
\$4,209.21 Interest due on Loan # [REDACTED] through 4/30/2013	
\$10,930.94 Interest due on Loan # [REDACTED] through 4/30/2013	
\$405.40 Interest due on Loan # [REDACTED] through 4/30/2013	
Total Charges Paid in Cash:	\$230,310.55

AUTOMATIC PAYMENTS. Borrower hereby authorizes Lender automatically to deduct from Borrower's Checking account, numbered 30136704, the amount of any loan payment. If the funds in the account are insufficient to cover any payment, Lender shall not be obligated to advance funds to cover the payment. At any time and for any reason, Borrower or Lender may voluntarily terminate Automatic Payments.

FINANCIAL CONDITION. BY SIGNING THIS AUTHORIZATION, BORROWER REPRESENTS AND WARRANTS TO LENDER THAT THE INFORMATION PROVIDED ABOVE IS TRUE AND CORRECT AND THAT THERE HAS BEEN NO MATERIAL ADVERSE CHANGE IN BORROWER'S FINANCIAL CONDITION AS DISCLOSED IN BORROWER'S MOST RECENT FINANCIAL STATEMENT TO LENDER. THIS AUTHORIZATION IS DATED APRIL 30, 2013.

BORROWER:

PROGRESSIVE ACUTE CARE OAKDALE, L.L.C.

PROGRESSIVE ACUTE CARE, LLC, Manager of Progressive Acute Care Oakdale, L.L.C.

By: Wayne D. Thompson
Wayne D. Thompson, Authorized Individual of
Progressive Acute Care, LLC

PROGRESSIVE ACUTE CARE WINN, L.L.C.

PROGRESSIVE ACUTE CARE, LLC, Manager of Progressive Acute Care Winn, L.L.C.

By: Wayne D. Thompson
Wayne D. Thompson, Authorized Individual of
Progressive Acute Care, LLC

PROGRESSIVE ACUTE CARE AVOYELLES, L.L.C.

PROGRESSIVE ACUTE CARE, LLC, Manager of Progressive Acute Care Avoyelles, L.L.C.

By: Wayne D. Thompson
Wayne D. Thompson, Authorized Individual of
Progressive Acute Care, LLC

PROGRESSIVE ACUTE CARE DAUTERIVE, LLC

PROGRESSIVE ACUTE CARE, LLC, Manager of Progressive Acute Care Dauterive, LLC

By: Wayne D. Thompson
Wayne D. Thompson, Authorized Individual of
Progressive Acute Care, LLC

PROGRESSIVE ACUTE CARE, LLC

By: Wayne D. Thompson
Wayne D. Thompson, Authorized Individual of
Progressive Acute Care, LLC



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DISBURSEMENT REQUEST AND AUTHORIZATION

Borrower:	Progressive Acute Care Oakdale, L.L.C. (TIN: [REDACTED]); Progressive Acute Care Winn, L.L.C. (TIN: [REDACTED]); Progressive Acute Care Avoyelles, L.L.C. (TIN: [REDACTED]); Progressive Acute Care Dauterive, LLC (TIN: [REDACTED]); and Progressive Acute Care, LLC (TIN: [REDACTED]) 2210 7th Street, Suite B Mandeville, LA 70471	Lender:	Business First Bank North Shore Banking Center 1675 Hwy 190 Covington, LA 70433
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LOAN TYPE. This is a Variable Rate Nondisclosable Revolving Line of Credit Loan to five Limited Liability Companies for \$3,000,000.00 due on May 5, 2015.

PRIMARY PURPOSE OF LOAN. The primary purpose of this loan is for

Personal, Family, or Household Purposes or Personal Investment.

Business (Including Real Estate Investment).

SPECIFIC PURPOSE. The specific purpose of this loan is Revolving line of credit for working capital and equipment purchases

DISBURSEMENT INSTRUCTIONS. Borrower understands that no loan proceeds will be disbursed until all of Lender's conditions for making the loan have been satisfied. Please disburse the loan proceeds of \$3,000,000.00 as follows:

Undisbursed Funds:	\$2,530,363.84
Amount paid on Borrower's account:	\$469,636.16
\$469,636.16 Payment on Loan # [REDACTED] in the name of Progressive Acute Care, LLC	
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Note Principal:	\$3,000,000.00

CHARGES PAID IN CASH. Borrower has paid or will pay in cash as agreed the following charges

Prepaid Finance Charges Paid In Cash:	\$15,000.00
\$15,000.00 Loan Origination Fee (%)	
Other Charges Paid In Cash:	\$1,997.61
\$30.00 UCC Recording Fee to EBRP Clerk of Court	
\$500.00 Documentation Fee	
\$1,467.61 Interest due on Loan # [REDACTED] through 4/30/2013	
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Total Charges Paid In Cash:	\$16,997.61

AUTOMATIC PAYMENTS. Borrower hereby authorizes Lender automatically to deduct from Borrower's Checking account, numbered 30136704, the amount of any loan payment. If the funds in the account are insufficient to cover any payment, Lender shall not be obligated to advance funds to cover the payment. At any time and for any reason, Borrower or Lender may voluntarily terminate Automatic Payments.

FINANCIAL CONDITION. BY SIGNING THIS AUTHORIZATION, BORROWER REPRESENTS AND WARRANTS TO LENDER THAT THE INFORMATION PROVIDED ABOVE IS TRUE AND CORRECT AND THAT THERE HAS BEEN NO MATERIAL ADVERSE CHANGE IN BORROWER'S FINANCIAL CONDITION AS DISCLOSED IN BORROWER'S MOST RECENT FINANCIAL STATEMENT TO LENDER. THIS AUTHORIZATION IS DATED APRIL 30, 2013.

DISBURSEMENT REQUEST AND AUTHORIZATION
(Continued)

Loan No: 37001078

Page 2

BORROWER:

PROGRESSIVE ACUTE CARE OAKDALE, L.L.C.

PROGRESSIVE ACUTE CARE, LLC, Manager of Progressive Acute Care Oakdale, L.L.C.

By: 
Wayne D. Thompson, Authorized Individual of
Progressive Acute Care, LLC

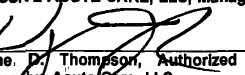
PROGRESSIVE ACUTE CARE WINN, L.L.C.

PROGRESSIVE ACUTE CARE, LLC, Manager of Progressive Acute Care Winn, L.L.C.

By: 
Wayne D. Thompson, Authorized Individual of
Progressive Acute Care, LLC

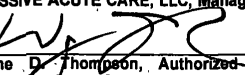
PROGRESSIVE ACUTE CARE AVOYELLES, L.L.C.

PROGRESSIVE ACUTE CARE, LLC, Manager of Progressive Acute Care Avoyelles, L.L.C.

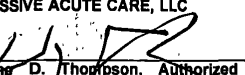
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PROGRESSIVE ACUTE CARE DAUTERIVE, LLC

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By: 
Wayne D. Thompson, Authorized Individual of
Progressive Acute Care, LLC

PROGRESSIVE ACUTE CARE, LLC

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Progressive Acute Care, LLC