

**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

CANO HEALTH, INC., *et al.*,

Debtors¹.

Chapter 11

Case No. 24-10164 (KBO)
(Jointly Administered)

Hearing Date: March 7, 2024 @ 10:00 a.m. (EST)
Objection Deadline: February 29, 2024 @ 4:00 p.m. (EST)

Re: Docket Nos. 16 and 94

**DENTAL EXCELLENCE PARTNERS LLC’S LIMITED OBJECTION AND
RESERVATION OF RIGHTS OF TO THE MOTION OF DEBTORS PURSUANT
TO 11 U.S.C. §§ 105(a), 361, 362, 363, 364, 507 AND 552 AND FED. R. BANKR. P.
2002, 4001, 6003, 6004 AND 9014 FOR (I) AUTHORITY (A) OBTAIN
POSTPETITION FINANCING, (B) USE CASH COLLATERAL, (C) GRANT
LIENS AND PROVIDE SUPERPRIORITY ADMINISTRATIVE EXPENSE
STATUS, (D) GRANT ADEQUATE PROTECTION, (D) MODIFY THE
AUTOMATIC STAY, AND (E) SCHEDULE A FINAL HEARING AND (II)
RELATED RELIEF**

Dental Excellence Partners LLC (“Dental Excellence”), by and through its undersigned counsel, hereby files this *Limited Objection and Reservation of Rights* (the “Limited Objection”) to the *Motion of Debtors Pursuant to 11 U.S.C. §§ 105(a), 361, 362, 363, 364, 507 and 552 and Fed. R. Bankr. P. 2002, 4001, 6003, 6004 and 9014 for (I) Authority (A) Obtain Postpetition Financing, (B) Use Cash Collateral, (C) Grant Liens and Provide Superpriority Administrative Expense Status, (D) Grant Adequate Protection, (D) Modify the Automatic Stay, and (E) Schedule a Final Hearing and (II) Related Relief* [Doc. No. 16] (the “Motion”)² and respectfully states as follows:

¹ The last four digits of Cano Health, Inc.’s tax identification number are 4224. A complete list of the Debtors in the chapter 11 cases may be obtained on the website of the Debtors’ proposed claims and noticing agent at <https://www.kccllc.net/CanoHealth>. The Debtors’ mailing address is 9725 NW 117th Avenue, Miami, FL 33178

² Capitalized terms used herein and not defined herein shall have the meaning given such terms in the Motion.



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PRELIMINARY STATEMENT

1. Pursuant to transactions with non-debtors Onsite Dental, LLC and CD Support LLC (collectively, “Onsite”), Dental Excellence owns certain personal property and dental equipment (the “Equipment”) located at various locations of the Debtors.

2. A schedule of a present inventory of Dental Excellence’s Equipment in the possession of the Debtors is attached hereto as **Exhibit A**.

3. The Debtors have no ownership interest or other interest in the Equipment other than present possession of the Equipment.

4. Prior to the Petition Date, Dental Excellence was trying to retrieve and repossess the Equipment but was unable to do so prior to the Debtors’ bankruptcy filing.

5. To the extent that the automatic stay applies to Dental Excellence’s Equipment, the automatic stay now prevents Dental Excellence (absent an agreement with the Debtors or relief from the automatic stay) from retrieving and repossessing the Equipment. Out of an abundance of caution, Dental Excellence intends to file a motion for relief from the automatic stay to retrieve and repossess the Equipment.

6. Dental Excellence does not object to the Debtors’ proposed debtor-in-possession financing or their use, in general, of cash collateral to fund these chapter 11 cases. Dental Excellence files this Limited Objection to preserve its ownership interests in its Equipment located at various locations of Debtors and such Equipment should not serve as collateral as a part of any debtor-in-possession liens, replacement liens, or other liens offered to the Debtors’ debtor-in-possession lender or any of their prepetition secured lenders. For the reasons set forth herein, the Court should not grant the Motion unless Dental Excellence’s concerns are adequately addressed.

