

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 (TMH)

Jointly Administered

Obj. Deadline: July 23, 2024 at 4:00 p.m. (ET)

Hearing Date: July 30, 2024 at 10:00 a.m. (ET)

DEBTORS' MOTION FOR AN ORDER
(I) AUTHORIZING AND APPROVING PROCEDURES
FOR THE SALE, TRANSFER, OR ABANDONMENT OF CERTAIN
DE MINIMIS ASSETS, AND (II) GRANTING RELATED RELIEF

The above-captioned debtors and debtors in possession (each, a “Debtor” and, collectively, the “Debtors”) hereby submit this motion (this “Motion”) for entry of an order, substantially in the form attached hereto as **Exhibit A** (the “Proposed Order”), pursuant to sections 363 and 554 of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (the “Bankruptcy Code”), Rules 6004 and 6007 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and Rules 2002-1 and 6004-1 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”), authorizing and approving (a) procedures for the sale or transfer of certain obsolete, excess, burdensome, non-core, or otherwise *de minimis* assets, or collections of assets (each, a “*De Minimis Asset*” and, collectively, the “*De Minimis Assets*”) in any individual transaction or series of related transactions to a single buyer or group of related buyers, free and clear of all liens, claims, interests, and encumbrances

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, whose cases are being jointly administered, 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 is available on a website of the Debtors’ claims and noticing agent at www.kccllc.net/Petersen.



(collectively, the “Liens”), without the need for further Court approval and with such Liens attaching to the proceeds of any such transactions with the same validity, extent, and priority as had attached to the assets immediately prior to the sale or transfer; (b) the abandonment of *De Minimis* Assets that the Debtors believe, in their sound business judgment, have a minimal value, are no longer useful or necessary for the Debtors’ operations, or cannot be sold; (c) the payment of those reasonable and necessary fees and expenses incurred in connection with the sale or abandonment of *De Minimis* Assets, including, but not limited to, commission fees to agents, brokers, auctioneers, and liquidators, with the amount of proposed commission fees to be paid to be disclosed in the Transaction Notice (as defined herein); and (d) granting related relief.

JURISDICTION AND VENUE

1. The United States Bankruptcy Court for the District of Delaware (the “Court”) has 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. Pursuant to Local Rule 9013-1(f), the Debtors consent to the entry of a final order by the Court in connection with this Motion if it is determined that the Court would lack Article III jurisdiction to enter such final judgment or order absent consent of the parties.

2. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

3. The statutory bases for the relief requested by this Motion are sections 105(a), 363, and 554(a) of the Bankruptcy Code, Bankruptcy Rules 6004 and 6007, and Local Rules 2002-1 and 6004-1.

BACKGROUND

4. On March 20, 2024, the Debtors each commenced with the Court a voluntary case (these “Chapter 11 Cases”) under the Bankruptcy Code. The Debtors, with the exception of some inactive entities, are authorized to operate their businesses and manage their properties as debtor-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

5. On April 9, 2024, the Office of the United States Trustee for the District of Delaware (the “U.S. Trustee”) appointed the official committee of unsecured creditors (the “Committee”). On April 16, 2024, the U.S. Trustee appointed a patient care ombudsman [Docket No. 160] (the “Patient Care Ombudsman”) in these Chapter 11 Cases. No trustee or examiner has been appointed in these Chapter 11 Cases.

6. The factual background regarding the Debtors, including their business operations, capital and debt structure, and the events leading to the filing of these Chapter 11 Cases, is set forth in more detail in the *Declaration of David R. Campbell in Support of the Debtors’ Chapter 11 Petitions and First Day Pleadings* [Docket No. 44] (the “First Day Declaration”).²

THE DE MINIMIS ASSETS

7. As part of their ordinary course operations, the Debtors have historically owned and leased various assets that were necessary for their businesses, helped them manage their operations effectively, and allowed them to support their employees. In addition, as part of their development and expansion planning, the Debtors also owned certain assets that they believed would be necessary for their future operations.

² Capitalized terms not otherwise defined shall have the meaning ascribed in the First Day Declaration.

8. These assets include, but are not limited to, several vehicles that the Debtors provided to their employees to assist them in their work responsibilities,³ certain vacant parcels of land that the Debtors planned to develop for future use and expansion, and facilities equipment such as lawn mower trailers. The majority of the Debtors' *De Minimis* Assets (which include various vacant land and other real estate, vehicles, water sports equipment, and an aircraft) have an assessed value of less than \$75,000, with only certain of the *De Minimis* Assets above that threshold. For instance, most of the Debtors' vehicles are valued at less than \$10,000, and vacant parcels of land range in value from less than \$50,000 to a handful of parcels that are valued at approximately \$300,000. There are limited outliers that exceed \$350,000 in value, including one piece of real estate and the Company's aircraft.

