

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

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

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

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In re:

SOUND SHORE MEDICAL CENTER INC.
OF WESTCHESTER, et al.

Chapter 11
Case No. 13-_____ (____)

Debtors.

(Joint Administration Pending)

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**APPLICATION FOR ORDER PURSUANT TO SECTION 327(A) OF
THE BANKRUPTCY CODE AND LOCAL RULE 2014-1 AUTHORIZING
THE EMPLOYMENT AND RETENTION OF GARFUNKEL WILD, P.C.
AS GENERAL BANKRUPTCY COUNSEL FOR THE DEBTORS**

Sound Shore Medical Center of Westchester ("SSMC" or "Debtor") and its affiliated debtors, as debtors and debtors-in-possession (each a "Debtors" and collectively, the "Debtors")¹ in these chapter 11 cases (the "Chapter 11 Cases"), hereby file this application (the "Application") for entry of an order (the "Order"), substantially in the form of Exhibit A hereto, authorizing the employment and retention of Garfunkel Wild, PC as general bankruptcy counsel for the Debtors, *nunc pro tunc* to the date of filing of these cases (the "Petition Date"). In support of this Application, the Debtors rely upon the Affidavit of John Spicer Pursuant to

¹ 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.

Local Bankruptcy Rule 1007-2 and in Support of First Day Motions and Applications (the "Spicer Affidavit"), and respectfully represents as follows:

BACKGROUND

1. On May 29, 2013 (the "Petition Date"), each of the Debtors filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code. Simultaneously with this Application, the Debtors have sought the joint administration of their cases for procedural purposes only.

2. The Debtors remain in possession of their assets and continue to manage their businesses as debtors-in-possession pursuant to Bankruptcy Code sections 1107 and 1108. No trustee, examiner or committee of creditors has yet been appointed in this case.

JURISDICTION AND VENUE

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

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

5. The statutory predicates for the relief requested herein are sections 327(a) and 1107 of title 11 of the United States Code (the "Bankruptcy Code"), Rule 2014(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").

THE DEBTORS' HISTORY AND BUSINESS

6. 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. Founded in 1892 and located in New Rochelle, New York, SSMC is a teaching affiliate of New York Medical College. SSMC is home to a comprehensive orthopedic program and stroke and bariatric centers of recognized excellence and boasts the only trauma center in southern Westchester as well as a reputable level 3 perinatal hospital.

7. 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. Since its founding in 1891, MVH has housed a full range of diagnostic and therapeutic medical and surgical services, specialty programs and ambulatory clinics. MVH also offers comprehensive inpatient and outpatient behavioral health programs consisting of psychiatric services designed specifically for individuals whose needs have not been met through traditional approaches

8. Howe Avenue Nursing Home d/b/a Helen and Michael Schaffer Extended Care Center ("**SECC**") is a 150-bed, comprehensive facility offering short-term rehabilitation/sub-acute care, as well as skilled long-term care. SECC dedicates 100-beds for long-term skilled medical management for individuals with chronic conditions or disabilities who are no longer capable to live independently. The remaining 50-beds are utilized for short-term stays and rehabilitation to accommodate patients recovering from heart surgery, heart attacks, strokes, and orthopedic surgery. (SSMC, MVH and SECC are sometimes collectively referred to as the "**Medical Centers**")

9. 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.

10. 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.

11. As is true with many community hospitals serving a working class constituency, the Medical Centers have been beset by the financial pressures caused by 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. Operating revenues decreased, leading to significant losses in the years preceding these filings. Cash book balances were frequently negative, and vendor payables increased to over 225 days past due. With a substantial portion of their assets liened, the Debtors had limited ability to obtain sufficient working capital financing. Simultaneously, the System was faced with increased competition from other regional healthcare providers.

12. The Debtors sought to address one component of this liquidity crisis, vendor payables, through a voluntary restructuring and reduction of unsecured indebtedness and in 2008 effectuated a creditor compromise. More than \$20 million of unsecured indebtedness was wiped from the balance sheet and, coupled with cost cutting measures, the Debtor was repositioned to improve financially.

13. Additionally, in order to increase overall efficiency in their operations, in October 2011, MVH and SSMC executed a conversion to a new electronic medical record and billing system. Multiple problems were encountered during the conversion process which still have not been fully remedied. Major delays in billing and cash collections resulting from the conversion led to increased patient account denials and bad-debt write offs. To avoid continued delays and losses, it became necessary to allocate additional resources to resolve the conversion issues, precipitating a further drain on available cash and resources. 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.

14. Liquidity delays have also extended vendor disbursements. The mounting trade payable liabilities led, in some cases, to the immediate termination of necessary service relationships. In other cases, the Debtors were forced to renegotiate existing terms and payment of outstanding liabilities. Simultaneously, the Debtors were facing a decrease in volume and a shift over the course of the last two years from the provision of inpatient care to increased ambulatory care at lower reimbursement rates. During this same period of time, provider costs continued to increase.

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. The Debtors recognized that a merger or affiliation with a strong healthcare partner was critical to their ability to maintain operations and their charitable mission, achieve administrative efficiencies and reduce overhead costs, attract and retain quality physicians, gain increased access to much needed capital, make necessary capital improvements and implement long overdue technological upgrades.

