

GARFUNKEL WILD, P.C.  
111 Great Neck Road  
Great Neck, New York 11021  
Telephone: (516) 393-2200  
Telefax: (516) 466-5964  
Burton S. Weston  
Afsheen A Shah

Hearing date: August 2, 2013 at 10:00 a.m.  
Objections due: July 26, 2013 at 4:00 p.m.

*Proposed Counsel for Debtors  
And Debtors in Possession*

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

-----X  
In re:  
SOUND SHORE MEDICAL CENTER OF  
WESTCHESTER, et al.,

Chapter 11 Case  
Case No. 13- 22840 (RDD)

Debtors.

(Jointly Administered)

-----X  
**MOTION FOR ENTRY OF AN ORDER  
AUTHORIZING THE DEBTORS TO EMPLOY AND COMPENSATE  
PROFESSIONALS UTILIZED IN THE ORDINARY COURSE OF BUSINESS**

Sound Shore Medical Center of Westchester ("SSMC") and certain of its debtor affiliates, as debtors and debtors-in-possession (each a "Debtor" and collectively the "Debtors")<sup>1</sup> in the above captioned chapter 11 cases (the "Chapter 11 Cases"), by and through their proposed attorneys, Garfunkel Wild, P.C., hereby move (the "Motion") for entry of an Order, substantially in the form of Exhibit A hereto, pursuant to sections 105(a), 327 (a) and (e) and 330 of title 11 of the United States Code (the "Bankruptcy Code"), authorizing the Debtors to employ and retain certain professionals, as set forth on Exhibit B hereto, utilized by the Debtors in the ordinary course of their business (collectively, the "Ordinary Course

<sup>1</sup> 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 (0117). There are certain additional affiliates of the Debtors who are not debtors and have not sought relief under Chapter 11.

Professionals") *nunc pro tunc* to the Petition Date. In support of the Motion, the Debtors respectfully represents as follows:

### JURISDICTION AND VENUE

1. This Court has jurisdiction over this Application pursuant to 28 U.S.C. §§ 157 and 1334. This motion is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A).

2. Venue is proper in this District pursuant to 28 U.S.C. §§ 1408 and 1409.

3. The statutory predicates for the relief sought herein are sections 105(a), 327(a) and (e), and 328 of the Bankruptcy Code, Rule 2016(a) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), and the Local Bankruptcy Rules for the Southern District of New York (the "Local Rules").

### BACKGROUND

4. On May 29, 2013 (the "Petition Date"), each Debtor filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code. The Debtors' cases are being jointly administered for procedural purposes only.

5. The Debtors are operating their business as debtors in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.

6. On June 10, 2013, the United States Trustee for the Southern District of New York (the "U.S. Trustee") appointed an official committee of unsecured creditors (the "Committee") pursuant to section 1102 of the Bankruptcy Code. The Committee has engaged Alston & Bird, LLP as its proposed counsel.

7. No trustee or examiner has been appointed in these cases.

### **SUMMARY OF RELIEF REQUESTED**

8. The Debtors' ongoing operations require the services of a number of professionals in the ordinary course of business (the "**Ordinary Course Professionals**"). In order to reduce the costs to the Debtors' estates associated with retaining each such professional through an application seeking approval of the retention, scheduling a hearing on the application, and the need for such professionals to file fee applications, the Debtors seek to establish certain procedures governing the retention and compensation of such Ordinary Course Professionals.

9. Given the Debtors' limited resources, the Debtors are particularly cognizant of the need to minimize expenses related to professionals. Accordingly, the Debtors have selected and seek to employ only those professionals whose services are absolutely critical for the operation of the Debtors' businesses and the administration of these cases. Furthermore, pursuant to the procedure proposed herein, each ordinary course professional would be subject to a \$20,000 per month fee cap and an aggregate cap of \$200,000.

