

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:

GLOBAL WOUND CARE MEDICAL GROUP, a
Professional Corporation,¹

Debtor and Debtor in Possession.

Chapter 11

Case No. 24-34908 (CML)

**DECLARATION OF RALPH CETRULO IN SUPPORT OF
DEBTOR'S EMERGENCY MOTION FOR ENTRY OF INTERIM AND FINAL
ORDERS: (I) AUTHORIZING THE DEBTOR TO OBTAIN SECURED
POSTPETITION FINANCING; (II) GRANTING LIENS AND PROVIDING CLAIMS
WITH SUPERPRIORITY ADMINISTRATIVE EXPENSE STATUS; (III) MODIFYING
THE AUTOMATIC STAY; (IV) SCHEDULING A FINAL HEARING;
AND (V) GRANTING RELATED RELIEF**

I, Ralph Cetrulo, hereby declare and state as follows:

1. I am the Chief Financial Officer ("CFO") of Global Wound Care Medical Group, a Professional Corporation, the debtor and debtor in possession (the "Debtor") in the above-captioned chapter 11 case ("Case"), and the CFO of Wound Pros Management Group, Inc. ("Wound Pros"), the management company for the Debtor. I submit this declaration (this "Declaration") in support of the contemporaneously filed *Debtor's Emergency Motion for Entry of Interim and Final Orders: (I) Authorizing the Debtor to Obtain Secured Postpetition Financing; (II) Granting Liens and Providing Claims with Superpriority Administrative Expense Status;*

¹ The last four digits of the Debtor's tax identification number in the jurisdiction in which it operates is 3572.



(III) *Modifying the Automatic Stay*; (IV) *Scheduling a Final Hearing*; and (V) *Granting Related Relief* (the “Motion”).²

2. I have been with Wound Pros since February 2023, and the CFO of the Debtor since December 2024. I have a Bachelor of Science in accounting from the University of Delaware and have over three decades of experience in public accounting and over a decade as a CFO. I have experience in mergers and acquisitions, business valuations, financial forecasting, and stock options planning. I am a member of the American Institute of Certified Public Accountants and the Delaware Society of Certified Public Accountants, and have served on the boards of various organizations, including the Horn Entrepreneurship Board at the University of Delaware, the Delaware Deferred Compensation Board, and the Delaware Workforce Development Board. As CFO of Wound Pros and the Debtor, I am intimately familiar with their cash management systems, as well as all facets of its revenue cycle management, current cash balances, and claims submissions to and payments from the Medicare program and other payors.

3. I have reviewed the terms and condition set forth in the DIP Term Sheet with the Debtor’s other advisors and counsel, and believe they are fair, reasonable, adequate, and prudent to address the Debtor’s immediate needs in this chapter 11 case. I further believe that approval of the DIP Facility is the best and only DIP financing option and is in the best interests of the Debtor, its estate, the patients it serves, its employees, and all other parties in interest. In support of such approval, I further state as follows.

The Liquidity Crisis and the Need for the DIP Facility

4. On an emergency basis, the Debtor requests approval of the DIP Facility in the amount of up to \$10.7 million. Approval of the DIP Facility will address the Debtor’s immediate

² Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Motion.

liquidity crisis caused by the slowdown in Medicare reimbursements, which have been the subject of a prior emergency motion and related Status Conference and report. In the absence of an immediate cash infusion, the Debtor faces the imminent shutdown of its business, which would interfere with critical care to the Debtor's elderly patient population, eliminate nearly 900 jobs, and destroy going-concern value. To avert that outcome, to provide the Debtor with an infusion of cash, and to preserve the health and welfare of its patients, the Debtor, with the assistance of its advisors, engaged in extensive good-faith negotiations with the DIP Lender to enter into the DIP Facility on reasonable and customary terms. The Debtor therefore requests approval of the DIP Facility on an interim and final basis to ensure the continued operation of its life-sustaining business and the preservation of value for all parties in interest.

5. As an initial matter, given the slowdown in Medicare payments, the funds from Medicare receipts would be insufficient to fund the costs associated with the Debtor's immediate operational needs and restructuring efforts. With the assistance of its advisors, the Debtor and I determined that the additional postpetition financing provided by the DIP Facility is necessary to allow the Debtor to pay for the costs discussed herein and otherwise address the liquidity issues caused by the slowdown in Medicare payments. Accordingly, the Debtor and I believe the DIP Facility is fundamental to the preservation and maintenance of the Debtor's going-concern value.

6. Furthermore, unless the Debtor can demonstrate that it has the means available to operate in the ordinary course and procure goods and services that are vital to ongoing business operations, vendors and third parties may refuse to do business with the Debtor. Moreover, absent the DIP Facility, the Debtor will lack sufficient liquidity to continue its operations in the ordinary course to the material detriment of the Debtor's patients, employees, estate, creditors, and other parties in interest.

