

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

In re

SC HEALTHCARE HOLDING, LLC *et al.*,

Debtors.¹

Chapter 11

Case No. 24-10443 (THM)

Jointly Administered

Ref. Docket No. 26

**INTERIM ORDER (I) AUTHORIZING THE DEBTORS TO PAY
PREPETITION CLAIMS OF CERTAIN CRITICAL VENDORS,
AND (II) GRANTING RELATED RELIEF**

Upon the Motion² of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) for entry of an interim order (this “Interim Order”): (a) authorizing, but not directing, the Debtors, in their sole discretion, to pay certain prepetition claims of Critical Vendors in accordance with the procedures proposed in the Motion, (b) authorizing the Banks to honor and process related checks and transfers, and (c) granting related relief, all as more fully set forth in the Motion; and upon the First Day Declaration; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference from the United States District Court for the District of Delaware*, dated February 29, 2012; and the Debtors consenting to entry of a final order by this Court under Article III of the United States Constitution; and this Court having found that venue of this proceeding and the Motion in this district is proper

¹ The last four digits of SC Healthcare Holding, LLC’s tax identification number are 2584. The mailing address for SC Healthcare Holding, LLC is c/o Petersen Health Care Management, LLC 830 West Trailcreek Dr., Peoria, IL 61614. Due to the large number of debtors in these Chapter 11 Cases, for which the Debtors have requested joint administration, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information will be made available on a website of the Debtors’ proposed claims and noticing agent at www.kccllc.net/Petersen.

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



241044324032200000000021

pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the Debtors' notice of the Motion and opportunity for a hearing on the Motion were appropriate under the circumstances and no other notice need be provided; and this Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before this Court (the "Hearing"); and this Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and upon the First Day Declaration and the record of the Hearing; and this Court having found and determined that the relief requested in the Motion is necessary to avoid immediate and irreparable harm to the Debtors and their estates, as contemplated by Bankruptcy Rule 6003(b), and such relief is in the best interests of the Debtors, their estates and creditors, and parties in interest, and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED on an interim basis.
2. The Debtors are authorized, but not directed, in their sole discretion and in the reasonable exercise of their business judgment, to pay certain prepetition Critical Vendors Claims, in an amount not to exceed \$562,989.90, without further Court order.
3. Payment made to applicable Critical Vendors shall be applied, in the first instance, against claims held by such Critical Vendors which arise under section 503(b)(9) of the Bankruptcy Code, to the extent that Critical Vendors hold such claims, in whole or in part, as applicable.
4. The Debtors shall undertake all appropriate efforts in the exercise of their sound business judgment to cause each Critical Vendor to enter into an agreement with the Debtors (such agreement, a "Trade Agreement") to (a) continue—or recommence—providing goods and

services to the Debtors in accordance with trade terms (including credit limits, pricing, timing of payments, availability, and other terms) at least as favorable to the Debtors as those in place during the 12 months prior to the Petition Date, or as otherwise agreed by the Debtors in their reasonable business judgment (the “Customary Trade Terms”), and (b) agree that such Critical Vendor shall not cancel any contract or agreement pursuant to which they provide goods or services to the Debtors. The Debtors reserve the right to require additional favorable trade terms with any Critical Vendor as a condition to payment of any Critical Vendor Claim. Any party that accepts payment from the Debtors on account of a Critical Vendor Claim shall be provided with a copy of this Interim Order and are deemed to have agreed to the terms and provisions of this Interim Order.

5. The Debtors are authorized, but not directed, to pay Critical Vendor Claims, in the event that no Trade Agreement has been executed if the Debtors determine, in their business judgment, that a formal Trade Agreement is unnecessary or cannot be reached to ensure a Critical Vendor’s continued performance on Customary Trade Terms and such vendor acknowledges (in writing, which may be email) that it will continue providing services as agreed with the Debtors or otherwise be subject to the provisions of the Interim Order with respect to such payment.

6. The Debtors may also, in their sole discretion, declare a Trade Agreement with an individual Critical Vendor to have terminated, together with the other benefits to the Critical Vendor as contained in this Interim Order, on the date the Debtors deliver notice to the Critical Vendor that the Critical Vendor has breached the terms and provisions of the Trade Agreement.

7. If any Critical Vendor accepts payment on account of a Critical Vendor Claim pursuant to the terms and conditions of a Trade Agreement and thereafter a Trade Agreement is terminated as set forth above, any such payment shall be deemed an unauthorized postpetition transfer under section 549 of the Bankruptcy Code and shall be recoverable by the Debtors in cash

or goods, or, at the Debtors' option, may be applied as a credit against any outstanding postpetition claims held by such Critical Vendor. A Critical Vendor shall then immediately repay to the Debtors any payments made to it on account of its Critical Vendors Claim to the extent that such payments exceed the postpetition amounts then owing to such Critical Vendor, without the right of setoff or reclamation. Upon recovery of a payment made in respect of a Critical Vendor Claim, such claim shall be reinstated as a prepetition claim in the amount so recovered, less the Debtors' reasonable costs of recovery, including attorneys' fees. It being the express intention of this Court to return the parties to the *status quo* in effect as of the date of entry of this Interim Order with respect to all prepetition claims if a Trade Agreement is terminated.

