



IT IS ORDERED as set forth below:

Date: February 13, 2025

Paul Baisier

**Paul Baisier
U.S. Bankruptcy Court Judge**

**IN THE UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION**

In re:

LAVIE CARE CENTERS, LLC, *et al.*¹

Debtors.

)
) Chapter 11

)
) Case No. 24-55507 (PMB)

)
) (Jointly Administered)

)
) Related to Docket No. 825

**ORDER (A) AUTHORIZING DEBTORS' ENTRY INTO,
AND PERFORMANCE UNDER, ERC SETTLEMENT WITH
INTERNAL REVENUE SERVICE, (B) APPROVING THE ERC
SETTLEMENT, AS MODIFIED, AND (C) GRANTING RELATED RELIEF**

¹ The last four digits of LaVie Care Centers, LLC's federal tax identification number are 5592. There are 282 Debtors in these chapter 11 cases, which are being jointly administered for procedural purposes only. A complete list of the Debtors and the last four digits of their federal tax identification numbers are not provided herein. A complete list of such information may be obtained on the website of the Debtors' claims and noticing agent at <https://www.veritaglobal.net/LaVie>. The location of LaVie Care Centers, LLC's corporate headquarters and the Debtors' service address is 1040 Crown Pointe Parkway, Suite 600, Atlanta, GA 30338.



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Upon the motion (the “Motion”)² of the Debtors, filed on January 29, 2025 at Docket No. 825, for entry of an order (this “Order”) approving the ERC Settlement (as defined herein) between the Debtors and the IRS with respect to the IRS ERC Claim, all as more fully set forth in the Motion; and the Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and the matter being a core proceeding within the meaning of 28 U.S.C. § 157(b)(2); and venue of this proceeding and the Motion in this District being proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court being able to issue a final order consistent with Article III of the United States Constitution; and due and sufficient notice of the opportunity to object to and for hearing on the Motion having been given under the particular circumstances; and the Court having considered the Motion, the objection to the Motion filed by the Official Committee of Unsecured Creditors (the “Committee”) on February 3, 2025 at Docket No. 848, and all other matters of record at the hearing on February 4, 2025 (the “Hearing”); and the Court having considered, at a continued hearing on February 13, 2025, proposed modifications to the ERC Settlement which occurred subsequent to the Hearing, as well as certain reported factual updates and proposed modifications related to the IRS ERC Claim reflected in the supplemental response filed by the Internal Revenue Service (the “IRS”) on February 7, 2025 at Docket No. 862; and based on the foregoing, no further notice or hearing is required; and the Court having determined that the legal and factual bases set forth in the Motion, as modified, establish just cause for the relief granted herein; and it appearing that the relief requested in the Motion, as modified, is in the best interests of the Debtors, their estates, their creditors, and other parties-in-interest; and after due deliberation thereon; and the Court having found that good and sufficient cause exists to grant the relief requested in the Motion; it is hereby

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Motion or the Plan, as applicable.

ORDERED, ADJUDGED, AND DECREED that:

1. The Motion is **GRANTED** as set forth herein.

2. The terms of the settlement by and among the Debtors and the IRS (the “ERC Settlement”) consist of the following, and are hereby **APPROVED**, subject to the Final DOJ Approval Rights:

- (a) The IRS shall amend the IRS ERC Claim to account for the appropriate distinction between its Priority Tax Claim and General Unsecured Claim.
- (b) The Debtors shall withdraw the IRS Claim Objection, and the Committee shall withdraw its joinder to the IRS Claim Objection.
- (c) For purposes of these Chapter 11 Cases only, the IRS ERC Claim will be allowed as set forth herein; *provided, however*, that the Debtors, the IRS, and the Committee each agree that such claim will be paid as follows:
 - (i) an Allowed Priority Claim in the aggregate amount of \$8,431,694.32, exclusive of prepetition interest, for which the IRS agrees to accept in satisfaction \$550,000, to be paid within five business days following the Effective Date from the Debtors’ cash on hand;
 - (ii) an Allowed Class 6A General Unsecured Claim for \$6,942,352.07, which the IRS agrees shall not be paid through Class 6A until other Class 6A creditors’ claims are paid in full; and
 - (iii) an Allowed Class 6B General Unsecured Claim for \$13,669,289.57, exclusive of prepetition interest; *provided, however*,
 - (A) the IRS shall not receive any part of the first \$500,000 in total distributions from the GUC Trust for Class 6B General Unsecured Claims, after satisfaction of Class 6B GUC Trust related fees and expenses;
 - (B) after a total of \$500,000 has been distributed from the GUC Trust to other Class 6B creditors, the IRS shall receive the next tranche of distributions from the GUC Trust for Class 6B claims as a “catch-up” payment, which shall be computed according to the following formula:

$$\frac{\$500,000}{\text{sum of all allowed Class 6B claims except for the IRS's 6B claim}} \times \$13,669,289.57$$

and

- (C) after the distributions described in 3(iii)(A) and 3(iii)(B) above, the IRS' Allowed Class 6B General Unsecured Claim shall be treated *pro rata* with the other Class 6B general unsecured creditors.
- (d) The Debtors shall withdraw their remaining outstanding claimed ERCs in the amount of approximately \$3.7 million.
- (e) The IRS shall not seek any amounts relating to the ERCs, including any applicable penalties or interest, against the Reorganized Debtors, and shall not otherwise seek any civil penalties or other damages against the Debtors or the Reorganized Debtors. To the extent any Governmental Entity seeks to bring an action against any other third-party in connection with the Debtors' ERCs, all such parties reserve all rights and remedies in connection therewith.
- (f) The ERC Settlement shall neither be an admission of invalidity by the Debtors nor an admission of validity by the IRS with respect to the ERCs claimed by the Debtors.

3. The foregoing terms of the ERC Settlement are fair, reasonable, and in the best interests of the Debtors and their estates, and are hereby approved in their entirety pursuant to Bankruptcy Rule 9019(a). The IRS will file a notice in these Chapter 11 Cases on or before such date that is 30 days after entry of this Order indicating whether the IRS has received all requisite, final approvals necessary to effectuate the ERC Settlement. In the event that the IRS indicates to this Court that requisite approval was not obtained, all of the rights, remedies, claims, and objections of the Debtors, the Committee, and the IRS with respect to the ERCs, the IRS ERC Claim, the Debtors' objection with respect thereto (filed at Docket No. 751), and the Committee's joinder with respect to the Debtors' objection (filed at Docket No. 766) are fully preserved, and

the Court shall schedule a status hearing to determine any issues relating to the ERC Settlement or otherwise.

4. All objections, if any, with regard to the relief granted herein that have not been withdrawn, waived, settled, or otherwise dealt with as expressly provided herein or on the record at the hearing to consider entry hereof are hereby overruled.

5. Nothing in this Order shall be interpreted as an indication that this Court, or any third-party has taken a position with respect to the ERCs, the IRS ERC Claim, or the Debtors' objection with respect thereto.

6. The Debtors and the IRS are authorized to take all actions necessary to implement the relief granted in this Order.

7. The Court retains exclusive jurisdiction with respect to all matters arising from or related to the implementation, interpretation, or enforcement of this Order.

END OF ORDER

Prepared and presented by:

/s/ Daniel M. Simon

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