

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE MIDDLE DISTRICT OF TENNESSEE  
NASHVILLE DIVISION**

In re:	)	
	)	Chapter 11
Curae Health, Inc.,	)	Case No. 18-05665
Amory Regional Medical Center, Inc.,	)	Case No. 18-05675
Batesville Regional Medical Center, Inc.,	)	Case No. 18-05676
Clarksdale Regional Medical Center, Inc.	)	Case No. 18-05678
Amory Regional Physicians, LLC	)	Case No. 18-05680
Batesville Regional Physicians, LLC	)	Case No. 18-05681
Clarksdale Regional Physicians, LLC	)	Case No. 18-05682
	)	
1721 Midpark Road, Suite B200	)	Judge Walker
Knoxville, TN 37921	)	
Debtors.	)	Joint Administration Pending

**EXPEDITED MOTION OF DEBTORS FOR AN ORDER AUTHORIZING:  
(I) CONTINUED USE OF EXISTING CASH MANAGEMENT SYSTEM, INCLUDING  
MAINTENANCE OF EXISTING BANK ACCOUNTS, CHECKS, AND BUSINESS  
FORMS; (II) SUSPENSION OF CERTAIN U.S. TRUSTEE BANK ACCOUNT  
REQUIREMENTS; AND (III) CONTINUATION OF EXISTING DEPOSIT PRACTICES**

The above-captioned debtors and debtors in possession (the “**Debtors**”) hereby move the Court (the “**Motion**”) for entry of an order (the “**Order**”), pursuant to sections 105(a), 363, and 364 of title 11 of the United States Code (the “**Bankruptcy Code**”); Rules 6003 and 6004 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”); and Rule 2081-1 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the Middle District of Tennessee (the “**Local Rules**”); (i) authorizing, but not directing, the Debtors to continue to maintain and use their existing cash management system, including maintenance of existing bank accounts, checks, and business forms; (ii) granting the Debtors a suspension of certain bank account and related requirements of the Office of the United States Trustee for the Middle District of Tennessee (the “**U.S. Trustee**”) to the extent that such requirements are inconsistent with the Debtors’ practices under their existing cash management system or other

actions described herein; and (iii) authorizing, but not directing, the Debtors to continue to maintain and use their existing deposit practices. In support of the Motion, the Debtors rely upon the *Declaration of Stephen N. Clapp, Chief Executive Officer of Curae Health, Inc., in Support of Chapter 11 Petitions and First Day Pleadings*, filed with the Court concurrently herewith (the “**First Day Declaration**”). In further support of the Motion, the Debtors, by and through their undersigned counsel, respectfully represent:

### **JURISDICTION AND VENUE**

1. This Court has jurisdiction to consider this Motion under 28 U.S.C. §§ 157 and 1334. This is a core proceeding under 28 U.S.C. § 157(b). Venue of these cases and the Motion in this district is proper under 28 U.S.C. §§ 1408 and 1409.

2. The statutory predicates for the relief requested herein are Bankruptcy Code sections 105(a), 363, and 364, Bankruptcy Rules 6003 and 6004, and Local Rule 2081-1.

### **BACKGROUND**

#### **A. General Background**

3. On the date hereof (the “**Petition Date**”), each of the Debtors filed a voluntary petition in this Court commencing a case for relief under chapter 11 of the Bankruptcy Code (the “**Chapter 11 Cases**”). The factual background regarding the Debtors, including their business operations, their capital and debt structures, and the events leading to the filing of the Chapter 11 Cases, is set forth in detail in the First Day Declaration and fully incorporated herein by reference.

4. Concurrently with the filing of this Motion, the Debtors have requested procedural consolidation and joint administration of the Chapter 11 Cases pursuant to Bankruptcy Rule 1015(b). The Debtors continue to manage and operate their business as debtors

in possession pursuant to Bankruptcy Code sections 1107 and 1108. No trustee or examiner has been requested in the Chapter 11 Cases and no committees have yet been appointed.

**B. The Debtors' Cash Management System and the Debtor Bank Accounts**

5. In the ordinary course of their business, the Debtors maintain a cash management system (the “**Cash Management System**”) that is integral to the operation and administration of their business. The Cash Management System allows the Debtors to (i) monitor and control all of the Debtors' cash receipts and disbursements, (ii) identify the cash requirements of the Debtors, and (iii) transfer cash as needed to respond to the cash requirements of the Debtors.

6. The Cash Management System is managed by the Debtors at their headquarters in Knoxville, Tennessee, where they oversee the administration of the various bank accounts to effectuate the collection, disbursement, and movement of cash. The Debtors' oversight facilitates accurate cash forecasting and reporting and the monitoring of the collection and disbursement of funds to and from the Debtor Bank Accounts (as defined below).