8. The execution of a Trade Agreement by the Debtors shall not be declared a waiver of any other cause of action, including any avoidance action, that may be held by the Debtors.

9. The Banks shall be, and hereby are, authorized, when requested by the Debtors in their sole discretion, to process, honor, and pay any and all checks or electronic fund transfers drawn on the Debtors' bank accounts to pay the Critical Vendor Claims, whenever issued or made, provided that sufficient funds are available in the applicable accounts to make the payments.

10. Nothing in this Motion or Interim Order shall prejudice the Debtors' rights to request further authority from this Court, after notice and opportunity for a hearing, to pay any Critical Vendor Payments in excess of the cap set forth in paragraph 2 hereof.

11. Nothing in the Motion or this Interim Order, or the Debtors' payment of any claims pursuant to this Interim Order, shall be deemed or construed: (a) as an admission as to the validity of any claim, lien, or trust against the Debtors or their estates; (b) as a waiver of the Debtors' right to dispute any claim, lien, or trust; (c) as approval or assumption of any agreement, contract or lease pursuant to section 365 of the Bankruptcy Code; (d) as an admission of the priority status of

any claim, whether under section 503(b)(9) of the Bankruptcy Code or otherwise; or (e) to prejudice any of the Debtors' rights to seek relief under any section of the Bankruptcy Code on account of any amounts owed or paid to any Critical Vendor.

12. Notwithstanding anything to the contrary in this Interim Order or the Motion, the priority status of a creditor's claims, including that of claims arising under section 503(b)(9) of the Bankruptcy Code, shall not be affected by whether such creditor executes a Trade Agreement, or provides services or goods to the Debtors under Customary Trade Terms, or otherwise.

13. The final hearing (the "Final Hearing") on the Motion shall be held on April 23, 2024, at 11:00 a.m., prevailing Eastern Time. Any objections or responses to entry of a final order on the Motion shall be filed on or before 4:00 p.m., prevailing Eastern Time, on April 16, 2024. Objections must be filed and served on: (i) proposed counsel to the Debtors, (a) Winston & Strawn LLP, 35 W. Wacker Drive, Chicago, IL 60601, Attn: Daniel J. McGuire (dmcguire@winston.com) and Gregory M. Gartland (ggartland@winston.com), and 200 Park Avenue, New York, NY 10166, Attn: Carrie V. Hardman (chardman@winston.com), and (b) Young Conaway Stargatt & Taylor, LLP, Rodney Square, 1000 N. King St., Wilmington, DE 19801, Attn: Shella Borovinskaya (sborovinskaya@ycst.com) and Carol E. Cox (ccox@ycst.com); (ii) the Office of the United States Trustee for the District of Delaware, 844 King St., Suite 2207, Wilmington, DE 19801, Attn: Linda Richenderfer (linda.richenderfer@usdoj.gov) and Jon Lipshie (Jon.Lipshie@usdoj.gov); (iii) counsel to the DIP Lender, (a) Norton Rose Fulbright US LLP, 1301 Avenue of the Americas, New York, NY 10019, Attn: Robert M. Hirsh (robert.hirsh@nortonrosefulbright.com) and Emily Hong (emily.hong@nortonrosefulbright.com) and (b) Morris James LLP, 500 Delaware Ave., Suite 1500, Wilmington, DE 19801, Attn: Eric J. Monzo (emonzo@morrisjames.com); and

(iv) counsel to any statutory committee appointed in these Chapter 11 Cases. If no objections are filed to the Motion, the Court may enter a final order without further notice or a hearing.

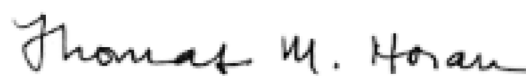
14. Notwithstanding the relief granted in this Interim Order, any payment made or to be made by the Debtors pursuant to the authority granted herein shall be subject to and in compliance with the Approved Budget and in accordance with the DIP Loan Documents (each as defined in the Interim DIP Order) and the Interim DIP Order.

15. Notwithstanding any applicability of Bankruptcy Rule 6004(h), the terms and conditions of this Interim Order shall be immediately effective and enforceable upon its entry.

16. The requirements set forth in Bankruptcy Rule 6003(b) are satisfied because the relief set forth in this Interim Order is necessary to avoid immediate and irreparable harm.

17. This Court shall retain jurisdiction with respect to all matters arising from or related to the implementation of this Interim Order.

Dated: March 22nd, 2024
Wilmington, Delaware



THOMAS M. HORAN
UNITED STATES BANKRUPTCY JUDGE