16. A proposed transaction was discussed with several major hospitals and healthcare institutions, including: Montefiore Medical Center ("**MMC**"), Yale-New Haven Health System, North Shore-LIJ Health System, NYU Medical Center and Westchester County Health Care Corporation ("**WCHCC**"). In November, 2012, a memorandum of understanding which contemplated a full asset merger between SSHS and WCHCC was entered into and several months of negotiations followed. However, a transaction at sufficient purchase consideration could not be finalized. As a result, discussions commenced among the Debtors and MMC. At the conclusion of these efforts, the Debtors and MMC entered into an asset purchase agreement (the "**Purchase Agreement**"). As part of their restructuring strategy, the Debtors intend to sell all of their Owned Real Property, Furniture, Fixtures, Inventory, Assigned Contracts and related operating assets, which collectively comprise the Acquired Assets (all as defined in the Purchase Agreement), to MMC which will thereafter continue operations at the Debtors' current facilities.

17. It is a condition of the Purchase Agreement that the Sale Transaction be consummated pursuant to the provisions of section 363 of the Bankruptcy Code, and subject to higher and better offers. In furtherance of that effort, the Debtors' respective Boards voted to approve the filing of Chapter 11 petitions for the Debtors.

RELIEF REQUESTED

18. By this Application, the Debtors seek authority, pursuant to section 327(a) of the Bankruptcy Code, as modified by section 1107(b) of the Bankruptcy Code, to employ Garfunkel Wild, PC ("**GW**" or the "**Firm**") as their bankruptcy counsel under a general retainer to perform the legal services set forth herein including, among other things, preparation for the commencement and prosecution of the Debtors' cases under chapter 11 of the Bankruptcy Code. In addition, the Debtors desire to retain GW as their counsel to provide such other legal services as are necessary and requested by the Debtors, including, without limitation, healthcare, corporate, finance, real estate, and litigation services.

19. The Debtors have selected GW as their general bankruptcy counsel because GW and its attorneys have extensive experience and knowledge in the fields of debtors' and creditors' rights, debt restructuring and corporate reorganizations, healthcare, tax law, real estate matters, employee benefits and commercial litigation, among other areas.

20. Further, GW has represented the Debtors on numerous legal matters in the past, and brings to this case a unique perspective and knowledge base. Among other things, GW represented SSMC and the Mount Vernon Hospital ("**MVH**") in 2008 in connection with a balance sheet restructuring of their unsecured indebtedness pursuant to a voluntary creditor compromise, has subsequently provided reorganization and related financial advice and over the years has afforded general healthcare and regulatory representation. As a consequence, GW is intimately familiar with the Debtors' business and financial affairs, and given the length of its representation, GW is uniquely positioned to represent the Debtors in these cases.

21. In November, 2012, as the Debtors' financial circumstances continued to deteriorate, GW was retained by Sound Shore Health System ("SSHS") to among other things, (i) assist in the development of a restructuring plan that addressed existing indebtedness (ii) assist in the negotiation, documentation and closing of any potential transaction to partner with another healthcare system for the preservation and expansion of healthcare delivery in the System's communities; (iii) interface with the NYS Department of Health, CMS and any other regulatory agencies in the implementation of any restructuring or merger plan; (iv) provide any related transactional or litigation counsel or advice that may be required; and (v) provide representation and counsel in developing and implementing strategies to deal with creditor constituencies.

22. In the months leading up to the Chapter 11 filing, GW has been actively involved in this engagement. In addition to the significant work required to prepare the filing, including, inter alia, the preparation of the petitions, schedules, statement of affairs, ancillary documents and first day motions, the negotiation and documentation of loan facilities and drafting of a motion to approve DIP financing, GW has devoted a substantial amount of time over the last several months negotiating the terms of an asset purchase agreement with two potential buyers and preparing to file a motion to approve bid procedures and the sale of substantially all of the Debtors' operating and real estate assets.

23. Given the level of GW's involvement to date, the firm is uniquely and well qualified and able to continue to represent the Debtors for the matters in respect of which the firm is to be engaged in this case in a most efficient and timely manner. If the Debtors are required to retain attorneys other than GW in connection with these Chapter 11 Cases, the Debtors and their estates would be prejudiced by the time and expense necessary for such

attorneys to become familiar with the Debtors' business operations. In addition, the Debtors have directed GW to work cooperatively with the other professionals retained in this case to avoid duplication and inefficiency.

SERVICES TO BE RENDERED

24. Subject to the control and further order of this court, GW will be expected to render the following services to the Debtors:

- (a) Assist, advise and represent the Debtors in the preparation and prosecution of the Chapter 11 Cases and in its consultations with the creditors' committee and other parties in interest regarding the administration of this case.
- (b) Assist the Debtors with respect to their powers and duties as debtors and debtors in possession in the continued management and operation of their business and properties.
- (c) Assist the Debtors in connection with any contemplated sales of assets or business combinations, including negotiating any asset, stock purchase, merger or joint venture agreements, formulating and implementing any bidding procedures, evaluating competing offers, drafting appropriate corporate documents with respect to the proposed sales, and counseling the Debtors in connection with the closing of any such sales.
- (d) Advise the Debtors in connection with financing issues, negotiate and draft documents relating thereto, provide advise and counsel with respect to the Debtors' prepetition financing arrangements, provide advice to the Debtors in connection with issues relating to financing and capital structure under any plan of reorganizations, and negotiate and draft documents relating thereto.
- (e) Advise the Debtors on matters relating to the evaluation of the assumption or rejection of unexpired leases or executory contracts.
- (f) Advise the Debtors with respect to legal and regulatory issues arising in or relating to the Debtors' ordinary course of business, including attendance at senior management meetings, meetings with Debtors' financial and turnaround advisors, and meetings of the board of directors.
- (g) Assist, advise and represent the Debtors in any investigation of the acts, conduct, assets, liabilities and financial condition of the Debtors, the operation of the Debtors' businesses and the desirability of the continuation of such businesses, and any other matter relevant to this case or to the formulation of a plan.
- (h) Prepare on behalf of the Debtors all motions, applications, answers, orders, report and papers necessary to the administration of the estate.