### **DEBTORS HISTORY AND BUSINESS**

10. A significant portion of the Debtors' core business is focused around Sound Shore Medical Center of Westchester ("**SSMC**"). SSMC is a not-for-profit 252-bed, community-based teaching hospital offering primary, acute, emergency and long-term health care to the working class residents of southern Westchester. SSMC's affiliate, Mount Vernon Hospital ("**MVH**"), is a voluntary, not-for-profit, 196-bed hospital located in Mount Vernon, New York. MVH also operates the Dorothea Hopfer School of Nursing, chartered by New York State since 1901. Howe Avenue Nursing Home d/b/a Helen and Michael Schaffer Extended Care Center ("**SECC**"), the third operating Debtor, is a 150-bed, comprehensive facility offering short-term

rehabilitation/sub-acute care, as well as skilled long-term care. (SSMC, MVH and SECC are sometimes collectively referred to as the “Medical Centers”)

11. SSMC, MVH and SECC (with their affiliated Debtors) together comprise the Sound Shore Health System, Inc. (“SSHS” or the “System”) which was formed in 1997 when the three affiliated healthcare institutions joined together to create one of the largest regional healthcare systems between New York City and Albany. Today, the System provides a range of specialized services, including orthopedic surgery, behavioral health, pediatrics, OB/GYN, continuing care facilities, a nursing home and community care clinics providing primary care services for the indigent and uninsured. Their affiliation with the New York College of Medicine also enables the Debtors to provide a teaching environment in multiple disciplines to their community and patients.

12. As the largest “safety net” providers for southern Westchester County, the Medical Centers serve a disproportionate share of patients in the Medicaid and uninsured populations. Annually, they are responsible for approximately 13,000 acute discharges, 55,000 emergency department visits and 60,000 indigent care clinic visits.

13. The Debtors’ financial decline dates back several years and is attributable in largest measure to consistent cuts in Medicare and Medicaid funding, declining indigent pool payments, and a change in demographics. Commencing in 2006 and increasingly each year thereafter, the Debtors experienced a progressive decline in patient volume and discharges and a change in case mix. The Debtors’ efforts to address consistent liquidity pressures have had periodic success, but no long term resolution.

14. A recent conversion to a new electronic medical record and billing system in 2012, intended to increase efficiencies, resulted in major billing and collection delays, increased patient account denials and bad-debt write offs. As a consequence, liquidity again became a pressing issue, this time preventing the Debtors from implementing critical system updates vital to improving its infrastructure and physical plant. It also has led to mounting trade payable and, in some cases, the termination of necessary service relationships.

15. As the Debtors' financial condition continued to deteriorate, the Debtors began to actively search for a viable healthcare partner or other affiliation for the Medical Centers. A proposed transaction was discussed with several major hospitals and healthcare institutions, including: Montefiore Medical Center ("MMC"). Immediately prior to the filing, the Debtors and MMC entered into an asset purchase agreement (the "Purchase Agreement") providing for the sale of all of their Owned Real Property, Furniture, Fixtures, Inventory, Assigned Contracts and related operating assets, which collectively comprise the Acquired Assets (all as therein defined), to MMC which will thereafter continue operations at the Debtors' former facilities under their own auspices. On the Petition Date, a motion to approve the Sale to MMC or any other party making a higher or better offer was filed.

#### **RELIEF REQUESTED**

16. Prior to the Petition Date, the Debtors employed, from time to time, various consultants, attorneys, law firms and other professionals in the ordinary course of their business to render services relating to, inter alia, billing and collection matters, pension plan issues, workers compensation and no-fault matters, Medicaid/Medicare account receivables, physician and employee relations, legal advice with respect to routine litigation (such as personal injury or malpractice cases), and other matters requiring the expertise and assistance of professionals. A

list of these Ordinary Course Professionals that the Debtors currently seek to employ is attached hereto as Exhibit B.

17. The Debtors are seeking to employ and retain the Ordinary Course Professionals for the same services performed by such persons prior to the commencement of this case *nunc pro tunc* to the Petition Date. The Debtors request that they be permitted to employ and retain the Ordinary Course Professionals on terms substantially similar to those in effect prior to the Petition Date, subject to the limitations set forth herein. The Debtors further represent that: (a) they desire to employ the Ordinary Course Professionals as necessary for the day-to-day operations of the Debtors' services; (b) the expenses for the Ordinary Course Professionals will be kept to a minimum; and (c) the Ordinary Course Professionals will not perform substantial services relating to bankruptcy matters without permission of this Court.