9. Following a comprehensive sale process, the Debtors recently received authority to sell substantially all of their assets to a single purchaser, and additional other assets to other purchasers in smaller sales. *See* Docket Nos. 653 & 655. The Debtors anticipate consummating these sales in the coming months and are otherwise determining the most value-maximizing resolution of these Chapter 11 Cases. As they evaluate next steps, and given the current status of these Chapter 11 Cases, the Debtors have determined that many of the *De Minimis* Assets are unnecessary, obsolete, or burdensome, and, to maximize the value of the Debtors' estates, should be sold, transferred, or abandoned, as applicable. Moreover, the majority of the *De Minimis* Assets have an assessed value of less than \$75,000, and disposing of such assets in a manner outside that contemplated by this Motion would be, in the Debtors' estimation, inefficient and cost prohibitive.

³ Many of these vehicles were carved out of the sale of substantially all of the Debtors' assets to Petersen Acquisitions, LLC, the acquisition entity formed by Cascade Capital Group, LLC, and the sale of certain supportive living facilities to another buyer. These vehicles are subject to ongoing discussions between the buyers and the applicable lenders, at the conclusion of which the Debtors will determine whether to abandon their interests to the applicable lenders or whether to sell the vehicles to the applicable buyers utilizing the procedures proposed herein.

10. The Debtors believe that the sales of *De Minimis* Assets will benefit the Debtors' estates. Accordingly, the Debtors request authority to conduct such sales of *De Minimis* Assets (the "*De Minimis* Asset Sales") in these Chapter 11 Cases. Selling or otherwise disposing of the *De Minimis* Assets will streamline the Debtors' efforts to maximize value by eliminating the cost of maintaining non-essential property and generating additional cash, which will be used to administer these Chapter 11 Cases or ultimately be distributed to the Debtors' creditors. Given the small monetary value of such *De Minimis* Assets in relation to the Debtors' overall operations, the Debtors believe that it would be inefficient and costly to seek Court approval every time the Debtors have an opportunity to sell such *De Minimis* Assets. Further, the cost and delay associated with seeking Court approval of each *De Minimis* Asset Sale could eliminate or substantially diminish the economic benefits of such transactions.

11. In light of the foregoing, the Debtors submit that the establishment of the procedures set forth herein is desirable and in the best interests of the Debtors' estates, their creditors, and other parties in interest in these Chapter 11 Cases (such procedures, as described below, the "*De Minimis* Asset Sale Procedures"). Although the Debtors intend to sell the *De Minimis* Assets where possible, it is also possible that certain *De Minimis* Assets that no longer benefit the Debtors' estates may not be able to be sold. In such instances, the Debtors believe that a process to abandon or scrap such assets should also be established, where, in the exercise of their reasonable business judgment, the Debtors determine such assets cannot be sold or that the cost of continuing to maintain, relocate, and store such *De Minimis* Assets outweighs any potential recovery from a future sale.

12. In addition, while conducting the *De Minimis* Asset Sales, it may be necessary for the Debtors to engage various brokers, auctioneers, appraisers, or other agents. For example, the

Debtors will likely be unable to sell any parcels of land without engaging the services of a real estate broker. The Debtors accordingly also request authority to engage such professionals, as they determine in their reasonable business judgment is necessary.

13. These procedures will conserve the Debtors' resources, promote an efficient administration of these Chapter 11 Cases, and make the Debtors' *De Minimis* Asset Sales cost-effective while protecting the rights of creditors and other parties in interest.

THE *DE MINIMIS* ASSET SALE AND ABANDONMENT PROCEDURES

14. As set forth above, the Debtors' *De Minimis* Assets include vehicles, parcels of land, and lawn mower trailers, among other miscellaneous items. Most of the *De Minimis* Assets have an assessed value of less than \$75,000, but a number are above that threshold. Accordingly, the Debtors propose to use the following *De Minimis* Asset Sale Procedures:

- (a) With regard to sales or transfers of *De Minimis* Assets in any individual transaction or series of related transactions to a single buyer or group of related buyers with an aggregate sale price less than or equal to \$75,000:
 - i. the Debtors are authorized to consummate such transactions if the Debtors determine in their reasonable exercise of business judgment that such sales are in the best interest of their estates, without further order of the Court or notice to any party; *provided, however*, that if such transaction is with Mark B. Petersen ("Mr. Petersen") or any entity in which Mr. Petersen has an ownership interest, then notice must be provided pursuant to the notice provisions of subparagraph (b) herein; and
 - ii. any such transactions will be deemed final and fully authorized by the Court and free and clear of Liens with such Liens attaching only to the sale proceeds with the same validity, extent, and priority as immediately prior to the transaction.
 - iii. good-faith purchasers of assets pursuant to these *De Minimis* Asset Sale Procedures will be entitled to the protections of section 363(m) of the Bankruptcy Code.
- (b) With regard to the sales or transfers of *De Minimis* Assets in any individual transaction or series of related transactions to a single buyer or group of

related buyers with an aggregate sale price greater than \$75,000 and less than or equal to \$350,000:

- i. the Debtors are authorized to consummate such transactions if the Debtors determine in the reasonable exercise of their business judgment that such sales are in the best interest of their estates, without further order of the Court, subject to the procedures set forth herein;
- ii. any such transactions will be free and clear of all Liens with such Liens attaching only to the sale proceeds with the same validity, extent, and priority as immediately prior to the transaction;
- iii. the Debtors will, at least ten business days prior to closing such sale or effectuating such transfer, give written notice (which may be accomplished via email) of such sale or transfer (each notice, a “Transaction Notice”) to: (a) the Office of The United States Trustee, Attn.: Linda Richenderfer (linda.richenderfer@usdoj.gov); (b) counsel for the DIP Lenders, (i) Norton Rose Fulbright US LLP, Attn.: Robert M. Hirsh (robert.hirsh@nortonrosefulbright.com) and (ii) Morris James LLP, Attn.: Eric J. Monzo (emonzo@morrisjames.com); (c) counsel to the Official Committee of Unsecured Creditors, Greenberg Traurig LLP, Attn.: Anthony W. Clark (anthony.clark@gtlaw.com), Dennis A. Meloro (dennis.meloro@gtlaw.com), Nancy A. Peterman (petermann@gtlaw.com), Danny Duerdoth (duerdoth@gtlaw.com), and Shari L. Heyen (shari.heyen@gtlaw.com); and (d) any known affected lender that may have a security interest in the *De Minimis* Asset(s) (each a “Notice Party”, and collectively, the “Notice Parties”);
- iv. the content of the Transaction Notice will consist of: (a) identification of the *De Minimis* Assets being sold or transferred; (b) identification of the purchaser of the assets; (c) the purchase price; (d) whether any fees are owed to agents, brokers, auctioneers, and/or liquidators, and the nature and amount of the fee; and (e) any other material terms of the sale or transfer;
- v. if no written objections are received or filed by the Notice Parties within five business days of service of such Transaction Notice, the Debtors are authorized to consummate such transaction immediately;
- vi. if a written objection is received from a Notice Party within such five-business-day period that cannot be resolved, the relevant *De Minimis* Assets will only be sold upon withdrawal of such written objection or further order of the Court; provided that, if the objection is withdrawn or overruled, the Debtors shall be authorized to immediately negotiate, enter into, execute, consummate, and perform such transaction; and

vii. good-faith purchasers of assets pursuant to these *De Minimis* Asset Sale Procedures will be entitled to the protections of section 363(m) of the Bankruptcy Code.

(c) With regard to the sales or transfers of *De Minimis* Assets in any individual transaction or series of related transactions to a single buyer or group of related buyers with an aggregate sale price greater than \$350,000:

- i. the Debtors are authorized to consummate such transactions if the Debtors determine in the reasonable exercise of their business judgment that such sales are in the best interest of their estates, without further order of the Court, subject to the procedures set forth herein;
- ii. the Debtors are required to obtain consent of the Committee to any such transaction or, alternatively, confirmation that the Committee does not object to such transaction;
- iii. any such transactions will be free and clear of all Liens with such Liens attaching only to the sale proceeds with the same validity, extent, and priority as immediately prior to the transaction;
- iv. the Debtors will, at least ten business days prior to closing such sale or effectuating such transfer, provide a Transaction Notice to the Notice Parties other than the Committee;
- v. the content of the Transaction Notice will consist of: (a) identification of the *De Minimis* Assets being sold or transferred; (b) identification of the purchaser of the assets; (c) the purchase price; (d) whether any fees are owed to agents, brokers, auctioneers, and/or liquidators, and the nature and amount of the fee; and (e) any other material terms of the sale or transfer;
- vi. if no written objections are received or filed by the Notice Parties within five business days of service of such Transaction Notice, the Debtors are authorized to consummate such transaction immediately;
- vii. if a written objection is received from a Notice Party within such five-business-day period that cannot be resolved, the relevant *De Minimis* Assets will only be sold upon withdrawal of such written objection or further order of the Court; provided that, if the objection is withdrawn or overruled, the Debtors shall be authorized to immediately negotiate, enter into, execute, consummate, and perform such transaction; and
- viii. good-faith purchasers of assets pursuant to these *De Minimis* Asset Sale Procedures will be entitled to the protections of section 363(m) of the Bankruptcy Code.

15. The Debtors also believe that certain *De Minimis* Assets are of minimal value and/or are unable to be sold. The Debtors believe that such assets should be abandoned or scrapped to the extent it would be cost prohibitive to pursue an alternative disposition of such assets.

16. The Debtors propose to abandon or scrap such assets in their reasonable discretion, without further order of the Court or notice to any party, if they determine, in the reasonable exercise of their business judgment, that such abandonment or scrapping is in the best interest of the estates.

BASIS FOR RELIEF

I. The *De Minimis* Asset Procedures Are Appropriate Under Section 363(c) and Section 363(b) of the Bankruptcy Code.

17. The Court may grant the relief requested herein pursuant to section 363 of the Bankruptcy Code. Section 363(c) of the Bankruptcy Code permits a debtor in possession to “enter into transactions, including the sale or lease of property of the estate, in the ordinary course of business, without notice or a hearing.” 11 U.S.C. § 363(c)(1). The Debtors submit certain of the *De Minimis* Asset Sales may be consummated in the ordinary course of the Debtors’ business and thus are permitted under section 363(c) of the Bankruptcy Code without the need for Court approval.