(i) Assist, advise and represent the Debtors with respect to the negotiation of a plan of reorganization and related agreements, and take any actions necessary to obtain confirmation of the plan, including the collection and filing with the Bankruptcy Court of any acceptances of a plan.

(j) Assist, advise and represent the Debtors in the performance of all of their duties and powers under the Bankruptcy Code and the Bankruptcy Rules and in the performance of such other services as are in the best interests of the Debtors, the creditors and the estates generally.

(k) Perform all other necessary legal services and provide all other necessary legal advice to the Debtors in connection with these Chapter 11 Cases.

25. GW has indicated its willingness to act as general bankruptcy counsel on behalf of the Debtors. Applicant respectfully submits that the retention of GW as general bankruptcy counsel to perform such services is appropriate pursuant to Section 327(a) of the Bankruptcy Code and in the best interests of the Debtors' estate and creditors generally.

26. Except as set forth in the annexed affidavit of Burton S. Weston, Esq. (the "Weston Affidavit"), a shareholder of the firm, to the best of Applicant's knowledge, GW, its members, counsel and associates: (a) do not have any connection with the Debtors, their affiliates, their creditors, the Office of the United States Trustee for the Southern District of New York or any other party-in-interest, or their respective attorneys and accountants, (b) are "disinterested persons" as that term is defined in section 101(14) of the Bankruptcy, and (c) do not hold or represent any interest adverse to the estate.

27. More specifically, as set forth in the Weston Affidavit, and to the best of the Debtors' knowledge, information and belief:

(a) Neither GW nor any attorney at the firm holds or represents an interest adverse to the estates;

(b) GW is not a creditor, an equity holder, or an insider of the Debtors; GW has agreed to waive any prepetition claim it may have against the Debtors for services previously rendered except in connection with the preparation of this Chapter 11 case.

(c) Neither GW, nor any attorney at the firm, was, within 2 years before the date of the filing of the Debtors' chapter 11 cases, a director, officer, or employee of the Debtors; and

(d) GW does not have an interest materially adverse to the interest of the Debtors' estate or of any class of creditors or equity security holders by reason of any direct or indirect relationship to, connection with, or interest in the Debtors or an investment banker specified in the foregoing paragraphs, or for any other reason.

28. Section 1107(b) of the Bankruptcy Code provides that "a person is not disqualified for employment under section 327 of this title by a debtors in possession solely because of such person's employment by or representation of the debtors before the commencement of the case." 11 U.S.C. § 1107(b). To the best of the Debtors' knowledge, with the exception of those matters set forth in the Weston Affidavit, the members and associates of GW do not have any connection with the Debtors, their creditors or any other party in interest, or their respective attorneys. Accordingly, the Debtors believes GW is "disinterested" and does not hold or represent an interest adverse to the Debtors' estate.

COMPENSATION AND RETAINER

29. Prior to the filing of its petition, GW was retained by the Debtors to provide services relative to their chapter 11 cases, including, but not limited to, advising the Debtors with respect to restructuring alternatives, counseling on general corporate issues and preparing appropriate pleadings and documents necessary for these filings. In connection with this service and the services GW will render in this case, GW received a prepetition retainer of \$200,000. The sum of approximately \$151,000 was applied on account of services performed prior to the filing in connection with the advice and preparation of these Chapter 11 Cases.

30. It is anticipated that GW's fees and expenses will be funded by the Debtors upon application therefor in accordance of the provisions of the Bankruptcy Code or in accordance with any other order establishing procedures for the payment of professionals in this case. GW intends to apply to the Court for all such postpetition fees and expenses. However, since the Debtors may require GW to render extensive legal services, the cost of which cannot be estimated, it is necessary and essential for the Debtors, as debtors in possession, to employ attorneys under a general retainer.

31. Subject to this Court's approval and in accordance with Bankruptcy Court sections 330 and 331, the Federal Rules of Bankruptcy Procedure, the Debtors requests that GW be compensated on an hourly basis, plus reimbursement of actual and necessary expenses incurred by GW, as more fully set forth in the Weston Affidavit.

NOTICE


32. As of the filing of this Motion, no trustee, examiner or creditors' committee has been appointed in these Chapter 11 case. Notice of this Motion has been given to (a) United States Trustee; (b) the Debtors' material prepetition and postpetition secured lenders or any agent therefore; (c) the holders of the 30 largest unsecured claims on a consolidated basis; (d) the following state and local taxing and regulatory authorities: (i) the Centers for Medicare and Medicaid Services, (ii) the New York State Department of Health, (iii) the United States Attorney for the Southern District of New York, (iv) the Attorney General of the State of New York; (v) the Westchester County Attorney; (vi) the New Rochelle City Attorney, (vii) the Mount Vernon City Attorney; (viii) the Internal Revenue Service; and (ix) the New York State Department of Taxation and Finance; (e) counsel to MMC; (f) the United States Department of Justice; (g) the United States Department of Health and Human Services, and (h) all parties in

interest who have requested notice pursuant to Bankruptcy Rule 2002. The Debtors submit that no other notice need be given.. The Debtor submits that no other notice need be given.

33. No previous application for the relief sought herein has been made by Applicant to this or any other Court.

WHEREFORE, Applicant respectfully requests entry of the attached order authorizing it to employ and retain Garfunkel Wild, P.C. as counsel in connection with the prosecution of this case and granting such other and further relief as is just and proper.

Dated: New Rochelle, New York
May 28, 2013

By: 
John Spicer
President and CEO
Sound Shore Medical Center of Westchester

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

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and Debtors in Possession*

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re:

Chapter 11 Case

SOUND SHORE MEDICAL CENTER OF
WESTCHESTER, et al.