BACKGROUND

7. Prior to the Petition Date, Dental Excellence entered into an equipment lease agreement (the “Equipment Lease”) with Onsite pursuant to which Dental Excellence agreed to lease certain of the Equipment to Onsite for a period of 36 months beginning on or about April 13, 2022.³

8. On information and belief, CD Support, LLC and Cano Health, LLC (“Cano Health”) were parties to a Dental Services Administration Agreement (“DSAA”) pursuant to which Onsite agreed to operate dental practices out of facilities co-located with Cano Health clinics.

9. Onsite used and relied upon the Equipment leased from Dental Excellence for its day-to-day operations in these Cano Health clinic locations (the “Locations”).⁴

10. On or about October 8, 2023, CD Support, LLC terminated the DSAA and, upon information and belief, Onsite ceased operations out the Locations which were co-located with Cano Health clinics or on about that date.

11. On or about December 1, 2023, the Equipment Lease between Dental Excellence and Onsite was terminated by the parties pursuant to that certain Dental Office Transition Agreement (the “DATO”). On or about February 15, 2024, Dental Excellence and Onsite entered into an Addendum to Dental Office Transition Agreement.

³ Out of an abundance of caution, Dental Excellence is not attaching copies of the Lease Agreement or the subsequently referenced Dental Office Transition Agreement or Addendum to Dental Office Transition Agreement so that Dental Excellence can first confer with counsel for Onsite regarding whether they assert any confidentiality rights with respect to the documents.

⁴ On information and belief, the Locations in which Onsite operated with Dental Excellence’s equipment were 680 N. University Dr, Pembroke Pines, FL 33024 (“Pembroke Pines”); 13768 S.W. 8th St., Miami, FL 33184 (“Tamiami”); 3825 West 16th Ave, 2nd Fl., Hialeah, FL 33012 (“West Hialeah”); 8300 West Flagler St., Suite 210, Miami, FL 33144 (“Flagler”); 6801 S.W. 8th St., Miami, FL 33144 (“6801 West Miami”); 5190 NW 167 St., Suite 109, Hialeah, FL 33014 (“Miami Lakes”); 4144 N. Armenia Ave, Suite 150, Tampa, FL 33607 (“Tampa”); 807 S. Parson Ave, Brandon, FL 33511 (“Brandon”); 1507 N. John Young Pkwy Suite B, Kissimmee, FL 34741 (“Kissimmee”); 1 Glenn Royal Pkwy, Miami, FL 33125 (“Little Havana”); 4020 W. Hillsboro Blvd, Deerfield Beach, FL 33442 (“Deerfield Beach”); 11700 Okeechobee Blvd, Royal Palm Beach, FL 33411 (“Royal Palm Beach”); 1695 S.W. 107th Avenue, Miami, FL 33186 (“Miami Westchester”); 13650 S.W. 131st Street, Miami, FL 33186 (“Kendall South”); 1700 West 68th Street, Hialeah, FL 33010 (“1700 Hialeah”); 1601 East 4th Avenue, Hialeah, FL 33010 (“Hialeah 4th Ave”).

12. Pursuant to the DATO and Addendum, in addition to terminating the Equipment Lease, Dental Excellence purchased equipment owned by Onsite and located at the Legacy Cano Offices identified on Exhibit A to the Addendum.

13. In accordance with, among other documents, the DATO and Addendum, Dental Excellence is the only party with any ownership rights to the Equipment.

14. Pursuant to the DATO and Addendum, Onsite exercised options to purchase certain equipment, but on information and belief the Equipment belonging to Dental Excellence remains at various of the Debtors' Locations.

15. At no point in time did any of the Debtors have any ownership interest in the Equipment, nor was the Debtors' ownership of the Equipment ever contemplated.

16. Since termination of the DSAA, the Debtors have no right to possess the Equipment at any of their locations.

17. Prior to the Petition Date, Dental Excellence was unsuccessful in its effort to retrieve and repossess the Equipment from the Debtors' Location.

THE MOTION AND OBJECTIONS THERETO

18. On February 5, 2024, the Debtors filed the Motion, seeking authority to *inter alia*, (i) obtain secured, postpetition financing from the DIP Lenders, (ii) grant the DIP Lenders valid, enforceable, binding, non-avoidable, and fully-perfected first priority priming liens in and upon "substantially all of the property, assets, and other interest in property and assets of the Debtors," "of any kind or nature whatsoever, real or personal, tangible, intangible, or mixed, now existing or hereafter acquired or created," (iii) use cash collateral, and (iv) provide the Debtors' existing creditors with replacement liens and/or adequate protection payments on their collateral.