18. Nevertheless, the Debtors seek authorization to consummate such sales under section 363(b) of the Bankruptcy Code. Section 363(b)(1) of the Bankruptcy Code provides that “[t]he trustee, after notice and a hearing, may use, sell or lease, other than in the ordinary course of business, property of the estate.” Although section 363 of the Bankruptcy Code does not specify a standard for determining when it is appropriate for a court to authorize the use, sale, or lease of property of the estate, bankruptcy courts routinely authorize sales of a debtor’s assets if such sale is based upon the sound business judgment of the debtor. *See, e.g.; In re Montgomery Ward*

Holding Corp., 242 B.R. 147, 153 (D. Del. 1999); *In re Del. & Hudson Ry. Co.*, 124 B.R. 169, 176 (D. Del.1991); *In re Trans World Airlines, Inc.*, No. 01-00056, 2001 Bankr. LEXIS 980, at *29 (Bankr. D. Del. Apr. 2, 2001).

19. The Debtors currently possess (and may identify in the future) certain *De Minimis* Assets that they want to sell or transfer because such assets are no longer necessary or beneficial to the Debtors' estates, relative to the costs to maintain such assets. To defray any operational, carrying, or storage expenses associated with these assets, the Debtors have determined, in their business judgment, that it is in the best interests of the estates to sell or transfer the *De Minimis* Assets. To that end, the Debtors have proposed the *De Minimis* Asset Sale Procedures, whereby they can consummate the sale(s) or effectuate the transfer(s) of *De Minimis* Assets during these Chapter 11 Cases.

II. The *De Minimis* Asset Procedures Are Appropriate under Section 363(f) of the Bankruptcy Code.

20. Section 363(f) of the Bankruptcy Code permits a debtor to sell property free and clear of another party's interest in the property if: (a) applicable non-bankruptcy law permits such a "free and clear" sale; (b) the holder of the interest consents; (c) the interest is a lien and the sales price of the property exceeds the value of all liens on the property; (d) the interest is in bona fide dispute; or (e) the holder of the interest could be compelled in a legal or equitable proceeding to accept a monetary satisfaction of its interest.

21. The Debtors propose to sell or transfer the *De Minimis* Assets in a commercially reasonable manner and expect that the value of the proceeds from such sales or transfers will fairly reflect the value of the *De Minimis* Assets proposed to be sold. The Debtors further propose that any party holding a Lien on the *De Minimis* Assets sold or transferred pursuant to this Motion shall have a resulting security interest (in the same order of priority, with the same validity, force, and

effect that such Lien-holder had prior to the sale, subject to any claims and defenses the Debtors may possess with respect thereto) in the proceeds of such sale or transfer. Moreover, the Debtors propose that the absence of any objection to the entry of the order approving this Motion, along with the absence of any timely objection under the *De Minimis* Asset Sale Procedures, in each case following the provision of notice, be deemed “consent” to any sales or transfers pursuant to the Order within the meaning of section 363(f)(2) of the Bankruptcy Code. As such, the requirements of section 363(f) of the Bankruptcy Code would be satisfied for any proposed *De Minimis* Assets free and clear of liens, encumbrances, and other interests.

III. The *De Minimis* Asset Sale Procedures are Consistent with Section 363(m) of the Bankruptcy Code.

22. Section 363(m) of the Bankruptcy Code provides, in relevant part, that the reversal or modification on appeal of an authorization under section 363(b) of a sale or lease of property does not affect the validity of a sale or lease under such authorization to a purchaser who bought or leased such property in good faith, whether or not such entity knew of the pendency of the appeal, unless such authorization and such sale or lease were stayed pending appeal. *See* 11 U.S.C. § 363(m). While the Bankruptcy Code does not define the meaning of “good faith purchaser,” “most courts have adopted a traditional equitable definition: ‘one who purchases the assets for value, in good faith and without notice of adverse claims.’” *Licensing by Paolo, Inc. v. Sinatra (In re Gucci)*, 126 F.3d 380, 390 (2d Cir. 1997) (citations omitted). The requirement that a purchaser act in good faith “speaks to the integrity of [the purchaser’s] conduct in the course of the sale proceedings.” *In re Abbotts Dairies of Pa., Inc.*, 788 F.2d 143, 147 (3d Cir. 1986) (citations omitted). Typically, the misconduct that would bar a finding of good faith involves “fraud, collusion between the purchaser and other bidders or the trustee, or

an attempt to take grossly unfair advantage of other bidders.” *In re Vetter Corp.*, 724 F.2d 52, 56 (7th Cir. 1983) (citations omitted).

