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

-----X
In re:

Chapter 11 Case

SOUND SHORE MEDICAL CENTER OF
WESTCHESTER, et al.,¹

Case No. 13- 22840 (RDD)

Debtors.

(Jointly Administered)
-----X

**MOTION OF DEBTORS FOR AN ORDER PURSUANT TO SECTIONS 105(a) AND 365
OF THE BANKRUPTCY CODE AUTHORIZING AND APPROVING PROCEDURES
FOR REJECTION OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

Sound Shore Medical Center of Westchester and the other above-captioned

debtors and debtors in possession (collectively, the "Debtors"), respectfully represent:

SUMMARY OF RELIEF REQUESTED

1. As set forth in more detail below, the Debtors were party to numerous executory contracts and unexpired leases (collectively, the "Contracts") as of the commencement date of their Chapter 11 cases. The Debtors have already sought, and the court has approved, the rejection of many Contracts. The Debtors now propose expedited procedures to govern rejection

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.

of any remaining Contracts in order to streamline the process of rejection and reduce the burdens on the court and the Debtors' estates related thereto.

2. Accordingly, by this motion (the "Motion"), the Debtors seek entry of an order, substantially in the form annexed hereto as Exhibit A (the "Proposed Order"), pursuant to Section 365(a) of Title 11, United States Code, 11 U.S.C. §§ 101 et seq. (the "Bankruptcy Code"), authorizing and approving the procedures set forth herein, which will enable the Debtors to reject Contracts on a go-forward basis.

JURISDICTION

3. This Court has jurisdiction over this Motion under 28 U.S.C. § 1334. This is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2). Venue of this proceeding is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

4. The relief sought in this Motion is based upon Section 365(a) of the Bankruptcy Code.

BACKGROUND

5. On May 29, 2013 (the "Petition Date"), the Debtors filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code. Pursuant to Sections 1107 and 1108 of the Bankruptcy Code, the Debtors are continuing to operate their businesses and manage their affairs as debtors-in-possession. No trustee or examiner has been appointed in these cases. 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").

6. The factual background relating to the Debtors' commencement of these chapter 11 cases is set forth in detail in the Affidavit of John Spicer Pursuant to Local Bankruptcy Rule

1007-2 and in Support of First Day Motions and Applications, [Docket No. 18] filed on the Petition Date and incorporated herein by reference.

7. On August 8, 2013 the United States Bankruptcy Court for the Southern District of New York entered an order [Dkt # 259] (the “Sale Order”), as affirmed and ratified by that Supplemental Sale Order entered by the Court on October 15, 2013 [Dkt # 381], approving a sale by the Debtors (the “Sale”), pursuant to that certain amended and restated asset purchase agreement [Dkt. # 123-2] (the “Purchase Agreement”), of substantially all of their assets, including their hospital and nursing home operations to Montefiore New Rochelle Hospital, Inc., Schaffer Extended Care Center, Inc., Montefiore Mount Vernon Hospital, Inc., and certain related affiliates (collectively, the “Buyers”). The closing on the Sale occurred on November 6, 2013.

RELIEF REQUESTED

8. Given that the Debtors have sold substantially all of their assets and are in the process of pursuing an orderly liquidation of their remaining assets, certain of the Contracts, if not assigned to a third party, will need to be rejected. In connection therewith, the Debtors seek to establish procedures to reject those Contracts which cannot be profitably assumed and assigned to a third party. In the sound exercise of their business judgment, the Debtors have determined that the rejection of such Contracts from time to time in accordance with certain streamlined procedures set forth below, will allow the Debtors to immediately terminate ongoing payment obligations under such Contracts and therefore is in the best interests of the Debtors’ estates and their creditors.

9. Rather than filing further motions seeking approval for the rejection of each Contract, and incurring the expense and delay attendant thereto, the Debtors believe that the

following procedures (the “Rejection Procedures”) are in the best interests of all parties-in-interest and should be adopted:

- a. Any Contract deemed unnecessary and burdensome to the Debtors’ estates based upon the sound business judgment of the Debtors may be rejected upon the Debtors giving seven (7) days written notice, via facsimile or overnight mail, to (i) the non-Debtor party to the respective Contract, (ii) counsel for the Committee, and (iii) the Buyers. The notice will be substantially in the form of the Notice of Rejection annexed hereto as Exhibit B.²
- b. If an objection to a Notice of Rejection is filed by the non-Debtor party to the Contract, and served upon, and actually received by, counsel to the Debtors prior to the expiration of the seven (7) day period, the Debtors shall seek a hearing on the objection at the Court’s earliest convenience. If no objection is timely received, the applicable Contract shall be deemed rejected as of the expiration of the seven (7) day notice period (as stated in the Notice of Rejection).
- c. If a timely objection to a Notice of Rejection is received, and the Court ultimately upholds the Debtors’ determination to reject the applicable Contract, then such Contract shall be deemed rejected as of the expiration of the initial seven (7) day notice period (as stated in the Notice of Rejection).