Case No. 13-_____()

Debtors.

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**AFFIDAVIT OF BURTON S. WESTON IN SUPPORT OF
DEBTORS' APPLICATION TO EMPLOY AND RETAIN
GARFUNKEL WILD, P.C. AS GENERAL BANKRUPTCY
COUNSEL FOR DEBTORS AND DEBTORS IN POSSESSION**

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

Burton S. Weston, being duly sworn, deposes and says:

1. I am a shareholder of Garfunkel Wild, P.C. ("GW" or the "Firm"), which maintains offices for the practice of law at 111 Great Neck Road, Great Neck, New York 11021, Hackensack, New Jersey and Stamford, Connecticut. I am an attorney duly admitted to practice law in the State of New York and in the United States District Court for the Southern District of New York.

2. This affidavit is submitted pursuant to sections 327(e) and 328(a) of title 11 of the United States Code (the "Bankruptcy Code") and Rule 2014(a) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") in support of the Debtors' Application for an

Order authorizing the Debtors and Debtors in possession (the "Debtors") to employ and retain GW as general bankruptcy counsel in these chapter 11 cases (the "Chapter 11 Cases"). Unless otherwise stated in this Affidavit, the facts set forth herein are based upon personal knowledge. To the extent any information disclosed herein requires amendment or modification, upon GW's completion of further review and analysis or as additional party-in-interest information becomes available to it, a supplemental affidavit disclosing such information will be submitted to the Court reflecting such amended or modified information.

3. GW has a well established practice in the field of insolvency, reorganization and bankruptcy law, as well as substantial expertise in healthcare, secured lending, finance, regulatory, corporate, banking, real estate, litigation and other practice fields which are of value in these cases.

4. GW is extremely familiar with the Debtors' operations, capital structure, financing and other material agreements, their general business and financial affairs, and the circumstances surrounding the Debtors' chapter 11 filings. Historically, GW has represented the Debtors on numerous legal matters in the past, and brings to this case a unique perspective and knowledge base. Among other things, GW represented Sound Shore Medical Center ("SSMC") and the Mount Vernon Hospital ("MVH") in 2008 in connection with a balance sheet restructuring of their unsecured indebtedness pursuant to a voluntary creditor compromise, has subsequently provided reorganization and related financial advice and over the years has afforded general healthcare and regulatory representation.

5. In November, 2012, GW was retained by Sound Shore Health System ("SSHS") to among other things, (i) assist in the development of a restructuring plan that

addressed existing indebtedness (ii) assist in the negotiation, documentation and closing of any potential transaction to partner with another healthcare system for the preservation and expansion of healthcare delivery in the System's communities; (iii) interface with the NYS Department of Health, CMS and any other regulatory agencies in the implementation of any restructuring or merger plan; (iv) provide any related transactional or litigation counsel or advice that may be required; and (v) provide representation and counsel in developing and implementing strategies to deal with creditor constituencies.

6. In the months leading up to the Chapter 11 filing, GW has been actively involved in this engagement. In addition to the significant work required to prepare the filing, including, *inter alia*, the preparation of the petitions, schedules, statement of affairs, ancillary documents and first day motions, the negotiation and documentation of loan facilities and drafting of a motion to approve DIP financing, GW has devoted a substantial amount of time over the last several months negotiating the terms of an asset purchase agreement with two potential buyers and preparing to file a motion to approve bid procedures and the sale of substantially all of the Debtors' operating and real estate assets.

7. GW submits that its continued retention as general bankruptcy counsel is essential to the effective and efficient administration of this estate and the successful prosecution of these Chapter 11 Cases. Indeed the substitution of other counsel at this juncture which does not share the working knowledge of these Debtors' and the familiarity with the sale process would add unnecessarily to the costs of administration of this estate. It is thus in the best interests of the estates that the continued representation of GW as bankruptcy counsel be approved.

GW'S CONNECTIONS WITH THE DEBTORS

8. In accordance with the provisions of Section 327(a) of the Bankruptcy Code and except as otherwise set forth herein, GW is not connected with the Debtors, their creditors, other parties-in-interest or the United States Trustee or any person employed by the Office of the United States Trustee, and, to the best of my knowledge, after due inquiry, GW does not, by reason of any direct or indirect relationship to, connection with or interest in the Debtors or other parties-in-interest hold or represent any interest adverse to the Debtors or to their estates with respect to the matters upon which it is to be engaged.

9. Except as otherwise set forth herein, to the best of my knowledge, after due inquiry, neither I, GW, nor any member, counsel or associate of the Firm represents any entities other than the Debtors in connection with the Debtors' Chapter 11 Cases. In addition, except as set forth herein, to the best of my knowledge, after due inquiry, neither I, GW, nor any member, counsel or associate of the Firm represents any party-in-interest other than the Debtors in these Chapter 11 Cases.

GW DISCLOSURE PROCEDURES

10. In preparing this Affidavit, a specific set of procedures developed by GW was used to ensure compliance with the Bankruptcy Code and the Bankruptcy Rules regarding the retention of professionals by a Debtors under the Bankruptcy Code. Pursuant to such procedures, GW submitted to its computer conflicts identification database (the "Database") the names of the following parties ("Parties in Interest") as set forth in detail on Exhibit 1 to this Affidavit:

- (a) the Debtors and their affiliates;

- (b) the Debtors' officers, trustees and directors;
- (c) parties to significant litigation with the Debtors;
- (d) the accountants and other professionals that the Debtors intends to employ in these chapter 11 cases.
- (e) known secured creditors; and
- (f) the thirty (30) largest creditors for the Debtors.