18. The Debtors propose that retention and compensation of each Ordinary Course Professional shall be subject to the following conditions (collectively, the "**Ordinary Course Procedures**"):

(a) The Debtors shall be permitted to pay each Ordinary Course Professional, without the need to file a prior fee application to the Court, 100% of the fees and expenses incurred, upon the submission to, and approval by, the Debtors of an appropriate invoice setting forth in reasonable detail the nature of the services rendered and disbursements actually incurred, up to the lesser of (a) \$20,000 per month per Ordinary Course Professional (an "**OCP Monthly Limit**") or (b) \$200,000 in total fees during the pendency of these Chapter 11 Cases per Ordinary Course Professional (an "**OCP Aggregate Limit**" and together with an OCP Monthly Limit, an "**OCP Fee Cap**"), provided however, such OCP Fee Cap shall not apply to any contingency fee arrangements.

(b) In the event that, for a given month, an Ordinary Course Professional seeks an amount greater than its OCP Monthly Limit, then the payments to such Ordinary Course Professional for any such excess amounts shall be subject to the prior approval of the Court in accordance with sections 330 and 331 of the Bankruptcy Code, as well as the applicable provisions of the Bankruptcy Rules and the Local

Rules. The Debtors reserve the right to amend the monthly compensation limitations set forth in this paragraph upon notice to parties in interest.

(c) Within the later of thirty (30) days after (i) entry of an order granting this Motion or (ii) the date on which the Ordinary Course Professional commences services for the Debtors, each Ordinary Course Professional shall serve upon the Debtors' attorneys: (a) a declaration (the "**Ordinary Course Professional Declaration**"), substantially in the form annexed hereto as Exhibit C, certifying that the professional does not represent or hold any interest adverse to the Debtors or their estates with respect to the matter on which the professional is to be employed; and (b) a completed retention questionnaire (the "**Ordinary Course Professional Questionnaire**"), substantially in the form annexed hereto as Exhibit D.

(d) The Debtors' attorneys shall then file the Ordinary Course Professional Declaration and Ordinary Course Professional Questionnaire with the Court and serve them upon: (i) the U.S. Trustee, (ii) counsel for any official committee of unsecured creditors appointed in these cases, and (iii) counsel for the Debtors' DIP Lender. The U.S. Trustee shall then have 15 days following service to notify the Debtors in writing of any objection to the retention stemming from the contents of the Ordinary Course Professional's Ordinary Course Professional Declaration or Ordinary Course Professional Questionnaire. If after 15 days no objection is filed, then the retention of such Ordinary Course Professional shall be deemed approved and the Ordinary Course Professional may be paid 100% of its fees and 100% of its expenses in accordance with paragraph (a) hereof.

(e) The Debtors reserve the right to supplement the Ordinary Course Professional List from time to time as necessary. The Debtors have diligently attempted to identify all of their current Ordinary Course Professionals. Nevertheless, some Ordinary Course Professionals may have been inadvertently omitted. Further, the nature of the Debtors' services may require the retention of additional professionals from time to time. In either event, the Debtors propose to file a notice (a "**Supplemental Notice of Ordinary Course Professionals**") with the Court listing any additional Ordinary Course Professionals that the Debtors intend to employ, together with such additional professionals' Ordinary Course Professional Declarations and Ordinary Course Professional Questionnaires and to serve same upon: (i) the U.S. Trustee, (ii) counsel for any official committee of unsecured creditors appointed in these cases, and (iii) counsel for the Debtors' DIP Lender. The Debtors further propose that if no objection to any additional Ordinary Course Professional is filed with the Court and served on the Debtors within 15 days after the service of the Supplemental Notice of Ordinary Course Professionals, retention of the Ordinary Course Professional(s) would be deemed approved by the Court in accordance with the provisions of this Motion without the need for a hearing or further order.