23. The Debtors believe that any agreement that results in a sale pursuant to the *De Minimis* Asset Sale Procedures will be an arm’s-length transaction entitled to the protections of section 363(m), and the Debtors request that section 363(m) be deemed to apply to De Minimis Asset Sale in accordance with the De Minimis Asset Sale Procedures.

IV. **The Notice Provisions Described Herein Are Appropriate.**

24. Bankruptcy Rules 2002(a)(2) and 2002(i) require that a minimum of 21 days’ notice of proposed sales of property outside the ordinary course of business be provided by mail to “the debtor, the trustee, all creditors and indenture trustees” and any committee appointed under section 1102 of the Bankruptcy Code. However, the notice and hearing requirements contained in section 363(b)(1) of the Bankruptcy Code are satisfied if appropriate notice and an opportunity for a hearing are provided in light of the particular circumstances. *See* 11 U.S.C. § 102(1)(A) (defining “after notice and a hearing” to mean such notice and an opportunity for a hearing “as [are] appropriate in the particular circumstances”).

25. Accordingly, courts are authorized to shorten the 21-day notice period generally applicable to asset sales, or direct another method of giving notice, upon a showing of “cause.” *See* Fed. R. Bankr. P. 2002(a)(2). Moreover, courts are authorized to limit notice of asset sales outside of the ordinary course of a debtor’s business, even without a prior showing of cause, to any official committee appointed under section 1102 of the Bankruptcy Code and any creditor or equity holder requesting notice. *See* Fed. R. Bankr. P. 2002(i). Bankruptcy courts are guided by fundamental notions of procedural due process when determining whether notice is appropriate under the circumstances. *See, e.g., Morgan Olson L.L.C. v. Frederico (In re Grumman Olson Indus., Inc.)*, 467 B.R. 694, 706 (S.D.N.Y. 2012); *In re Boomgarden*, 780 F.2d

657, 661 (7th Cir. 1985). Due process requires that any notice is “reasonably calculated, under all the circumstances, to apprise interested parties of the pendency of the action and afford them an opportunity to present their objections.” *Mullane v. Cent. Hanover Bank & Tr. Co.*, 339 U.S. 306, 314 (1950).

26. Here, the Debtors are proposing to provide ten business days’ notice for *De Minimis* Asset Sales greater than \$75,000 because requiring 21-days’ notice and a hearing before each such *De Minimis* Asset Sale would be impracticable and would impose unnecessary costs and administrative burdens that may undermine the economic benefits of the underlying transactions. In some instances, additional notice requirements and administrative burdens may hinder the Debtors’ ability to take advantage of sale opportunities that are available only for a limited time.

27. The Debtors are also proposing that no notice be required for *De Minimis* Asset Sales for an aggregate sale price of less than or equal to \$75,000. In light of the relatively modest value of these sales and the multiple sales that the Debtors expect they will have to conduct, the Debtors submit that no notice in this context is necessary. Such sales may take place on short notice with buyers unfamiliar with the bankruptcy process, and requiring such buyers to wait for the passage of a notice period may chill bidding on the assets the Debtors expect to sell. Most important, the concern that additional administrative burdens would impose additional unnecessary costs is greatest here, where the *De Minimis* Asset Sales are of comparatively modest value.

V. The Abandonment of Certain *De Minimis* Assets Without Further Order of the Court or Notice to Any Party Is Appropriate Under Section 554(a) of the Bankruptcy Code.

28. Section 554(a) of the Bankruptcy Code provides that “[a]fter notice and a hearing, the trustee may abandon any property of the estate that is burdensome to the estate or that is of inconsequential value and benefit to the estate.” The Debtors expect to take such commercially

reasonable steps under the circumstances to sell *De Minimis* Assets not needed in their operations. The costs associated with selling and continuing to maintain certain *De Minimis* Assets, however, may exceed any possible proceeds thereof. The inability to consummate a commercially reasonable sale of *De Minimis* Assets would indicate that these *De Minimis* Assets have no meaningful monetary value to the Debtors' estates. Further, the costs of storing and maintaining *De Minimis* Assets may burden the Debtors' estates with additional administrative expenses that the Debtors' estates do not meaningfully benefit from. Accordingly, the Debtors contend that, in such circumstances, the abandonment or scrapping of *De Minimis* Assets pursuant to the procedures set forth herein is in the best interests of the Debtors' estates.

29. For the foregoing reasons, the Debtors believe that granting the relief requested herein is appropriate and in the best interests of the estates and creditors.

WAIVER OF BANKRUPTCY RULE 6004(h)

30. Bankruptcy Rule 6004(h) provides that an order authorizing the use, sale, or lease of property is stayed until the expiration of fourteen (14) days after entry of the order, unless the court orders otherwise. The Debtors, however, request that the Proposed Order, and any sale consummated pursuant to the *De Minimis* Asset Procedures, be effective immediately. It is in the best interests of the Debtors' estates to facilitate the closing of these transactions, thereby expediting the receipt of sale proceeds into the estates. Moreover, the often difficult task of securing a buyer will be facilitated by the Debtors' ability to quickly consummate a sale transactions.