11. A conflicts check was performed to determine whether there were any connections between GW and any of the Parties in Interest. To the extent connections were found, they were compiled for purposes of preparing this Affidavit and reviewed by GW to determine whether GW has represented or represents any of the Parties of Interest and whether any such representations would pose a conflict of interest.

12. Any matches between the Database and the list of potential parties-in-interest were identified, together with the names of the respective GW personnel responsible for the current or former matters for the entities on the list. The matches were thoroughly reviewed and compiled for the purpose of this Affidavit. While in part GW may have represented or may have otherwise been involved in matters with such parties-in-interest, none of those representations are continuing or pose any conflict in respect of the matters upon which it is to be engaged herein.

13. GW, in matters unrelated to the Chapter 11 Cases, has and may continue to represent the following Parties in Interest:

- (a) Montefiore Medical Center ("MMC"): MMC is the prospective purchaser of substantially all of the assets of the Debtors under an asset purchase

agreement that will be the subject of a sale motion filed with the Court. Historically, GW has provided discrete, unrelated health care advice and counsel to MMC, including managed care advice, representation in connection with medical staff, resident matters, and patient related issues, and healthcare regulatory advice. GW has not provided general corporate or real estate services to MMC. In 2012, GW received gross fees of \$554,005.20 and in 2013 (to date) \$413,096.96 from MMC. MMC has provided a waiver letter relative to GW's representation of the Debtors in these matters, a copy of which is attached as Exhibit A.

(b) Westchester County Health Care Corporation ("WCHCC"): WCHCC is a prospectively interested purchaser of the assets with whom the Debtors and GW unsuccessfully tried to negotiate an asset purchase agreement with. It is unknown as to whether WCHCC has a continuing interest in bidding on the assets. GW has provided unrelated health care services to WCHCC, including advice and assistance with respect to vendor relations, clinical integration and physician contracts. In 2012, GW received gross fees of \$140,663.85 and in 2013 (to date) \$67,602.75 from WCHCC. WCHCC has provided a waiver letter relative to GW's representation of the Debtors in these matters, a copy of which is attached as Exhibit B.

(c) Apollo Health Street, Inc. ("Apollo"): Apollo is a general unsecured creditor of the Debtors. For several years, GW has provided regulatory advice and legal assistance in connection with their business process services and billing and collection practices, none related to the Debtors. In 2012, GW received gross fees of \$49,814.00 and in 2013 (to date) \$60,496.75 from Apollo.

(d) Health ROI ("HROI"): HROI is a general unsecured creditor of the Debtors. In the past, GW has provided general corporate services to HROI, has represented HROI in preference litigation and has worked in conjunction with HROI on third party recovery matters. None of the work has related in any manner to the Debtors. In 2012, GW received gross fees of \$1,531.80 and in 2013 (to date) \$263.25 from HROI.

(e) Medline Industries ("Medline"): Medline is a general unsecured creditor of the Debtors. Since the late 1990s GW has provided periodic health care advice to Medline related to HIPPA and corporate compliance programs, general compliance matters, and periodic related transactional work. None of the work related in any manner to the Debtors. In 2012, GW did not receive any fees from Medline and in 2013 (to date) has received \$636.50.

14. As to each of the parties identified above, GW has determined that: (a) revenues generated from each of the Parties of Interest represents less than 1% of GW's total

billings for its last twelve (12) months; and (b) to the extent GW represented any such Party of Interest, such representation was wholly unrelated to the Debtors' Chapter 11 cases.

15. GW regularly updates its conflicts check system which is capable of immediately identifying every adverse party and the attorney in the Firm who is knowledgeable about the matter. The system includes every matter on which the Firm is now or has been engaged. The Firm does not open any new matter without completing or submitting to those charged with maintaining the conflict check system, the information necessary to check each such matter for conflicts, including the identity of the prospective client, the matter, and related and adverse parties. GW will continue to apply the conflicts and disclosure procedures to the Debtors' Chapter 11 Cases as additional information concerning entities having a connection with the Debtors is developed and will file appropriate supplemental disclosure with the Court, as necessary.

GW IS A DISINTERESTED PARTY AS REQUIRED BY THE CODE

16. GW is a "disinterested person" as that term is defined in section 101(14) of the Bankruptcy Code, as modified by section 1107(b) of the Bankruptcy Code, in that GW, its members, counsel and associates:

- (a) are not creditors or insides of the Debtors;
- (b) are not and were not investment bankers for any outstanding securities of the Debtors;
- (c) has no unpaid pre-petition claim for services rendered in connection with matters unrelated to this Chapter 11 case.
- (d) have not been within, three (3) years of the Petition Date, investment bankers for securities of the Debtors or an attorney for such an investment banker in connection with the offer, sale, or issuance of the Debtors' securities; and

(e) are not and were not, within two (2) years of the Petition Date, a director, officer or employee of the Debtors or of any investment banker as specified in subparagraph (b) or (c) above.

17. Accordingly, to the best of my knowledge, through diligent inquiry, and after following the procedures described herein, I have ascertained that neither I, GW, nor any of its members, counsel or associates, represents any other entity having an adverse interest in connection with these Chapter 11 Cases. Further, to the best of my knowledge, through diligent inquiry and after following the procedure described herein, except as otherwise set forth herein, I have ascertained that GW holds no interest adverse to the Debtors or their estates and is disinterested with respect to the matters upon which GW is to be employed.