(f) An Ordinary Course Professional retained pursuant to a Supplemental Notice of Ordinary Course Professionals shall be paid in accordance with the terms and conditions set forth herein.

19. Other than Ordinary Course Professionals, all professionals employed by the Debtors to assist in the prosecution of these Chapter 11 Cases will be retained by the Debtors pursuant to separate retention applications. All such professionals shall be compensated in accordance with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, and other orders of this Court.

#### **PAYMENT OF FEES AND EXPENSES**

20. As indicated above, the Debtors are also seeking entry of an order pursuant to Bankruptcy Code sections 105(a) and 330 authorizing them to pay to each Ordinary Course Professional, without the need for the prior submission of a fee application to the Court by such professional. Such payments would be made following the filing and service of the Ordinary Course Professional Declaration and Ordinary Course Questionnaire to the U.S. Trustee. To the extent objections are not filed to the proposed retention, the Debtors shall be authorized to pay the Ordinary Course Professionals one hundred percent (100%) of fees and expenses incurred by the applicable Ordinary Course Professional, subject to the OCP Fee Cap.

21. If an Ordinary Course Professional's fees exceed the OCP Fee Cap, the fees shall be subject to the prior approval of the Court in accordance with sections 330 and 331 of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, and any and all orders of the Court and Fee Guidelines.

22. The Debtors further propose to except from such monthly limitations any contingency fee amounts received by Ordinary Course Professionals from recoveries realized on the Debtors' behalf. In other words, the limitations would apply only to direct disbursements by the Debtors. With respect to the professionals paid on a contingency fee arrangement, the Debtors request authority to pay these professionals according to their contractual arrangement,



provided however, that any amounts paid shall not to exceed, on the average, twenty-five percent (25%) of collections.

23. No Ordinary Course Professional shall be authorized to perform services and be compensated for services performed in these cases unless within the later of thirty (30) days after the entry of an order granting this Motion or the date of engagement of such professional by the Debtors, such professional has filed with the Court such professional's Ordinary Course Professional Declaration and Ordinary Course Professional Questionnaire.

#### **BASIS FOR RELIEF**

24. Pursuant to section 327(a) of the Bankruptcy Code, a debtor "may employ one or more attorneys, accountants, appraisers, auctioneers, or other professional persons, that do not hold or represent an interest adverse to the estate, and that are disinterested persons, to represent or assist the trustee in carrying out the [debtor's] duties . . . ." 11 U.S.C. § 327(a).

25. It is essential that the employment of the Ordinary Course Professionals be effectuated to avoid any disruption in the Debtors' ability to utilize the Ordinary Course Professionals in their day-to-day operation of its business. The Debtors submit that the proposed employment of the Ordinary Course Professionals and the payment of interim compensation on the basis set forth above is in the best interests of the Debtors' estates and their creditors.

26. The relief requested will save the Debtors' estates the expense of separately applying for the employment of each professional. It is anticipated that each of these professionals will receive relatively small fees. Thus, the submission of separate applications and proposed retention orders for each Ordinary Course Professional as required by Bankruptcy Rules 2014 and 2016 would be both costly and impractical. Additionally, absent implementation

of the arrangement set forth herein, many of the Ordinary Course Professionals may be unwilling to provide continued services to the Debtors.

27. If the expertise or particularized background knowledge of these Ordinary Course Professionals is lost, the Debtors' estates will undoubtedly incur additional and unnecessary expenses because the Debtors will be forced to retain other professionals without such expertise and background.

28. Further, since the amount of fees owed to any such individual professional with respect to postpetition services will be relatively small or a commercially reasonable percentage of any recoveries they realize for the benefit of the Debtors' estates, the requested relief will avoid the incurrence of the additional fees pertaining to preparing and prosecuting interim fee applications. Likewise, the procedure outlined herein will avoid burdening the Court and the United States Trustee with the consideration of numerous interim fee applications involving relatively small amounts of fees and expenses.