7. The proposed financing will allow the Debtor to meet payroll, satisfy essential vendor obligations, and continue providing life-sustaining medical services to thousands of elderly and homebound patients across the country. It also ensures the retention of the Debtor's trained medical workforce and operational infrastructure—both of which are indispensable to preserving the Debtor's going-concern value and prospects for a successful reorganization.

8. The absence of postpetition financing would quickly erode the estate's value and render reorganization impossible. The DIP Facility therefore represents the only viable mechanism to protect the estate's assets, maintain continuity of care, and preserve going-concern value.

The Debtor's Efforts to Obtain Other Sources of Funding

9. Faced with a sudden and material liquidity crisis precipitated by the unprecedented slowdown in Medicare reimbursements, the Debtor evaluated multiple strategic alternatives—including additional negotiations with the United States for access to a small percentage of the funds currently held in the Suspense Account, which now totals over \$300 million, other potential remedies related to the Medicare program, and potential third-party financing—but found no actionable proposals on any terms other than the DIP Facility with the DIP Lender.

10. As to access to any amounts in the Suspense Account, the United States would not consent. Moreover, the Debtor and I are concerned that if the Debtor attempted to seek immediate release of funds from the Suspense Account, the DOJ would take the position that the Debtor has violated the Medicare Stipulation, which would jeopardize a potential global settlement with the United States.

11. In addition to pre-petition efforts, starting in June 2025 after the Debtor had reached an agreement in principle with the United States, the Debtor held additional conferences with 12-15 family offices and funds in search of capital. Six of the funds pursued an initial due diligence

process, reviewing the Debtor's business in earnest. The other potential funding sources declined to move forward. Of the six who conducted the initial due diligence process, three potential lenders expressed continued interest. The Debtor then held multiple follow up conversations with these three lenders and shared additional information in furtherance of their due diligence processes. Although the Debtor believed it was close to reaching a LOI with two of the lenders, both declined to issue an LOI until the Debtor reached the final stages or execution of a global settlement agreement with United States. The Debtor remain in dialogue with those two lenders; however, such discussions now revolve around a potential opportunity to re-finance any DIP financing after final execution of a global settlement agreement with the United States. During this period, the Debtor also received an LOI for a partial redemption of equity shares.

12. In light of the results of the Debtor's prior broader marketing efforts, and given the Debtor's rapidly deteriorating liquidity and the imminent risk of operational cessation, the Debtor's current highly expedited process to solicit DIP financing necessarily precluded it from conducting a renewed comprehensive marketing process. Notwithstanding the foregoing, the Debtor, with the assistance of its counsel and other advisors, quickly explored two additional potential sources of postpetition financing.

13. After the Debtor received responses from these two most promising potential capital providers, the Debtor and I concluded that the exigent circumstances necessitated prompt action to secure financing sufficient to maintain operations, ensure ongoing services to its patients, and preserve value for all parties in interest, especially given that it appeared that further endeavors to explore debtor-in-possession financing alternatives were unlikely to reach better terms. This decision is supported by the Debtor's further analysis that, even assuming the Debtor could achieve slightly better terms, the Debtor's limited window of opportunity is quickly dwindling such that

expending further time and resources could jeopardize reorganization altogether. The Debtor's swift but strategic efforts have confirmed that no readily-available lender was willing to provide financing on an unsecured or exclusively junior-lien basis, or otherwise on better terms on the Debtor's timeline.

14. One of the two parties that recently evaluated a potential DIP financing opportunity ultimately declined to proceed, citing that the proposed facility was below its minimum investment or funding threshold. However, EWB provided the Debtor with a workable initial proposal for the current DIP Facility to fund ongoing operations during this chapter 11 case while the Debtor works to restore Medicare reimbursement levels and pursue a value-maximizing resolution.

15. After engaging in further, good-faith, arm's-length negotiations, the Debtor secured improved economic and structural terms and determined that the DIP Facility represents the only viable and best available financing option under the circumstances.

The DIP Facility and Its Terms

16. As stated above, the Debtor has secured vital additional liquidity through the DIP Facility in the amount of up to \$10.7 million. The DIP Facility was negotiated at arm's length and embodies customary terms with the dual goals of ensuring immediate liquidity and preserving long-term restructuring optionality between the Debtor, the DIP Lender, and their respective advisors, including with the Debtor's financial and legal advisors.

17. Among other things, the pricing, fees, covenants, and other economic terms, when viewed holistically, represent the best and only feasible financing reasonably available under the Debtor's current circumstances. The structure of the DIP Facility carefully balances the Debtor's urgent liquidity needs with appropriate lender protections, including customary priming and superpriority features. The DIP Facility was also deliberately structured to avoid impairing or

undermining the United States' interests in the Medicare Stipulation, ensuring that the DIP financing complements—rather than conflicts with—the existing Medicare Stipulation and regulatory framework. In sum, in balancing risk and reward, the DIP Facility provides essential funding to sustain operations and stabilize patient care while ensuring protections to the DIP Lender—all while simultaneously being narrowly tailored to protect the careful balance of rights afforded the Debtor and the United States under the Medicare Stipulation.