COMPENSATION AND BILLING PRACTICES

18. It is contemplated that GW will seek compensation based on its normal hourly rate in effect for the period in which services are rendered and will seek reimbursement of necessary and reasonable out-of-pocket expenses, subject to the approval of this Court and compliance with applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules for the United States Bankruptcy Court for the Southern District of New York, the United States Trustee's Guidelines for Fees and Disbursements, and any administrative orders issued by the Court. It is also contemplated that GW will seek interim compensation and reimbursement of expenses in accordance with an Order of this Court establishing procedures for monthly compensation and reimbursement of expenses pursuant to sections 330 and 331 of the Bankruptcy Code.

19. GW will utilize partners and associates in various areas of expertise to prosecute this case. The rates to be charged by professionals from GW who will work on this matter range from \$190 - \$530 per hour and its rates for paraprofessionals range from \$145 -

\$225 per hour. The attorneys who will be primarily to be responsible for providing services to the Debtors and their respective billing rates are as follows:

Burton Weston (Partner)	\$530 per hour
Afsheen Shah (Partner)	\$420 per hour
Karen L. Rodgers (Partner)	\$385 per hour
Andrew J. Schulson (Partner)	\$440 per hour

20. These are GW's hourly rates for work of this nature and are subject to periodic adjustments to reflect economic and other conditions. The Debtors understand that other attorneys and paralegals may serve the Debtors from time to time in connection with these cases. The hourly rates set forth above are the standard rates charged to bankruptcy and non-bankruptcy clients for the types of services to be performed herewith. These rates are set at a level designed to fairly compensate GW for the work of its attorneys and paralegals and to cover routine overhead expenses. It is GW's standard policy to charge its clients for all expenses incurred in connection with a client's case, including, telephone and telecopier toll charges, photocopying charges, travel expenses, and non-ordinary course overhead expenses, *i.e.*, secretarial overtime. The amounts charged by GW for such expenses are consistent with charges billed to other similar clients.

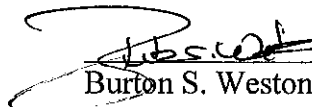
21. Prior to the Petition Date, the Debtors paid GW a retainer of \$200,000 (the "Retainer") to cover the fees and expenses of advising the Debtors in connection with restructuring matters and the preparation of the Debtors' petitions and related "first-day" pleadings. Of this amount, an aggregate of approximately \$151,000 has been applied to fees incurred with respect to the preparation of this case. In the 90 days prior to the Petition Date, GW has received (in addition to the Retainer) payments totaling \$478,161.75. GW has applied these amounts for services expended in connection with the negotiation and documentation of

the potential sale of the Debtors' assets as part of these proceedings and in preparation of these Chapter 11 Cases. A precise disclosure of the amounts or credits held, if any, as of the Petition Date will be provided in GW's first interim fee application for postpetition services and expenses to be rendered or incurred for or on behalf of the Debtors. The unapplied residual retainer, which is estimated to total approximately \$49,000, will not be segregated by GW in a separate account, and will be held until the end of these Chapter 11 cases and applied to GW's final approved fees in these proceedings

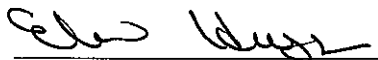
22. The Debtors propose allowing GW to retain the remaining balance of the Retainer to ensure payment of GW's fees and expenses during the pendency of these Chapter 11 cases. GW will only apply the retainer consistent with an order of this Court authorizing same.

23. No promises have been received by or made to GW, any of its members, counsel or associates, as to compensation in connection with these cases other than in accordance with the provisions of the Bankruptcy Code, the Bankruptcy Rules and the Local Rules. GW has not agreed to share compensation received in connection with these cases with any other person, except as permitted by section 504(b) of the Bankruptcy Code and Bankruptcy Rule 2016 in respect of the sharing of compensation among members of GW.

24. The foregoing constitutes the statement of GW pursuant to sections 327,
329 and 504 of the Bankruptcy Code and Bankruptcy Rules 2014(a) and 2016(b).


Burton S. Weston

Sworn to before me this
28th day of May, 2013


Notary Public

Notary Public, State of New York
No. _____

Qualified in Nassau County

ELLEN H. HUGGLER
Notary Public, State of New York
No. 4953364
Qualified in Nassau County
Commission Expires July 10, 20 15

Schedule 1

Potential Parties in Interest

Unsecured Creditors

Allscripts Healthcare, LLC
Amerisourcebergen Drug Corp.
Stryker Orthopaedics
Convergent Revenue Cycle M
McKesson Information Solutions
Crothall Service Group
New York Medical College
TGC LLC
Miller & Milone, P.C.
New York Radiology Alliance
Health/ROI
1199 SEIU National Benefit
Apollo Health Street Inc.
Emergency Medical Assoc.
Medtronic USA Inc.
Greystone Servicing Corporation, Inc.

Nutrition Mgmt Services Co.
Modern Medical Systems
Children's Phy. of West LL
Enterprise Systems Software, LLC-BSD
Healthcare Assoc of NYS
Michael Anthony Contracting
Cannon Design
Fresenius Management Services
New York Blood Center
Westchester County Health Care Corporation
(a/k/a Westchester Medical Center)
Medline Industries
Pension Benefit Guaranty Corp.
Dormitory Authority of State of New York
Oceanside Institutional

Directors and Officers

Dariusz Alaie, MD
Rev. Wendell Elliott Baisden
Vincent M. Bufano
Pat Capasso
Samuel Consolazio
Hon. Ernest Davis
Anthony Debellis
Rev. Troy Preston Decohen
Darren DeVerna
Richard Petriollo, MD
Ramesh Naik, MD
Danna Wood
Richard Naclerio
Mauro C. Romita
George T. Erbe
John R. Spicer
Carol A. Petrillo
Lawrence J. Ruisi
Stan Buturla
Barbara A. Langbein
Louis B. Frost