29. Although some of the Ordinary Course Professionals may hold minor unsecured claims against the Debtors with respect to prepetition services rendered, the Debtors do not believe that any of the Ordinary Course Professionals holds an interest materially adverse to the Debtors, their creditors, or other parties-in-interest, and thus none would be retained who do not meet, if applicable, the special counsel retention requirement of section 327(e) of the Bankruptcy Code.

30. Relief similar to that sought herein has been routinely granted in comparable chapter 11 cases, both in this Circuit and elsewhere. See, e.g., In re Saint Vincents Catholic Medical Centers, et al., Case No. 10-11963 (Bankr. S.D.N.Y. May 18, 2010); In re FairPoint

Commc'ns, Inc., Case No. 09-16335 (Bankr. S.D.N.Y. Nov. 28, 2009); In re Cabrini Med. Ctr., Case No. 09-14398 (Bankr. S.D.N.Y. July 29, 2009); In re The Reader's Digest Ass'n., Case No. 09-23529 (Bankr. S.D.N.Y. Sep. 17, 2009); In re Motors Liquidation Co. (f/k/a Gen. Motors Corp.), 09-50026 (Bankr. S.D.N.Y. July 1, 2009); In re Old Carco, LLC (f/k/a Chrysler LLC), Case No. 09-50002 (Bankr. S.D.N.Y. May 20, 2009); In re Bally Total Fitness of Greater N.Y., Inc., Case No. 08-14818 (Bankr. S.D.N.Y. Dec. 22, 2008); In re Frontier Airlines Holdings, Inc., Case No. 08-11298 (Bankr. S.D.N.Y. May 2, 2008).

**NO PRIOR REQUEST**

31. No previous request for the relief sought herein has been made to this or any other court.

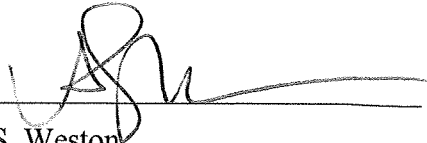
**NOTICE**

32. In accordance with the Administrative Order Establishing Case Management and Scheduling Procedures (the "**Case Management Order**"), entered on June 3, 2013 [Docket No. 50], notice of this Motion has been given to the parties identified on the General Service List and the Master Service List (as such terms are identified in the Case Management Order). The Debtors submit that no other or further notice need be provided.

**WHEREFORE** the Debtors respectfully request that the Court enter an order substantially similar to the proposed order, attached hereto as Exhibit A, granting the relief requested herein, and granting the Debtors such other and further relief as is just and proper.

Dated: July 3, 2013  
Great Neck, New York

GARFUNKEL WILD, P.C.

By: 

Burton S. Weston  
Afsheen A. Shah  
111 Great Neck Road  
Great Neck, NY 11021  
Telephone: (516) 393-2200  
Facsimile: (516) 466-5964

*Proposed Counsel for the Debtors  
and Debtors in Possession*

GARFUNKEL WILD, P.C.  
111 Great Neck Road  
Great Neck, New York 11021  
Telephone: (516) 393-2588  
Facsimile: (516) 466-5964  
Burton S. Weston  
Afsheen A. Shah

**Hearing Date: August 2, 2013 at 10:00 a.m.**  
**Objection Deadline: July 26, 2013 at 4:00 p.m.**

*Proposed Counsel for the Debtor  
and Debtor-in-Possession*

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

-----X

In re:

SOUND SHORE MEDICAL CENTER OF  
WESTCHESTER, et al.

Chapter 11  
Case No. 13-22840 (RDD)

Debtors.

(Joint Administration )

-----X

**NOTICE OF HEARING ON MOTION FOR ENTRY OF AN ORDER AUTHORIZING  
THE DEBTORS TO EMPLOY AND COMPENSATE PROFESSIONALS UTILIZED IN  
THE ORDINARY COURSE OF BUSINESS**