BASIS FOR RELIEF REQUESTED

10. Section 365(a) of the Bankruptcy Code provides that a debtor in possession, “subject to the court’s approval, may assume or reject any executory contract or unexpired lease of the debtor.” 11 U.S.C. § 365(a). As noted by the United States Court of Appeals for the Second Circuit, “[t]he purpose behind allowing the assumption or rejection of executory contracts is to permit the trustee or debtor-in-possession to use valuable property of the estate and to renounce title to and abandon burdensome property.”² Orion Pictures Corp. v. Showtime

² The sending of a Notice of Rejection in accordance with the Rejection Procedures shall not constitute an admission by the Debtors that such Contract is an executory contract or that the Debtors have any liability thereunder, and the Debtors reserve all rights, claims, and defenses in connection therewith.

Networks, Inc. (In re Orion Pictures Corp.), 4 F.3d 1095, 1098 (2nd Cir. 1993) (quoting 2 Collier on Bankruptcy 365.01[1] (15th ed. 1993)).

11. Courts defer to a debtor's business judgment in rejecting an executory contract or unexpired lease, and upon finding that a debtor has exercised its sound business judgment, approve such rejection under Bankruptcy Code section 365(a). See NLRB v. Bildisco & Bildisco, 465 U.S. 513, 523 (1984) (recognizing the "business judgment" standard used to authorize rejection of executory contracts); Nostas Assocs v. Costich (In re Klein Sleep Products, Inc.), 78 F.3d 18, 25 (2nd Cir. 1996) (recognizing the "business judgment" standard used to authorize rejection of executory contracts); In re Minges, 602 F.2d 38, 42-43 (2nd Cir. 1979) (holding that the "business judgment" test is appropriate for determining when an executory contract can be rejected); In re Kong, 162 B.R. 86, 94-95 (Bankr. E.D.N.Y. 1993) (explaining that the business judgment standard requires only a demonstration that rejection will benefit the estate).

12. Because of the liquidating posture of these Chapter 11 cases, the Debtors expect that it will be necessary to reject the vast majority of the remaining Contracts, after a determination is made that such Contracts provide no significant value that can be obtained through sale, assignment or otherwise. The Debtors have determined, in their considered business judgment, that the Rejection Procedures will benefit the Debtors' estates, creditors and other parties-in-interest by minimizing the delay and expense of obtaining separate court approval for the rejection of each Contract and allowing the Debtors to immediately cut off the accrual of administrative expenses once they have determined to reject a Contract.

13. The non-Debtor parties to the Contracts to be rejected will not be prejudiced by the Rejection Procedures because upon receipt of a Notice of Rejection, the non-Debtor party to

the Contract will have received specific advance notice of the Debtors' intent to reject their respective Contract and the pre-approved subsequent effective date of the rejection. See, e.g., In re Mid Region Petroleum, Inc., 111 B.R. 968 (Bankr. N.D. Okla. 1990) (effective date of rejection of leases was the date the trustee gave notice to lessor of intent to reject); In re Carlisle Homes, Inc., 103 B.R. 524, 535 (Bankr. D.N.J. 1988) (debtor may reject executory contract by clearly communicating intention to reject).

14. In addition, courts in other large Chapter 11 cases in this Circuit and elsewhere have authorized similar rejection procedures. See e.g. In re Caritas Health Care, Inc., Case Nos. 09-40901 through 09-40909 (CEC)(Bankr. E.D.N.Y. May 5, 2009); In re Med Diversified, Inc., et al., Case Nos. 02-88564 through 02-88573 (SB) (Bankr. E.D.N.Y. May 12, 2003); In re Lechters N.Y.C., Inc., Case No. 01-41432 (AJG) (Bankr. S.D.N.Y. November 7, 2001); In re Bradlees, Inc. et al., Case No. 00-16035 (BRL) (Bankr. S.D.N.Y. February 15, 2001).

15. The Debtors also request that the Court establish a bar date for any claims arising in connection with the rejection of a Contract, requiring that all such claims be filed on or before the later of (a) any applicable bar date established by this Court or (b) forty-five (45) days from the date of such Notice of Rejection, or such claims will be forever barred.