7. As of the Petition Date, the Debtors maintain 24 bank accounts (the “**Debtor Bank Accounts**”) in the United States. A schedule of the Debtor Bank Accounts is annexed hereto as Attachment 1.<sup>1</sup> As reflected in Attachment 1, the Debtor Bank Accounts are held in the names of various Debtor entities.

8. The Debtor Bank Accounts are primarily used to (i) pay operating expenses, and (ii) receive payments from insurance providers, clients, and other parties. Certain Debtor Bank Accounts also facilitate the movement of funds to other accounts of the Debtors. The Debtors routinely deposit, withdraw, and otherwise transfer money to, from, and between certain of the

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<sup>1</sup> The Debtors believe, and have undertaken reasonable efforts to ensure, that Attachment 1 lists all of the bank accounts that comprise the Debtors' Cash Management System. In the event that any bank or investment account has been inadvertently omitted from Attachment 1, the Debtors request that the relief sought by this Motion be deemed to apply to such account.

Debtor Bank Accounts by various methods, including by wire transfer, internal transfer, automatic clearing house transfer, and checks (collectively, the “**Ordinary Transfer Methods**”).

9. A diagram reflecting the flow of funds through the Debtor Bank Accounts in the Cash Management System is annexed hereto as Attachment 2. The diagram also includes the bank accounts of Russellville Hospital, Inc. (“**Russellville**”), reflecting the flow of funds from the Russellville bank accounts to the Curae Operating Account (defined below). As set forth in the First Day Declaration, Russellville is a non-Debtor affiliate of the Debtors that operates a hospital in Russellville, Alabama.

10. Cash Collection and Distribution Process. Debtors maintain certain deposit accounts (collectively, the “**Deposit Accounts**”), which receive funds from various external sources, including, *inter alia*, funds from patients and insurers. Each night, the Deposit Accounts are swept into three Wells Fargo master accounts, which are then swept into an account (the “**Midcap Account**”) controlled by Midcap Financial Trust (“**Midcap**”). Debtors also maintain various local deposit accounts, which cannot exceed a balance of \$150,000.00 (the “**Local Deposit Accounts**”). The Local Deposit Accounts are swept approximately one time per week into the Midcap Account. Debtors draw on a line of credit provided by Midcap based on the funds swept into the Midcap Account. Funds drawn down from the Midcap line of credit are transferred into a Wells Fargo operating account and then into an operating account of Curae Health, Inc. (the “**Curae Operating Account**”). The Curae Operating Account is used to pay Debtors’ operating expenses, including: vendors, landlords, payroll, clients, and other parties. The Curae Operating Account also provides funds to pay the operating expenses of Russellville as well as other affiliates of Debtors that have not filed voluntary petitions for relief in this or any other bankruptcy court.

11. Payment transactions involving credit cards are processed by TYS Merchant Solutions – Omaha (the “**Credit Card Processor**”). Funds from the credit card transactions processed by the Credit Card Processor are deposited into Debtors’ Bank of America bank accounts.

12. As the foregoing overview reflects, the Cash Management System is specifically designed for administering the Debtors’ businesses, and cannot be altered without significant disruption to the Debtors’ business operations and material distraction to the Debtors’ management. The Debtors, therefore, request that the Court authorize them to continue using the existing Cash Management System, and to transfer funds into, out of, and through the Cash Management System using the Ordinary Transfer Methods in accordance with the agreements governing the Debtor Bank Accounts, including, without limitation, any prepetition cash management agreements, bank account terms and conditions, or treasury services agreements (collectively, the “**Bank Account Agreements**”).

**RELIEF REQUESTED**

13. By this Motion, the Debtors seek entry of an order, substantially in the form of Exhibit A attached hereto: (i) authorizing, but not directing, the Debtors to continue to maintain and use their existing Cash Management System, including maintenance of the Debtor Bank Accounts and existing checks and business forms; (ii) granting the Debtors a suspension of certain bank account and related requirements of the U.S. Trustee to the extent that such requirements are inconsistent with the Debtors’ practices under their Cash Management System or other actions described herein; (iii) authorizing, but not directing, the Debtors to continue to maintain and use their existing deposit practices; and (iv) authorizing and directing all banks with which the Debtors maintain accounts to continue to maintain, service, and administer such

accounts and authorize third-party payroll and benefits administrators and providers to prepare and issue checks on behalf of the Debtors.