19. As noted above, the Motion seeks to grant:

valid, enforceable, binding, non-avoidable, and fully-perfected priming liens on and senior security interest in substantially all of the property, assets, and other interests in property and assets of the Debtors, whether such property is presently owner or after- acquired, and each Debtor's estate as created by section 541 of the Bankruptcy Code, of any kind or nature whatsoever, real or personal, tangible, intangible, or mixed, now existing or hereafter acquired or created, whether existing prior to or arising after the Petition Date ... to secure the DIP Loans, subject only to (x) the Fee Reserve Account and the Carve Out ... and (y) other valid, perfected and unavoidable liens...

Motion, at ¶ 6.

20. The DIP Credit Agreement defines "Collateral" as

any and all assets of any Loan Party, whether now existing or hereafter acquired, that is or becomes subject (or purported to be subject) to a Lien pursuant to the DIP Orders or under any Collateral Document, in each case, to secure the Secured Obligations; provided, that in no event shall the Collateral include, and there shall be no Liens upon, any Excluded Assets.

DIP Credit Agreement [Doc. No. 32-1], Art. I, § 1.01 (defining "Collateral").

21. "Excluded Assets" is defined by the DIP Credit Agreement to include, in relevant part,

all licenses and other property and assets ... (b) the pledge or creation of a security interest in which would require the consent, approval license or authorization of .. (ii) a third party that is not a Debtor or affiliate thereof, which third party right to consent, approve or authorize such a pledge or creation of a security interest exists on the Closing Date...

DIP Credit Agreement, Art. I, § 1.01 (defining "Excluded Assets").

22. Because it is clear that the Debtors lack any ownership interest in the Equipment that is currently located at various of the Debtors' Locations (or any other of the Debtors' locations), Dental Excellence wants to ensure that the Equipment is not deemed to be Collateral and that the DIP Financing does not otherwise impair or prejudice Dental Excellence's ownership rights in any of the Equipment and its right to possession of any of the Equipment.

23. Dental Excellence objects to the Motion and the DIP Financing to the extent that the Debtors seek to grant DIP Liens, First Lien Adequate Protection Liens (or any other liens) on the Equipment or otherwise seek to impair or prejudice Dental Excellence's ownership rights in any of the Equipment and its right to possession of any of the Equipment.

24. Dental Excellence also objects to the Debtors' stipulations in the Interim Order [Doc. No. 89], at paragraphs E(i)(d) and (E)(ii)(d), to the extent that the Debtors purport to acknowledge any prepetition lien on the Equipment.

25. Dental Excellence requests that any final debtor-in-possession financing/cash collateral order entered by this Court carve-out the Equipment from the DIP Liens and First Lien Adequate Protection Liens (and any other liens) and provide that nothing in such order grants a lien on or otherwise impairs or prejudices Dental Excellence's ownership rights in any of the Equipment and its right to possession of any of the Equipment.

RESERVATION OF RIGHTS

26. Dental Excellence reserves the right to make further objections at the final hearing on the Motion, or as may otherwise be appropriate, including, but not limited to, an objection to any debtor-in-possession liens, any replacement liens, or any other liens on Dental Excellence's property. Dental Excellence does not waive and hereby preserves all of its rights, remedies, claims and arguments under the Bankruptcy Code or otherwise with respect to the Equipment.

CONCLUSION

WHEREFORE, Dental Excellence, LLC respectfully requests that the Court (i) sustain Dental Excellence's Limited Objection and grant relief consistent with this Limited Objection; (ii) include in any final debtor-in-possession financing/cash collateral order provisions carving-out the Equipment from the DIP Liens and First Lien Adequate Protection Liens (and any other liens) and

providing that nothing in such order grants a lien on the Equipment or otherwise impairs or prejudices Dental Excellence's ownership rights in any of the Equipment and its right to possession of any of the Equipment; and (iii) grant such other and further relief as the Court deems just and proper.

