

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re:

SOUND SHORE MEDICAL CENTER
OF WESTCHESTER, et al.

Chapter 11
Case No. 13-22840(RDD)

Debtors.

(Jointly Administered)

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**INTERIM ORDER PURSUANT TO 11 U.S.C. §§ 105 AND 331
ESTABLISHING PROCEDURES FOR INTERIM COMPENSATION
AND REIMBURSEMENT OF EXPENSES OF PROFESSIONALS**

Upon consideration of the motion (the “**Motion**”)¹ of Sound Shore Medical Center of Westchester (“**SSMC**”) and certain of its affiliated debtor entities (each a “**Debtor**” and collectively the “**Debtors**”)² dated May 28, 2013, seeking entry of an order, pursuant to sections 105(a) and 331 of title 11 of the United States Code (as amended, the “**Bankruptcy Code**”), Rule 2014 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”) and Rule 2016-1 of the Local Rules for the Southern District of New York, establishing procedures for interim compensation and reimbursement of expenses; and this Court having jurisdiction to consider the Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157(a) and 1334(b); and it appearing that venue of this case and this Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing that this matter is a core proceeding pursuant to 28 U.S.C. § 157(b); and due notice of the Motion having been provided, and it appearing that no other or further notice of the Motion need be provided; and there being no

¹ Capitalized terms not defined herein shall have the meaning ascribed to them in the Motion.

² The debtors in these chapter 11 cases, along with the last four digits of each debtor’s federal tax identification number include: Sound Shore Health System, Inc. (1398), Sound Shore Medical Center of Westchester (0117), The Mount Vernon Hospital, Inc. (0115), Howe Avenue Nursing Home d/b/a Helen and Michael Schaffer Extended Care Center (0781), NRHMC Services Corporation (9137), The M.V.H. Corporation (1514) and New Rochelle Sound Shore Housing, LLC. There are certain additional affiliates of the Debtors who are not debtors in these Chapter 11 Cases and have not sought relief under Chapter 11.

objections to the requested relief; and a hearing on the Motion having been conducted before this Court on June 25, 2013 (the “**Hearing**”); and the Court having reviewed the Motion, the Spicer Affidavit; and upon the record of the Hearing; and the Court having determined that the legal and factual bases set forth in the Motion, the Spicer Affidavit, and at the Hearing establish just cause for the relief granted herein and that the relief sought in the Motion is in the best interests of the Debtors, their estates, creditors and all parties in interest; and upon all of the prior proceedings had before the Court; and after due deliberation and sufficient cause appearing therefor, it is hereby

ORDERED, that except as otherwise may be provided in Court orders authorizing the retention of specific professionals, all Professionals in these cases, including any professionals retained by the Court-appointed Patient Care Ombudsman (the “**PCO Professionals**”), may seek monthly compensation in accordance with the following procedures:

- (a) On or before the twentieth (20th) day following the month for which compensation is sought, each Professional and PCO Professional will serve a monthly statement (the “**Monthly Statement**”) for professional services rendered and reimbursement of expenses incurred during the relevant compensation period on the following service parties (the “**Service Parties**”):

1. Debtors: Sound Shore Medical Center of Westchester, 16 Guion Place, New Rochelle, New York 10802, Attn: John Spicer;
2. Counsel to the Debtors: Garfunkel Wild, P.C., 111 Great Neck Road, Great Neck, New York 11021; Attn: Burton S. Weston, Esq. and Afsheen A. Shah, Esq.;
3. Counsel to the Committee: Alston & Bird, LLP, 90 Park Avenue, New York, New York 10016, Attn: Marty G. Bunin, Esq. and Craig E. Freeman, Esq.;

4. Counsel to MidCap Financial, LLC, the Debtors' postpetition lender, Lisa J. Lenderman, Esq., Deputy General Counsel, MidCap Financial, LLC, 7255 Woodmont Ave., Suite 200, Bethesda, MD 20814
 5. Counsel to Montefiore Medical Center, Togut, Segal & Segal, One Penn Plaza, New York, New York 10119, Attn: Frank Oswald, Esq. and Scott Griffin, Esq.
 6. Office of the United States Trustee: 33 Whitehall Street, 21st Floor, New York, New York, 10004, Attn: Susan D. Golden, Esq. and William E. Curtin, Esq.;
- (b) On or before the twentieth (20th) day following the month for which compensation is sought, each Professional and PCO Professional seeking compensation under this Order shall file a Monthly Fee Statement with the Court; however a courtesy copy need not be delivered to Chambers as payment of such Monthly Statement under the procedures set forth herein is not intended to alter the fee application requirements outlined in sections 330 and 331 of the Bankruptcy Code. All Professionals and PCO Professionals are still required to serve and file interim and final applications for approval of fees and expenses in accordance with the relevant provisions of the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure and the Local Rules of this Court;
- (c) Each Monthly Fee Statement must contain a list of the individuals who provided services during the statement period, their respective titles and billing rates, the aggregate hours spent by each individual, a reasonably detailed breakdown of the disbursements incurred (no Professional and/or PCO Professional should seek reimbursement of an expense which would otherwise not be allowed pursuant to the Court's Administrative Orders dated June 24, 1991 and April 21, 1995 or to the U.S. Trustee Guidelines for Reviewing Applications for Compensation and