16. Finally, Section 105 of the Bankruptcy Code provides in relevant part that "[t]he Court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title." 11 U.S.C. §105(a). The Debtors submit that authority to implement the Rejection Procedures is appropriate in these Chapter 11 cases and is well within the Court's equitable powers under Section 105 of the Bankruptcy Code. The Rejection Procedures will minimize the delay and expense to the Debtors' estates of obtaining separate court approval for each Contract rejection and thereby benefit the Debtors' estates and creditors.

NOTICE

17. The Debtors have served notice of this Motion in accordance with the procedures set forth in the order entered on July 1, 2013 governing case management and administrative procedures for these cases [Docket No. 143-1] on: (i) Office of the United States Trustee; (ii) counsel for the Creditors Committee; (iii) counsel for the Debtors' post petition secured lenders; (iv) all parties that have requested service of notice in these cases pursuant to Bankruptcy Rule 2002; and (v) all parties who have requested notice in these cases. In light of the nature of the relief requested herein, the Debtors submit that no further notice of the Motion is necessary or required.

NO PREVIOUS REQUEST

18. No prior motion for the relief requested herein has been made to this or any other Court.

WHEREFORE, the Debtors respectfully request that this Court enter the Proposed Order, substantially in the form annexed hereto as Exhibit A, authorizing and approving the rejection procedures and granting such other relief as may be just and proper.

Dated: November 15, 2013
Great Neck, New York

GARFUNKEL WILD, P.C.

By: /s/ Burton S. Weston

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Adam T. Berkowitz
111 Great Neck Road
Great Neck, NY 11021
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Facsimile: (516) 466-5964

*Counsel for the Debtors
and Debtors in Possession*

Exhibit A

Proposed Order

GARFUNKEL WILD, P.C.
111 Great Neck Road
Great Neck, New York 11021
Telephone: (516) 393-2200
Telefax: (516) 466-5964
Burton S. Weston
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*Counsel for the Debtors
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**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.,¹

Case No. 13- 22840 (RDD)

Debtors.

(Jointly Administered)

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**ORDER PURSUANT TO SECTIONS 105(a) AND 365(a) OF THE
BANKRUPTCY CODE AUTHORIZING AND APPROVING
PROCEDURES FOR REJECTION OF EXECUTORY
CONTRACTS AND UNEXPIRED LEASES**

UPON the motion (the "Motion")² of Sound Shore Medical Center of
Westchester, and the other above-captioned debtors and debtors-in-possession (the "Debtors"),
seeking entry of an order, pursuant to Sections 105 and 365(a) of Title 11, United States Code,
11 U.S.C. §§101 et seq. (the "Bankruptcy Code"), authorizing and approving procedures for the
rejection of executory contracts and unexpired leases; and it appearing that the relief requested is
in the best interests of the Debtors' estates, creditors and other parties-in-interest; and it

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.

² Capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the Motion.

appearing that no further notice of the relief requested in the Motion is required; and sufficient cause appearing therefor; it is hereby

ORDERED, that the Motion is hereby granted; and it is further

ORDERED, that the Rejection Procedures are hereby approved in all respects for the rejection of Contracts, the Debtors being authorized to implement such procedures as follows:

- a. Any Contract deemed unnecessary and burdensome to the Debtors' estates based upon the sound business judgment of the Debtors may be rejected upon the Debtors giving seven (7) days written notice, via facsimile or overnight mail, to (i) the non-Debtor party to the respective Contract, (ii) counsel for the Committee, and (iii) the Buyers. The notice will be substantially in the form of the Notice of Rejection annexed hereto as Exhibit B.³
- b. If an objection to a Notice of Rejection is filed by the non-Debtor party to the Contract, and served upon, and actually received by, counsel to the Debtors prior to the expiration of the seven (7) day period, the Debtors shall seek a hearing on the objection at the Court's earliest convenience. If no objection is timely received, the applicable Contract shall be deemed rejected as of the expiration of the seven (7) day notice period (as stated in the Notice of Rejection).
- c. If a timely objection to a Notice of Rejection is received, and the Court ultimately upholds the Debtors' determination to reject the applicable Contract, then such Contract shall be deemed rejected as of the expiration of the initial seven (7) day notice period (as stated in the Notice of Rejection).

³ The sending of a Notice of Rejection in accordance with the Rejection Procedures shall not constitute an admission by the Debtors that such Contract is an executory contract or that the Debtors have any liability thereunder, and the Debtors reserve all rights, claims, and defenses in connection therewith.