31. Accordingly, the Debtors submit that the fourteen-day stay set forth in Bankruptcy Rule 6004(h) should be waived in connection with the *De Minimis* Asset Sale Procedures.

NOTICE

32. Notice of this Motion has been given to the following parties or, in lieu thereof, to their counsel, if known: (a) the U.S. Trustee; (b) counsel to the Committee; (c) the office of the attorney general for each of the states in which the Debtors operate; (d) United States Attorney's Office for the District of Delaware; (e) the Internal Revenue Service; (f) the United States Department of Justice; (g) the Prepetition Lenders; (h) the DIP Lender; (i) counsel to the Patient Care Ombudsman; (j) counsel to the Successful Bidders and Back-Up Bidder; and (k) any party that has requested notice pursuant to Bankruptcy Rule 2002. The Debtors submit that, in light of the nature of the relief requested, no other or further notice need be given.

[Remainder of page intentionally left blank]

WHEREFORE, the Debtors respectfully request that the Court enter the Proposed Order, substantially in the form attached hereto as **Exhibit A**, granting the relief requested herein and such other and further relief as the Court may deem just and proper.

Dated: July 15, 2024
Wilmington, Delaware

Respectfully submitted,

**YOUNG CONAWAY STARGATT &
TAYLOR, LLP**

/s/ Andrew L. Magaziner

Andrew L. Magaziner (No. 5426)
Sheila Borovinskaya (No. 6758)
Carol E. Cox (No. 6936)
Rodney Square
1000 North King Street
Wilmington, Delaware 19801
Telephone: (302) 571-6600
Facsimile: (302) 571-1253
Email: amagaziner@ycst.com
sborovinskaya@ycst.com
ccox@ycst.com

and

WINSTON & STRAWN LLP

Daniel J. McGuire (admitted *pro hac vice*)
Gregory M. Gartland (admitted *pro hac vice*)
35 W. Wacker Drive
Chicago, IL 60601
Telephone: (312) 558-5600
Facsimile: (312) 558-5700
Email: dmcguire@winston.com
Email: ggartland@winston.com

and

Carrie V. Hardman (admitted *pro hac vice*)
200 Park Avenue
New York, New York 10166
Telephone: (212) 294-6700
Facsimile: (212) 294-4700
Email: chardman@winston.com

*Counsel to the Debtors and Debtors in
Possession*

**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 (TMH)

Jointly Administered

Objection Deadline: July 23, 2024 at 4:00 p.m. (ET)

Hearing Date: July 30, 2024 at 10:00 a.m. (ET)

NOTICE OF MOTION

PLEASE TAKE NOTICE that the above-captioned debtors and debtors in possession (collectively, the “Debtors”) filed the *Debtors’ Motion for an Order (I) Authorizing and Approving Procedures for the Sale, Transfer, or Abandonment of Certain De Minimis Assets, and (II) Granting Related Relief* (the “Motion”) with the United States Bankruptcy Court for the District of Delaware (the “Court”).

PLEASE TAKE FURTHER NOTICE that any objections to the Motion must be filed on or before **July 23, 2024 at 4:00 p.m. (ET)** (the “Objection Deadline”) with the United States Bankruptcy Court for the District of Delaware, 824 North Market Street, 3rd Floor, Wilmington, Delaware 19801. At the same time, you must serve a copy of the objection upon the undersigned counsel to the Debtors so as to be received on or before the Objection Deadline.

PLEASE TAKE FURTHER NOTICE THAT A HEARING TO CONSIDER THE MOTION WILL BE HELD ON JULY 30, 2024 AT 10:00 A.M. (ET) BEFORE THE HONORABLE THOMAS M. HORAN, UNITED STATES BANKRUPTCY COURT JUDGE FOR THE DISTRICT OF DELAWARE, 824 N. MARKET STREET, 3RD FLOOR, COURTROOM NO. 7, WILMINGTON, DELAWARE 19801.

PLEASE TAKE FURTHER NOTICE THAT, IF YOU FAIL TO RESPOND IN ACCORDANCE WITH THIS NOTICE, THE COURT MAY GRANT THE RELIEF REQUESTED IN THE MOTION WITHOUT FURTHER NOTICE OR A HEARING.

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, whose cases are being jointly administered, 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 is available on a website of the Debtors’ claims and noticing agent at <https://www.kccllc.net/Petersen>.