**PLEASE TAKE NOTICE** that upon the annexed Motion of Sound Shore Medical Center of Westchester ("**SSMC**" or "**Debtor**") and certain of its affiliates, as Chapter 11 debtors and debtors in possession herein (each a "**Debtor**" and collectively the "**Debtors**")<sup>1</sup>, dated July 3, 2013, a hearing will be held before the Honorable Robert D. Drain, United States Bankruptcy Judge for the Southern District of New York, at the United States Bankruptcy Court, Southern District of New York, 300 Quarropas Street, White Plains, New York 10601, on the 2nd day of August, 2013 at 10:00 o'clock in the forenoon of that day, or as soon thereafter as counsel can be heard, to consider the entry of an Order, pursuant to sections 105(a), 327(a) and (e) and 330 of

<sup>1</sup> The debtors in these chapter 11 cases, along with the last four digits of each debtors' 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 Schaeffer Extended Care Center (0781), NRHMC Services Corporation (9137), the M.V. H. Corporation (1514) and New Rochelle Sound Shore Housing, LLC (0117). There are certain additional affiliates of the Debtors who are not debtors and have not sought relief under Chapter 11.

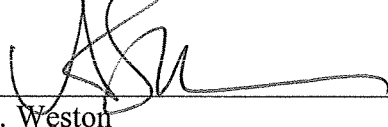
title 11 of the United States Code (the “**Bankruptcy Code**”), authorizing the Debtors to employ and retain certain professionals utilized by the Debtors in the ordinary course of their business, and granting such other and further relief as is just and proper.

**PLEASE TAKE FURTHER NOTICE**, that objections to the relief requested shall be made in writing, shall state with particularity the grounds for the objection, and shall be and filed with the Bankruptcy Court, in electronic format, by utilizing the Court’s electronic case filing system at [www.nysb.uscourts.gov](http://www.nysb.uscourts.gov), or if the same cannot be filed electronically, by manually filing same with the Clerk of the Court together with a cd-rom containing same in Word, Wordperfect or pdf format, with a hard copy provided to the Clerk’s Office at the Bankruptcy Court for delivery to the Chambers of the Honorable Robert D. Drain and upon (i) Garfunkel Wild, P.C., 111 Great Neck Road, Great Neck, New York 11021, attention Burton S. Weston, Esq., and Afsheen A. Shah, Esq., counsel for the Debtors; (ii) Alston & Bird, LLP, 90 Park Avenue, New York, New York 10016, Attn: Martin G. Bunin, Esq., counsel to the official committee of unsecured creditors; (iii) MidCap Financial, LLC, 7255 Woodmont Avenue, Suite 200, Bethesda, MD 20814, attention: Lisa J. Lenderman, Esq., Deputy General Counsel, counsel to Debtors’ postpetition lender; (iv) Togut, Segal and Segal, One Penn Plaza, New York, New York 10019, attention Frank Oswald, Esq., and Scott Griffin, Esq, counsel to Montefiore Medical Center; and (v) Office of the United States Trustee, 33 Whitehall Street, New York, New York 10004, Attn: Susan Golden, Esq., so as to be received no later than July 26, 2013 at 4:00 p.m.

**PLEASE TAKE FURTHER NOTICE** that the hearing on the Motion may be  
adjourned without further notice except as announced in open court on the Hearing Date, or at  
any adjourned hearing.

Dated: Great Neck, New York  
July 3, 2013

Respectfully submitted,

By:   
Burton S. Weston  
Afsheen A. Shah  
GARFUNKEL WILD, P.C.  
111 Great Neck Road  
Great Neck, New York 11021  
Telephone: (516) 393-2200  
Facsimile: (516) 466-5964

*Proposed Attorneys For Debtor  
and Debtor in Possession*

**EXHIBIT A**

**Proposed Order**

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

-----X  
In re:

SOUND SHORE MEDICAL CENTER  
OF WESTCHESTER, et al.

Chapter 11  
Case No. 13-22840 (RDD)

Debtors.