February 29, 2024
Wilmington, Delaware

Respectfully submitted,

/s/ Richard W. Riley

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EXHIBIT A

Equipment by Location

Equipment	Kissimmee	Tampa	Brandon	Royal Palm	Deerfield	Pembroke Pines	Miami Gardens	West Hialeah	East 4 th Ave
Operatory Chairs	4	4	4	0	4	6	3	2	3
Doctor Stools	4	4	4	0	4	6	3	2	3
DentalAssistantStools	4	4	4	0	4	6	3	2	3
TV Monitors (including waiting areas)	4	0	4	3	4	6	4	1	3
Computers	7	7	6	5	7	10	5	4	2
PC Monitors	10	10	8	7	12	14	7	7	4
Laptops	0	0	0	1	0	1	0	1	1
Docking Stations	0	0	0	0	0	0	0	0	0
Scanners	2	2	2	2	2	2	1	2	2
Phones	3	3	2	2	3	4	3	3	2
Signature pads	7	6	6	6	7	10	6	4	4
AirTechniqueScanX	1	1	0	0	0	1	0	1	0
Panoramic Machines	1	1	1	1	1	0	1	1	0
Pano/3D Machines	0	0	0	0	0	0	0	0	1
CBCTDentalX-RavMachine	0	0	0	0	0	1	0	0	0
ALL IN ONEComputer	0	0	0	1	1	0	1	1	1
Computer for Pano or AirTechnique	1	1	1	0	0	1	0	0	0
Intraoral Xray	4	4	4	3	4	6	2	2	2
IntraoralCameras	1	0	0	1	0	0	0	0	0
Sensors	2	0	0	1	2	0	0	0	1
Autoclave	1	1	1	1	1	1	1	1	1
Ultrasonic	1	1	1	1	1	1	0	0	1
EndoMotor	1	1	1	0	1	0	0	0	1
ImplantMotor	1	1	0	0	1	0	0	0	0
Compressor	1	1	1	0	1	1	1	1	1
Vacuum	1	1	1	0	1	1	1	1	1
Water bypass system	0	0	0	0	0	0	0	0	0
Amalgam Separator System	0	0	0	0	1	0	0	0	1
Zoom Machine	1	1	0	0	1	1	1	1	0
TOTAL	62	54	51	35	63	79	43	37	38

	Hialeah 1700	Little Havana	West Miami	Flagler	Westchester	South Kendall	Tamiami	TOTAL
Operatory Chairs	2	3	3	4	2	2	4	50
Doctor Stools	2	3	3	4	2	2	4	50
DentalAssistantStools	2	3	3	4	2	2	4	50
TV Monitors (including waiting areas)	2	3	0	4	1	2	4	45
Computers	2	6	4	8	2	2	2	79
PC Monitors	4	9	6	12	5	4	2	121
Laptops	2	0	0	0	2	1	0	9
Docking Stations	1	0	0	0	1	0	0	2
Scanners	1	2	1	2	2	2	2	29
Phones	2	2	2	4	2	2	3	42
Signature pads	4	5	4	5	4	4	6	88
AlrTechniqueScanX	0	0	1	1	0	0	1	7
Panoramic Machines	1	1	1	1	1	1	1	14
Pano/3D Machines	0	0	0	0	0	0	0	1
CBCTDentalX-RavMachine	0	0	0	0	0	0	0	1
All IN ONEComputer	0	1	1	1	0	0	0	8
Computer for Pano or AirTechnique	1	0	0	0	1	1	0	7
Intraoral Xray	1	3	1	2	1	1	4	44
IntraoralCameras	0	1	0	0	0	0	0	3
Sensors	0	1	0	0	0	0	0	7
Autoclave	1	1	1	1	1	1	0	15
Ultrasonic	1	1	1	1	1	1	0	13
EndoMotor	0	1	0	0	0	0	0	6
ImplantMotor	0	1	0	0	0	0	0	4
Compressor	1	1	1	1	1	1	1	15
Vacuum	1	1	1	1	1	1	1	15
Water bypass system	0	0	0	0	0	0	0	0
Amalgam Separator System	1	0	0	0	1	1	0	5
Zoom Machine	0	1	1	1	1	0	0	10
TOTAL	32	50	35	57	34	31	39	740