Dated: July 15, 2024
Wilmington, Delaware

Respectfully submitted,

**YOUNG CONAWAY STARGATT &
TAYLOR, LLP**

/s/ Andrew L. Magaziner

Andrew L. Magaziner (No. 5426)
Shella Borovinskaya (No. 6758)
Carol E. Cox (No. 6936)
Rodney Square
1000 North King Street
Wilmington, Delaware 19801
Telephone: (302) 571-6600
Facsimile: (302) 571-1253
Email: amagaziner@ycst.com
sborovinskaya@ycst.com
ccox@ycst.com

and

WINSTON & STRAWN LLP

Daniel J. McGuire (admitted *pro hac vice*)
Gregory M. Gartland (admitted *pro hac vice*)
35 W. Wacker Drive
Chicago, IL 60601
Telephone: (713) 651-2600
Facsimile: (312) 558-5700
T: (312) 558-5600
Email: dmcguire@winston.com
Email: ggartland@winston.com

and

Carrie V. Hardman (admitted *pro hac vice*)
200 Park Avenue
New York, New York 10166
Telephone: (212) 294-6700
Facsimile: (212) 294-4700
Email: chardman@winston.com

*Counsel for the Debtors and Debtors in
Possession*

EXHIBIT A

Proposed Order

**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 (TMH)

Jointly Administered

Ref. Docket No. _____

**ORDER (I) AUTHORIZING AND APPROVING PROCEDURES
FOR THE SALE, TRANSFER, OR ABANDONMENT OF CERTAIN
DE MINIMIS ASSETS, AND (II) GRANTING RELATED RELIEF**

Upon the motion (the “Motion”)² of the Debtors for entry of an order (this “Order”) authorizing and approving, pursuant to sections 363 and 554 of the Bankruptcy Code, Bankruptcy Rules 6004 and 6007, and Local Rules 2014-1 and 2016-2, procedures for the sale, transfer, and/or abandonment of *De Minimis* Assets, all as more fully set forth in the Motion; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and this Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2), and that this Court may enter a final order consistent with 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 pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the relief requested in the Motion is in the best interests of the Debtors’ estates, their creditors, and other parties in interest; and this Court having found

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, whose cases are being jointly administered, 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 is available on a website of the Debtors’ claims and noticing agent at www.kccellc.net/Petersen.

² All capitalized terms used but otherwise not defined herein shall have the meanings set forth in the Motion.

that notice of the Motion was sufficient and the opportunity for a hearing on the Motion was appropriate 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”), as applicable; and this Court having determined that the legal and factual bases set forth in the Motion and at the Hearing, as applicable, establish just cause for the relief granted herein; and upon all of the proceedings had before this Court; and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT

1. The Motion is GRANTED as set forth herein.
2. Pursuant to section 363(b) of the Bankruptcy Code, the Debtors are authorized to sell or transfer *De Minimis* Assets without further order of this Court in accordance with the following *De Minimis* Asset Sale Procedures:

- (a) With regard to sales or transfers of *De Minimis* Assets in any individual transaction or series of related transactions to a single buyer or group of related buyers with an aggregate sale price less than or equal to \$75,000:
 - i. the Debtors are authorized to consummate such transactions if the Debtors determine in their reasonable exercise of business judgment that such sales are in the best interest of their estates, without further order of the Court or notice to any party; *provided, however*, that if such transaction is with Mark B. Petersen (“Mr. Petersen”) or any entity in which Mr. Petersen has an ownership interest, then notice must be provided pursuant to the notice provisions of subparagraph (b) herein; and
 - ii. any such transactions will be deemed final and fully authorized by the Court and free and clear of Liens with such Liens attaching only to the sale proceeds with the same validity, extent, and priority as immediately prior to the transaction.
 - iii. good-faith purchasers of assets pursuant to these *De Minimis* Asset Sale Procedures will be entitled to the protections of section 363(m) of the Bankruptcy Code.

- (b) With regard to the sales or transfers of *De Minimis* Assets in any individual transaction or series of related transactions to a single buyer or group of related buyers with an aggregate sale price greater than \$75,000 and less than or equal to \$350,000:
- i. the Debtors are authorized to consummate such transactions if the Debtors determine in the reasonable exercise of their business judgment that such sales are in the best interest of their estates, without further order of the Court, subject to the procedures set forth herein;
 - ii. any such transactions will be free and clear of all Liens with such Liens attaching only to the sale proceeds with the same validity, extent, and priority as immediately prior to the transaction;
 - iii. the Debtors will, at least ten business days prior to closing such sale or effectuating such transfer, give written notice (which may be accomplished via email) of such sale or transfer (each notice, a “Transaction Notice”) to: (a) the Office of The United States Trustee, Attn.: Linda Richenderfer (linda.richenderfer@usdoj.gov); (b) counsel for the DIP Lenders, (i) Norton Rose Fulbright US LLP, Attn.: Robert M. Hirsh (robert.hirsh@nortonrosefulbright.com) and (ii) Morris James LLP, Attn.: Eric J. Monzo (emonzo@morrisjames.com); (c) counsel to the Official Committee of Unsecured Creditors, Greenberg Traurig LLP, Attn.: Anthony W. Clark (anthony.clark@gtlaw.com), Dennis A. Meloro (dennis.meloro@gtlaw.com), Nancy A. Peterman (petermann@gtlaw.com), Danny Duerdoth (duerdoth@gtlaw.com), and Shari L. Heyen (shari.heyen@gtlaw.com); and (d) any known affected lender that may have a security interest in the *De Minimis* Asset(s) (each a “Notice Party”, and collectively, the “Notice Parties”);
 - iv. the content of the Transaction Notice will consist of: (a) identification of the *De Minimis* Assets being sold or transferred; (b) identification of the purchaser of the assets; (c) the purchase price; (d) whether any fees are owed to agents, brokers, auctioneers, and/or liquidators, and the nature and amount of the fee; and (e) any other material terms of the sale or transfer;
 - v. if no written objections are received or filed by the Notice Parties within five business days of service of such Transaction Notice, the Debtors are authorized to consummate such transaction immediately;
 - vi. if a written objection is received from a Notice Party within such five-business-day period that cannot be resolved, the relevant *De Minimis* Assets will only be sold upon withdrawal of such written objection or further order of the Court; provided that, if the objection is withdrawn or overruled, the Debtors shall be authorized to immediately