18. Equally important, the DIP Facility's timeline and covenants afford the Debtor the breathing room necessary to address the underlying reimbursement issues and to pursue a global resolution with the United States that will maximize value for all parties in interest. The terms are neither coercive nor opportunistic; rather, they have been tailored by the Debtor's advisors and legal counsel to address the Debtor's immediate liquidity needs, consistent with customary terms for postpetition financings of this type and size. The DIP Facility's terms align the Debtor's short-term funding needs with its reorganization objectives, ensuring that liquidity is deployed efficiently toward stabilizing operations and permitting it time to solve the timing complications with Medicare reimbursements and/or reach agreement with the United States for additional access to funds held in the Suspense Account.

19. The Debtor's decision to pursue the DIP Facility reflects a deliberate and well-reasoned exercise of business judgment under the circumstances of this case. The Debtor and I believe the DIP Facility embodies the most favorable terms on which the Debtor could obtain postpetition financing. Moreover, the negotiations of the terms of the DIP Facility with the DIP Lender were conducted in good faith and at arm's length. Thus, under the circumstances, not only is the DIP Facility critical to the Debtor's continuing operations, but the terms and conditions of the DIP Term Sheet and the forthcoming DIP Loan Documents are fair and reasonable.

Accordingly, the Debtor and I believe that entry into the DIP Facility is in the best interests of the Debtor's estate and is an exercise of the Debtor's sound business judgment.

20. The foregoing also justifies granting the DIP Lender secured liens and superpriority administrative expense claims and demonstrates why it is both necessary and appropriate under the circumstances of this case. As detailed above, the Debtor has demonstrated that it is unable to obtain credit on an unsecured or junior basis and that the DIP Facility represents the only viable source of liquidity to preserve operations. The liens and priority claims proposed here are designed to protect the DIP Lender without unfairly prejudicing other creditors, and are subject to a customary carve-out for professional fees.

21. Moreover, the proposed lien and priority structure aligns with balancing the Debtor's urgent liquidity needs with the rights of existing parties in interest. As referenced above, the Debtor's Medicare Receivables Account assets are already subject to a lien of the United States under the Medicare Stipulation, and the DIP Facility is structured to respect those existing rights by providing either for consent or, alternatively, for junior lien treatment. The superpriority claims simply ensure that the DIP Lender is compensated for the substantial risk undertaken in extending new money to a debtor in crisis. Without such protections, I do not believe any rational lender would provide the critical financing necessary to sustain the Debtor's operations and facilitate reorganization. Accordingly, I believe that granting secured liens and superpriority administrative expense claims is justified, equitable, and in the best interests of the estate and all creditors.

Use of Proceeds and Approved Budget

22. The proceeds of the DIP Facility will be used only for purposes that are permissible for debtors in bankruptcy, in accordance with the DIP Orders and the Approved Budget. Specifically, the Debtor and Wound Pros will use the proceeds of the DIP Facility to bridge its

liquidity crisis caused by the slowdown in Medicare payments and fund employee payroll, pay vendors, and other expenses.

23. Although the Debtor continues to operate in accordance with the Operating Budget, the Debtor has also prepared the Approved Budget, which is an 18-week cash flow budget (incorporating the Operating Budget) approved by EWB and a copy of which is attached as Schedule 1 to the Interim Order. The Approved Budget reflects a comprehensive analysis of the Debtor's current liquidity position and incorporates reasonable assumptions regarding working capital needs, cash receipts and disbursements, professional fees, vendor obligations, and other ordinary-course expenditures necessary to sustain operations. The Approved Budget further accounts for the impact of the ongoing liquidity crisis and identifies the minimum funding necessary to maintain patient services, preserve jobs, and stabilize the Debtor's business pending resolution of the reimbursement delays.

24. Consistent with the DIP Term Sheet, the Debtor intends to use proceeds of the DIP Facility strictly in accordance with the Approved Budget, subject to the Permitted Variances. In addition, the Debtor will provide periodic updates to the Approved Budget, which, once approved by the DIP Lender, will become the new Approved Budget. I believe the use of DIP proceeds in accordance with the Approved Budget (subject to Permitted Variances) will ensure transparency, maintain fiscal accountability, and provide confidence to the Court, creditors, and parties in interest that funds are being deployed solely to support essential operations and the preservation of estate value.

25. Moreover, the Debtor's management and professionals, including myself, negotiated the DIP Facility in good faith and at arm's length to obtain terms that are fair, customary, and appropriate for a financing of this type. The pricing, covenants, and maturity

profile are reasonable and customary under the circumstances and afford the Debtor operational flexibility while providing the lender with reasonable protections. In short, the financing is designed to fund working capital, payroll, and administrative expenses essential to preserving the Debtor's going-concern value and to avoiding irreparable harm to the estate, and the Debtor intends to use the DIP Facility in accordance with such purposes.

I certify under penalty of perjury that the foregoing is true and correct to the best of my knowledge.

Date: October 28, 2025

/s/ Ralph Cetrulo
Ralph Cetrulo