(Jointly Administered)

-----X

**ORDER AUTHORIZING DEBTORS TO EMPLOY PROFESSIONALS  
UTILIZED IN THE ORDINARY COURSE OF BUSINESS**

Upon the motion (the “**Motion**”) of Sound Shore Medical Center of Westchester (“**SSMC**”) and certain of its affiliates, as Chapter 11 debtors and debtors in possession (each a “**Debtor**” and collectively, the “**Debtors**”)<sup>2</sup> in the above-referenced Chapter 11 cases (the “**Chapter 11 Cases**”) for entry of an Order authorizing the Debtors to employ certain professionals utilized by the Debtors in the ordinary course of their businesses (the “**Ordinary Course Professionals**”)<sup>3</sup> *nunc pro tunc* to the Petition Date, and such Motion having been heard on August 2, 2013 (the “**Hearing**”); and the Court having subject matter jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. § 1334; and the Motion being a core proceeding under 28 U.S.C. § 157(b); and venue being proper before the Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been provided, and no other or further notice need be provided; and the relief requested in the Motion being in the

<sup>2</sup> 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 (0117). There are certain additional affiliates of the Debtors who are not debtors and have not sought relief under Chapter 11.

<sup>3</sup> Capitalized terms used herein, except as otherwise noted, shall have the meanings ascribed to them in the Motion.



best interests of the Debtors and their estates and creditors; and the Court having reviewed the Motion; and upon the record of the Hearing; and the Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before the Court; and after due deliberation and sufficient cause appearing therefore,

IT IS HEREBY ORDERED THAT:

1. The Motion is granted to the extent set forth herein.
2. Pursuant to sections 105(a), 327(a) and (e) and 330 of the Bankruptcy Code, to the extent deemed necessary or appropriate by the Debtors, the Debtors are authorized, but not directed, to employ the Ordinary Course Professionals listed on Exhibit A to the Motion, in the ordinary course of their businesses, effective as of the Petition Date, provided, however, that as a condition of such employment, each such Ordinary Course Professional shall comply with the Ordinary Course Professional Procedures detailed herein:

(a) The Debtors shall be permitted to pay each Ordinary Course Professional, without the need to file a prior fee application to the Court, 100% of the fees and expenses incurred, upon the submission to, and approval by, the Debtors of an appropriate invoice setting forth in reasonable detail the nature of the services rendered and disbursements actually incurred, up to the lesser of (a) \$20,000 per month per Ordinary Course Professional (an "**OCP Monthly Limit**") or (b) \$200,000 in total fees during the pendency of these Chapter 11 Cases per Ordinary Course Professional (an "**OCP Aggregate Limit**") and together with an OCP Monthly Limit, an "**OCP Fee Cap**"), provided however, such OCP Fee Cap shall not apply to any contingency fee arrangements.

(b) In the event that, for a given month, an Ordinary Course Professional seeks an amount greater than its OCP Monthly Limit, then the payments to such Ordinary Course Professional for any such excess amounts shall be subject to the prior approval of the Court in accordance with sections 330 and 331 of the Bankruptcy Code, as well as the applicable provisions of the Bankruptcy Rules and the Local Rules. The Debtors reserve the right to amend the monthly compensation limitations set forth in this paragraph upon notice to parties in interest.

(c) Within the later of thirty (30) days after (i) entry of an order granting this Motion or (ii) the date on which the Ordinary Course Professional commences services for the Debtors, each Ordinary Course Professional shall serve upon the

Debtors' attorneys: (a) a declaration (the "**Ordinary Course Professional Declaration**"), substantially in the form annexed hereto as Exhibit C, certifying that the professional does not represent or hold any interest adverse to the Debtors or their estates with respect to the matter on which the professional is to be employed; and (b) a completed retention questionnaire (the "**Ordinary Course Professional Questionnaire**"), substantially in the form annexed hereto as Exhibit D.

(d) The Debtors' attorneys shall then file the Ordinary Course Professional Declaration and Ordinary Course Professional Questionnaire with the Court and serve them upon: (i) the U.S. Trustee, (ii) counsel for any official committee of unsecured creditors appointed in these cases, and (iii) counsel for the Debtors' DIP Lender. The U.S. Trustee shall then have 15 days following service to notify the Debtors in writing of any objection to the retention stemming from the contents of the Ordinary Course Professional's Ordinary Course Professional Declaration or Ordinary Course Professional Questionnaire. If after 15 days no objection is filed, then the retention of such Ordinary Course Professional shall be deemed approved and the Ordinary Course Professional may be paid 100% of its fees and 100% of its expenses in accordance with paragraph (a) hereof.