negotiate, enter into, execute, consummate, and perform such transaction; and

vii. good-faith purchasers of assets pursuant to these *De Minimis* Asset Sale Procedures will be entitled to the protections of section 363(m) of the Bankruptcy Code.

(c) With regard to the sales or transfers of *De Minimis* Assets in any individual transaction or series of related transactions to a single buyer or group of related buyers with an aggregate sale price greater than \$350,000:

- i. the Debtors are authorized to consummate such transactions if the Debtors determine in the reasonable exercise of their business judgment that such sales are in the best interest of their estates, without further order of the Court, subject to the procedures set forth herein;
- ii. the Debtors are required to obtain consent of the Committee to any such transaction or, alternatively, confirmation that the Committee does not object to such transaction;
- iii. any such transactions will be free and clear of all Liens with such Liens attaching only to the sale proceeds with the same validity, extent, and priority as immediately prior to the transaction;
- iv. the Debtors will, at least ten business days prior to closing such sale or effectuating such transfer, provide a Transaction Notice to the Notice Parties other than the Committee;
- v. the content of the Transaction Notice will consist of: (a) identification of the *De Minimis* Assets being sold or transferred; (b) identification of the purchaser of the assets; (c) the purchase price; (d) whether any fees are owed to agents, brokers, auctioneers, and/or liquidators, and the nature and amount of the fee; and (e) any other material terms of the sale or transfer;
- vi. if no written objections are received or filed by the Notice Parties within five business days of service of such Transaction Notice, the Debtors are authorized to consummate such transaction immediately;
- vii. if a written objection is received from a Notice Party within such five-business-day period that cannot be resolved, the relevant *De Minimis* Assets will only be sold upon withdrawal of such written objection or further order of the Court; provided that, if the objection is withdrawn or overruled, the Debtors shall be authorized to immediately negotiate, enter into, execute, consummate, and perform such transaction; and

viii. good-faith purchasers of assets pursuant to these *De Minimis* Asset Sale Procedures will be entitled to the protections of section 363(m) of the Bankruptcy Code.

3. Sales and transfers of *De Minimis* Assets are free and clear of all Liens, with such Liens attaching to the proceeds of such sale or transfer with the same validity, extent, and priority as had attached to such *De Minimis* Assets immediately prior to such sale or transfer.

4. The absence of an objection to the relief requested in the Motion combined with the absence of a timely objection to the sale of property by a holder of a Lien or interest that has received notice of the *De Minimis* Asset Sale in accordance with the terms of this Order shall be determined to be “consent” to such sale within the meaning of section 363(f)(2) of the Bankruptcy Code.

5. Purchasers and transferees of *De Minimis* Assets are entitled to the protections afforded to good-faith purchasers under section 363(m) of the Bankruptcy Code.

6. Service of the Transaction Notice is sufficient notice of the sale or transfer of such *De Minimis* Assets.

7. The Debtors are authorized, pursuant to section 554(a) of the Bankruptcy Code, to abandon *De Minimis* Assets without further order of this Court or notice to any party, if they determine, within the reasonable exercise of their business judgment, that such abandonment or scrapping is in the best interest of the estates.

8. With respect to all sale transactions consummated pursuant to this Order, this Order is sufficient evidence of the transfer of title to any particular buyer, and the sale transactions consummated pursuant to this Order will be binding upon and will govern the acts of all persons and entities who may be required by operation of law, the duties of their office, or contract, to accept, file, register, or otherwise record or release any documents or instruments, or who may be required to report or insure any title or state of title in or to any of the property sold pursuant to

this Order, including without limitation, all filing agents, filing officers, title agents, title companies, recorders of mortgages, recorders of deeds, administrative agencies, governmental departments, secretaries of state and federal, state, and local officials.

9. The Debtors are authorized to pay those necessary fees and expenses incurred in connection with the sale, transfer, scrapping, or abandonment of *De Minimis* Assets, including commission fees to agents, brokers, auctioneers, and liquidators.

10. Nothing contained herein prejudices the rights of the Debtors to seek authorization for the sale of any asset under section 363 of the Bankruptcy Code.

11. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Motion.

12. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Order are immediately effective and enforceable upon its entry.

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