Mary M. Savage
Jeffrey R. Powers
Hon. Noam Bramson
Theodore Keltz, MD
Stephen Trauzzi, MD
Mark Weigle, MD
Robert P. Balachandran
Daniel F. Cremins
Kathie E. Davidson
John J. Dooner
Richard C. Gay
John A. Geoghegan
Lorri S. Gorman
Timothy C. Idoni
Charles H. McCabe
Thomas M. McEvoy
Stewart J. McMillan
Stephen J. Tenore
MaryEllen Johnston
Albert Farina

Debtors

Sound Shore Medical Center of Westchester
Mount Vernon Hospital
Sound Shore Health System, Inc.
Howe Avenue Nursing Home d/b/a Helen and Michael Schaffer Extended Care Center
NRHMC Services Corporation
M.V.H. Corporation
New Rochelle Sound Shore Housing, LLC

Secured Creditors/Lienholders

Sun Life Assurance Company of Canada (US)
Dormitory Authority of the State of New York
Hudson Valley Bank
Midcap Financial, LLC and Midcap Funding IV, LLC
Pension Plan/Pension Benefit Guaranty Corporation
1199 SEIU Healthcare Workers

Professionals

Alvarez & Marsal
Garfunkel Wild

Relevant Third Parties

Sound Shore Medical Center of Westchester Foundation, Inc.
NRHMC, Inc.
Montefiore Medical Center
New York State Nurses Association
MVH ALP

Exhibit A

MMC Waiver Letter

GARFUNKEL WILD, P.C.

ATTORNEYS AT LAW

111 GREAT NECK ROAD • GREAT NECK, NEW YORK 11021

TEL (516) 393-2200 • FAX (516) 466-5964

www.garfunkelwild.com

BURTON S. WESTON

Partner/Director

Email: bweston@garfunkelwild.com

Direct Dial: (516) 393-2588

FILE NO.: 107.1038

May 16, 2013

Christopher S. Panczner Esq.
Senior Vice President and General Counsel
Montefiore Medical Center
3328 Rochambeau Avenue, 1st Floor
Bronx, New York 10467-2836

John Spicer, President
Sound Shore Medical Center of Westchester
16 Guion Place
New Rochelle, New York 10802

Re: Legal Representation/Waiver of Conflict

Dear Chris and John:

As you know, Garfunkel Wild P.C. ("GW") has been representing Sound Shore Medical Center of Westchester and Mt. Vernon Hospital (collectively, "Sound Shore") in connection with its efforts to negotiate an arrangement with a strategic partner and effectuate a restructuring of its debt (the "Restructuring"). As the representation has developed, Sound Shore initiated discussions with Montefiore Medical Center ("MMC") to negotiate a potential sale of substantially all of its assets to MMC (the "Sale"). GW does not represent MMC in connection with the Restructuring or Sale. However, GW has and will continue to provide legal services to MMC in other unrelated matters.

While GW's representation of Sound Shore in connection with the Restructuring and Sale raises a potential conflict of interest due to GW's representation of MMC in other unrelated matters, we understand that each of you has agreed to waive any such conflict and allow GW to represent Sound Shore in this matter. The parties also agree GW may continue to represent each of Sound Shore and MMC in all other unrelated matters.

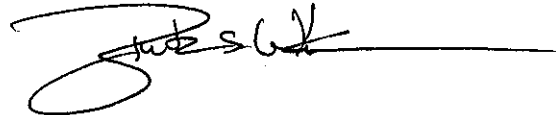
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If this is acceptable, please sign where indicated below and return a copy to me. A signed pdf shall be deemed to be an original and this letter may be executed in counterparts, each of which shall be considered an original.

Sincerely,

A handwritten signature in black ink, appearing to read "Burton S. Weston", written over a horizontal line.

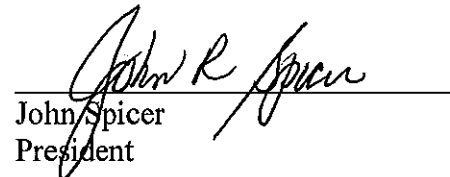
Burton S. Weston

Consented to and Approved

Montefiore Medical Center

Christopher S. Panczner, Esq.
Executive Vice President & General Counsel

Sound Shore Medical Center of Westchester

A handwritten signature in black ink, appearing to read "John R. Spicer", written over a horizontal line.

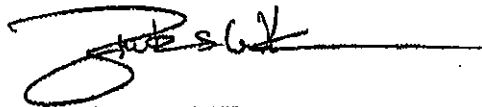
John Spicer
President

GARFUNKEL WILD, P.C.

Christopher S. Panczner Esq.
John Spicer, President
May 16, 2013
Page 2

If this is acceptable, please sign where indicated below and return a copy to me. A signed pdf shall be deemed to be an original and this letter may be executed in counterparts, each of which shall be considered an original.

Sincerely,



Burton S. Weston

Consented to and Approved

Montefiore Medical Center



Christopher S. Panczner, Esq.
Executive Vice President & General Counsel

Sound Shore Medical Center of Westchester

John Spicer
President

GARFUNKEL WILD, P.C.