(e) The Debtors reserve the right to supplement the Ordinary Course Professional List from time to time as necessary. The Debtors have diligently attempted to identify all of their current Ordinary Course Professionals. Nevertheless, some Ordinary Course Professionals may have been inadvertently omitted. Further, the nature of the Debtors' services may require the retention of additional professionals from time to time. In either event, the Debtors propose to file a notice (a "**Supplemental Notice of Ordinary Course Professionals**") with the Court listing any additional Ordinary Course Professionals that the Debtors intend to employ, together with such additional professionals' Ordinary Course Professional Declarations and Ordinary Course Professional Questionnaires and to serve same upon: (i) the U.S. Trustee, (ii) counsel for any official committee of unsecured creditors appointed in these cases, and (iii) counsel for the Debtors' DIP Lender. The Debtors further propose that if no objection to any additional Ordinary Course Professional is filed with the Court and served on the Debtors within 15 days after the service of the Supplemental Notice of Ordinary Course Professionals, retention of the Ordinary Course Professional(s) would be deemed approved by the Court in accordance with the provisions of this Motion without the need for a hearing or further order.

(f) An Ordinary Course Professional retained pursuant to a Supplemental Notice of Ordinary Course Professionals shall be paid in accordance with the terms and conditions set forth herein.

3. Contingency fee amounts received by Ordinary Course Professionals from recoveries realized on the Debtors' behalf shall be excepted from the above referenced monthly limitations and the Debtors may and hereby are authorized and empowered to pay compensation

and reimburse expenses to each such Ordinary Course Professionals in accordance with the existing contractual arrangement for such professional, but not to exceed an average of twenty-five (25%) percent of collections upon receipt of reasonably detailed invoices indicating the nature of the services rendered and calculated in accordance with such professional's standard billing practices.

4. No Ordinary Course Professional shall be paid any amounts for invoiced fees and expense reimbursement until the Ordinary Course Professional Declaration and Ordinary Course Professional Questionnaire have been filed with the Court.

5. If an Ordinary Course Professional's fees exceed the OCP Fee Cap, the fees shall be subject to the prior approval of the Court in accordance with sections 327, 330 and 331 of the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, the Local Bankruptcy Rules, and any and all orders and guidelines of this Court.

6. The Debtors shall file quarterly reports of compensation paid to the Ordinary Course Professionals pursuant to this Order.

7. This Order shall not apply to any professional retained by the Debtor pursuant to a separate order of the Court.

8. The terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

9. This Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

Dated: August \_\_, 2013  
White Plains, New York

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HONORABLE ROBERT D. DRAIN  
UNITED STATES BANKRUPTCY JUDGE

NO OBJECTION:

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OFFICE OF THE  
UNITED STATES TRUSTEE

**EXHIBIT B**

**List Of Professionals Utilized By Debtors  
In The Ordinary Course Of Business**

| <b>Ordinary Course Professional</b>       | <b>Services Performed</b>   |
|---|---|
| Clifton Budd & DeMaria                    | Labor and Employment Counsel  |
| Wolf Haldenstein Adler Freeman & Herz LLP | Collection Services   |
| Nixon Peabody, LLP                        | Special Litigation Counsel  |
| Rivkin Radler, LLP                        | Physician Contracts   |
| Gross & Edelstein LLP                     | Malpractice Litigation Defense  |
| Health-ROI                                | Underpayments, Outliers, APC and APGs review and RAC review                       |
| Betz-Mitchell Associates                  | Inpatient/Outpatient HMOs and Receivables   |
| Quality Billing Services                  | Collection Services -Outpatient Medicaid after 60 days and Medicare after 90 days |
| Hospital Receivables Systems (HRS)        | In-patient and Outpatient Medicaid  |
| Jzanus                                    | Inpatient Self-pay Collection Services  |
| POM Recoveries                            | Outpatient Self-pay Collection Services   |