ORDERED, that the sending of a Notice of Rejection in accordance with the Rejection Procedures shall not constitute an admission by the Debtors that such Contract is an executory contract or that the Debtors have any liability thereunder, and the Debtors reserve all rights, claims, and defenses in connection therewith; and it is further

ORDERED, that any and all claims arising from the rejection of a Contract must be filed on or before the later of (a) any applicable bar date established by this Court or (b) forty-five (45) days from the date of such Notice of Rejection, or such claims will be forever barred.

Dated: _____, 2013
White Plains, New York

Honorable Robert D. Drain
United States Bankruptcy Judge

Exhibit B

Form of Notice of Rejection

GARFUNKEL WILD, P.C.
111 Great Neck Road
Great Neck, New York 11021
Telephone: (516) 393-2200
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*Counsel for the Debtors
and Debtors-in-Possession*

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

-----X
In re: Chapter 11 Case

SOUND SHORE MEDICAL CENTER OF Case No. 13- 22840 (RDD)
WESTCHESTER, et al.,¹

Debtors. (Jointly Administered)
-----X

**NOTICE OF REJECTION OF EXECUTORY CONTRACT(S) AND / OR
UNEXPIRED LEASES OF NON-RESIDENTIAL REAL PROPERTY**

PLEASE TAKE NOTICE that on _____, 2013, the United States
Bankruptcy Court for the Southern District of New York (the “Court”) entered an order (the
“Order”) approving procedures (the “Rejection Procedures”) for the debtors and debtors in
possession in the above-captioned cases (collectively, the “Debtors”) to reject, from time to time,
certain unexpired leases of nonresidential real property (“Leases”) and other executory contracts
 (“Contracts”). In summary, the Rejection Procedures enable the Debtors, in the exercise of their
business judgment, to reject Leases or Contracts determined to be unnecessary and/or

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.

burdensome to the Debtors' ongoing operations, subject to seven (7) days' written notice via electronic mail, facsimile or overnight mail, to: (i) the non-Debtor party (and its counsel, if known) under the respective Lease or Contract at the last known address available to the Debtors; (ii) counsel to the official committee of unsecured creditors appointed in these cases (the "Committee"); and (iii) counsel to the Buyers; (collectively, the "Notice Parties"). A copy of the Order is enclosed.

PLEASE TAKE FURTHER NOTICE that, pursuant to the terms of the Order, unless a written objection hereto is filed and served in accordance with the instructions set forth herein, the Leases and/or Contracts set forth on Exhibit 1 hereto will be rejected pursuant to section 365(a) of the title 11 of the United States Code (the "Bankruptcy Code"), effective as of the dates set forth therein.

PLEASE TAKE FURTHER NOTICE that if an objection to this Rejection Notice is timely filed with the Court and timely served, so that such objection is actually received by _____, 2013, upon counsel for the Debtors, Garfunkel Wild, P.C., 111 Great Neck Road, Great Neck, NY 11021 (Attn: Burton S. Weston, Esq.), the Debtors may schedule a hearing to consider such objection on three (3) business days' notice to counsel for the objecting party of the scheduled hearing date (which notice may be provided by email or facsimile). If such an objection to a Rejection Notice is timely received, and the Court ultimately upholds the Debtors' determination to reject the applicable Lease or Contract, then the applicable Lease or Contract shall be deemed rejected as of the date determined by the Court and/or as set forth in any Order overruling such objection.

PLEASE TAKE FURTHER NOTICE that proof of any claim arising out of the rejection of any Lease or Contract, must be filed on or before the later of: (i) forty-five (45) days after the date of service of this Rejection Notice; or (ii) any deadline for the filing of proofs of claim established by this Court. If any such claim is not timely filed, the holder of such claim shall be forever barred, estopped and permanently enjoined from asserting such claim against the Debtors, their successors or their property (or filing a proof of claim with respect thereto), and the Debtors, their successors and their property shall be forever discharged from any and all indebtedness or liability with respect to such claim.

Dated: November 15, 2013
Great Neck, New York

GARFUNKEL WILD, P.C.

By: _____

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*Counsel for the Debtors
and Debtors in Possession*

Exhibit 1

Form of Summary of Rejected Contracts and Leases

**ALL OF THE FOLLOWING REJECTED CONTRACTS ARE REJECTED TOGETHER WITH ALL ANCILLARY AND
COLLATERAL DOCUMENTS, AMENDMENTS, EXHIBITS, MODIFICATIONS, REVISIONS, SUPPLEMENTS,
RIDERS, ATTACHMENTS, SCHEDULES, SIDE LETTERS AND THE LIKE**

<u>Title of Contract or Other Identification</u>	<u>Effective Date of Contract (if known)</u>	<u>Effective Date of Rejection</u>	<u>Non-Debtor Party to Contract and Noticing Address(es)</u>	<u>Description of Contract</u>