Exhibit B

WCHCC Waiver Letter

GARFUNKEL WILD, P.C.
ATTORNEYS AT LAW

111 GREAT NECK ROAD • GREAT NECK, NEW YORK 11021
TEL (516) 393-2200 • FAX (516) 466-6964
www.garfunkelwild.com

BURTON S. WESTON
Partner/Director
Email: bweston@garfunkelwild.com
Direct Dial: (516) 393-2588

FILE NO. 107

January 3, 2013

Julie Switzer, Esq.
Executive Vice President & General Counsel
Westchester County Health Care Corp.
Executive Offices at Taylor Pavilion, C-2
100 Woods Road
Valhalla, New York 10595

John Spicer, President
Sound Shore Medical Center of Westchester
16 Guion Place
New Rochelle, New York 10802

Re: Legal Representation/Waiver of Conflict

Dear Julie and John:

As you know, Garfunkel Wild P.C. ("GW") has been asked to represent Sound Shore Medical Center of Westchester and Mt. Vernon Hospital (collectively, "Sound Shore") in connection with its efforts to negotiate arrangements with its creditors to effectuate a restructuring of its balance sheet (the "Restructuring"). The Restructuring is in anticipation of a potential full asset merger of Sound Shore into Westchester Medical Center ("WMC") (the "Merger"). GW does not represent WMC in connection with the Restructuring. However, GW has and will continue to provide legal services to WMC in other unrelated matters.

While GW's representation of Sound Shore in connection with the Restructuring raises a potential conflict of interest due to GW's representation of WMC in other unrelated matters, we understand that each of you has agreed to waive any such conflict and allow GW to represent Sound Shore in this matter. In the unlikely event a dispute shall arise in the future between Sound Shore and WMC in connection with the Restructuring, GW will not represent Sound Shore or WMC in such dispute. However, GW may continue to represent each of Sound Shore and WMC in all other unrelated matters.

It is further understood that GW may represent WMC in a clinical integration arrangement which may involve Sound Shore and certain of its affiliated entities. Sound Shore

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Julie Switzer
John Spicer
January 3, 2013
Page 2

has no objection to GW's potential representation of WMC in connection with any such clinical integration and, if requested, will agree to sign a waiver of any conflict.

If this is acceptable, please sign where indicated below and return a copy to me. A signed pdf shall be deemed to be an original and this letter may be executed in counterparts, each of which shall be considered an original.

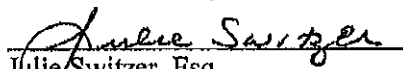
Sincerely,



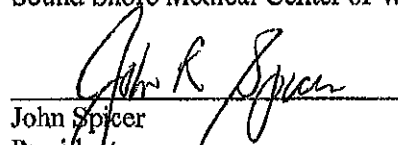
Burton S. Weston

Consented to and Approved

Westchester County Health Care Corp.


Julie Switzer, Esq.
Executive Vice President & General Counsel

Sound Shore Medical Center of Westchester


John Spicer
President

GARFUNKEL WILD, P.C.

**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- _____ ()

Debtors.

(Joint Administration Pending)

-----X
**ORDER PURSUANT TO SECTION 327(A) OF THE BANKRUPTCY
CODE AND LOCAL RULE 2014-1 AUTHORIZING THE EMPLOYMENT AND
RETENTION OF GARFUNKEL WILD, P.C. AS COUNSEL TO THE DEBTORS
AND DEBTORS IN POSSESSION, *NUNC PRO TUNC* TO THE PETITION DATE**

Upon the Application the ("**Application**")¹ of Sound Shore Medical Center of Westchester, and certain of its affiliated debtors, as debtor and debtor-in-possession (each a "**Debtor**" and collectively the "**Debtors**"), in these Chapter 11 Cases², dated May 28, 2013, for an order, pursuant to Section 327(a) of Title 11, United States Code (the "**Bankruptcy Code**"), authorizing the Debtors to employ and retain Garfunkel Wild, P.C. ("**GW**"), as their counsel, *nunc pro tunc* to the Petition Date, all as more fully set forth in the Application; and upon the affidavit of Burton S. Weston, Esq., a shareholder of the firm, sworn to on May 28, 2013 (the "**Weston Affidavit**") and annexed to such Application; and it appearing that the Court has jurisdiction to consider the Application and the relief requested therein pursuant to 28 U.S.C. § 1334 and the Standing Order of Referral of Cases to Bankruptcy Court Judges of the District Court for the Southern District of New York, dated July 19, 1984 (Ward, Acting C.J.); and consideration of the Application and the relief requested therein being a core proceeding

¹ Capitalized terms used but not defined herein shall have the same meanings ascribed to them in the Application.

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 and have not sought relief under Chapter 11.

pursuant to 28 U.S.C. § 157(b); and venue being proper before the Court pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court being satisfied based on the representations made in the Application and the Weston Affidavit that GW is a “disinterested” person within the meaning of Sections 101(14) and 327(a) of the Bankruptcy Code; and that the relief requested in the Application is in the best interests of the Debtors, their creditors, and all parties-in-interest; and it appearing that due and appropriate notice of the Application has been given under the circumstances; and it appearing that no other or further notice need be given; and after due deliberation; and sufficient cause appearing therefore,

IT IS HEREBY ORDERED, that

1. The Application is granted to the extent set forth herein.
2. In accordance with Section 327(a) of the Bankruptcy Code and Bankruptcy Rule 2014(a), the Debtors be, and hereby are, authorized to employ and retain GW as their counsel on the terms set forth in the Application and the Weston Affidavit, to perform all of the services set forth in the Application, on the terms set forth in the Application and in the Weston Affidavit, *nunc pro tunc* to the Petition Date.
3. GW shall apply for compensation and reimbursement in accordance with the procedures set forth in sections 330 and 331 of the Bankruptcy Code, the applicable provisions of the Bankruptcy Rules, the Local Rules, the guidelines established by the U.S. Trustee, and such procedures as fixed by order of this Court.

4. The Court shall retain jurisdiction with respect to all matters arising from or related to the implementation or interpretation of this Order.

NO OBJECTION:

Office of the United States Trustee

Dated: New York, New York
_____, 2013

UNITED STATES BANKRUPTCY JUDGE