Reimbursement of Expenses Filed Under 11 U.S.C. § 330, dated January 30, 1996) and contemporaneously maintained time entries for each individual in increments of tenths (1/10) of an hour;

- (d) If any party in interest has an objection to the compensation or reimbursement sought in a particular Monthly Fee Statement, such party shall, by no later than the thirty fifth (35th) day following the month for which compensation is sought, file with the Court and serve upon the Professional and/or PCO Professional whose Monthly Fee Statement is objected to, and the other Service Parties, a written “Notice of Objection to Fee Statement” setting forth the nature of the objection with particularity and the amount of fees or expenses at issue;
- (e) At the expiration of the thirty five (35) day period, the Debtors shall promptly pay eighty percent (80%) of the fees and one hundred percent (100%) of the expenses identified in each Monthly Fee Statement to which no objection has been served in accordance with paragraph (d) above;
- (f) If a Notice of Objection to Fee Statement is filed, the Debtors shall withhold payment on that portion of the Monthly Fee Statement to which the objection is directed and promptly pay the remainder of the fees and disbursements in the percentages set forth in paragraph (e) unless the professional whose statement is objected to seeks an order from the Court, upon notice and a hearing, directing payment to be made;
- (g) If the parties to an objection are able to resolve their dispute following the service of Notice of Objection to Fee Statement, and if the party whose Monthly Fee

Statement was objected to files (a) a statement indicating that the objection has been withdrawn and describing in detail the terms of the resolution, then the Debtors shall promptly pay, in accordance with paragraph (e), that portion of the Monthly Fee Statement that is no longer subject to an objection;

- (h) All objections that are not resolved by the parties shall be preserved and presented to the Court at the next interim or final fee application hearing to be held by the Court (see sub-paragraph (j) below);
- (i) The service of an objection in accordance with paragraph (d) shall not prejudice the objecting party's right to object to any fee application made to the Court in accordance with the Bankruptcy Code on any ground, whether raised in the objection or not. Furthermore, the decision by any party not to object to a Monthly Fee Statement shall not be a waiver of, or constitute prejudice to, that party's right to object to any fee application subsequently made to the Court in accordance with the Bankruptcy Code;
- (j) Approximately every 120 days, but not later than 150 days, each of the Professionals and PCO Professionals shall serve and file with the Court an application for interim or final Court approval and allowance, pursuant to sections 330 and 331 of the Bankruptcy Code (as the case may be), of the compensation and reimbursement of expenses requested;
- (k) Any Professional and/or PCO Professional who fails to file an application seeking approval of compensation and expenses previously paid under the procedures set forth herein, when due, shall (1) be ineligible to receive further monthly payments

of fees or expenses as provided herein until further order of the Court and (2) may be required to disgorge any fees paid since retention or the last fee application, whichever is later;

- (l) The pendency of an application or a Court order that payment of compensation or reimbursement of expenses was improper shall not disqualify a Professional and/or PCO Professional from the future payment of compensation or reimbursement of expenses as set forth above, unless otherwise ordered by the Court;
- (m) Neither the payment of, nor the failure to pay, in whole or in part, monthly compensation and reimbursement as provided herein, shall have any effect on the Court's interim and final allowance of compensation and reimbursement of any Professional;
- (n) Counsel to the Committee may, in accordance with the foregoing Compensation Procedures, collect and submit statements of expenses, with supporting affidavits, from members of the Committee, provided, however, that such counsel ensures that these reimbursement requests comply with any operative guidelines promulgated by the Office of the United States Trustee and this Court's Administrative Orders dated June 24, 1991 and April 21, 1995; and it is further

ORDERED, that each Professional and PCO Professional may seek, in its first request for compensation and reimbursement of expenses pursuant to this Order, compensation for work performed and reimbursement for expenses incurred during the period beginning on the date of the professional's retention and ending on July 31, 2013; and it is further

ORDERED, that the amount of fees and disbursements sought be set out in U.S. dollars (if the fees and disbursements are to be paid in foreign currency, the amount shall be set out in U.S. dollars and the conversion amount in the foreign currency, calculated at the time of the submission of the application); and it is further

ORDERED, that the Debtors shall include all payments to any of the Professionals and/or PCO Professionals on their monthly operating reports, detailed so as to state the amount paid to each of the professionals; and it is further

ORDERED, that any party may object to requests for payments made pursuant to this Order on the grounds that the Debtors have not timely filed monthly operating reports, remained current with their administrative expenses and 28 U.S.C. § 1930 fees, or a manifest exigency exists by seeking a further order of this Court, otherwise, this Order shall continue and shall remain in effect during the pendency of this case; and it is further

ORDERED, that all time periods set forth in this Order shall be calculated in accordance with Federal Rule of Bankruptcy Procedure 9006(a); and it is further

ORDERED, that any and all other and further notice of the relief requested in the Motion shall be, and hereby is, dispensed with and waived; provided, however, that the Debtors must serve a copy of this Order on all entities specified in paragraph (a) hereof.

Dated: July 1, 2013
White Plains, New York

/s/Robert D. Drain
HON. ROBERT D. DRAIN
UNITED STATES BANKRUPTCY JUDGE