### **BASIS FOR RELIEF**

#### **A. The Debtors Should Be Authorized to Continue to Use Their Existing Cash Management System and the Debtor Bank Accounts**

14. The Cash Management System is an ordinary course, customary and essential business practice, the continued use of which is essential to the Debtors' business operations during the Chapter 11 Cases and their goal of maximizing value for the benefit of all parties in interest, including the communities served by the Debtors. To require the Debtors to adopt a new cash management system at this early and critical stage would be expensive, impose needless administrative burdens, and cause undue disruption. Any disruption in the collection of funds as currently implemented would adversely (and perhaps irreparably) affect the Debtors' ability to maximize estate value. Moreover, such a disruption would be wholly unnecessary because the Cash Management System provides a valuable and efficient means for the Debtors to address their cash management requirements and, to the best of the Debtors' knowledge, the majority of the Debtor Bank Accounts are held at financially stable institutions insured in the United States by the Federal Deposit Insurance Corporation ("FDIC"). For the aforementioned reasons, maintaining the existing Cash Management System without disruption is in the best interests of the Debtors, their estates, and all interested parties. Accordingly, the Debtors request that they be allowed to maintain and continue to use the Cash Management System, including maintenance of their existing Debtor Bank Accounts.

15. As part of the relief requested herein, and to ensure that their transition into chapter 11 is as smooth as possible, the Debtors seek an entry of an order authorizing the Debtors to: (i) maintain and continue to use the Debtor Bank Accounts, including but not limited to those

accounts listed on Attachment 1 hereto, in the same manner and with the same account numbers, styles, and document forms as are currently employed; (ii) deposit funds in and withdraw funds from the Debtor Bank Accounts in the ordinary course by all usual means, including checks, wire transfers, drafts, and electronic fund transfers or other items presented, issued, or drawn on the Debtor Bank Accounts; (iii) pay ordinary course bank fees in connection with the Debtor Bank Accounts, including prepetition fees; (iv) perform their obligations under the documents and agreements governing the Debtor Bank Accounts; and (v) for all purposes, treat the Debtor Bank Accounts as accounts of the Debtors in their capacity as debtors in possession.

16. If the relief requested herein is granted, the Debtors will implement appropriate mechanisms to ensure that no payments will be made on any debts incurred by the Debtors prior to the Petition Date, other than those authorized by order of the Court, including any order approving debtor in possession financing (the “**DIP Order**”). To prevent the possible inadvertent payment of prepetition claims against the Debtors, except those otherwise authorized by order of the Court, including the DIP Order, the Debtors will work closely with the banks at which the Debtor Bank Accounts are maintained (each a “**Bank**” and, collectively, the “**Banks**”) to ensure appropriate procedures are in place to prevent checks issued by the Debtors prepetition from being honored absent this Court’s approval and to ensure that no third-party with automatic debit capabilities is able to debit amounts attributable to the Debtors’ prepetition obligations.

17. The Debtors request that no Bank that implements such handling procedures and then honors a prepetition check or other item drawn on any account that is the subject of this Motion (i) at the direction of the Debtors to honor such prepetition check or item, (ii) in a good faith belief that the Court has authorized such prepetition check or item to be honored, or (iii) as a result of a good faith error made despite implementation of reasonable item handling

procedures, be deemed to be liable to the Debtors or to their estates on account of such prepetition check or other item being honored postpetition. The Debtors believe that such flexibility accorded the Banks is necessary to induce the Banks to continue providing cash management services to the Debtors.

18. The Debtors further request that the Banks be authorized to deduct from the appropriate Debtor Bank Accounts the Banks' fees and expenses (the "**Bank Fees and Expenses**"), and that no liens on any Debtor Bank Accounts take priority over the Bank Fees and Expenses except as set forth in any deposit agreements between the Debtors and the Banks.

19. Additionally, in each instance in which the Debtors hold one or more accounts at a bank that is a party to a Uniform Depository Agreement with the U.S. Trustee, within fifteen (15) days of the date of entry of an order granting this Motion, the Debtors will (i) contact such bank, (ii) provide such bank with the Debtors' employer identification numbers, and (iii) identify each of their accounts held at such bank as held by a debtor in possession in a bankruptcy case. While the Debtors believe that every one of the Banks is a party to a Uniform Depository Agreement, if the Debtors hold one or more accounts at a bank that is not a party to a Uniform Depository Agreement with the U.S. Trustee, the Debtors will use their good faith efforts to cause such bank to execute a Uniform Depository Agreement in a form prescribed by the Office of the U.S. Trustee within forty-five (45) days of the date of entry of an order granting this Motion.

20. In the interest of maintaining the continued and efficient operation of the Cash Management System during the pendency of the Chapter 11 Cases, the Debtors request that all Banks be authorized and directed to continue to administer, service, and maintain the Debtor Bank Accounts as such accounts were administered, serviced, and maintained prepetition,

without interruption and in the ordinary course (including making deductions for Bank Fees and Expenses), and, when requested by the Debtors in their sole discretion, to honor any and all checks, drafts, wires, electronic fund transfers, or other items presented, issued, or drawn on the Debtor Bank Accounts on account of a claim against the Debtors arising on or after the Petition Date.

21. The Debtors further request that they be authorized to implement such reasonable changes to the Cash Management System as the Debtors may deem necessary or appropriate, including, without limitation, closing any of the Debtor Bank Accounts and opening any additional bank accounts following the Petition Date (the “**New Accounts**”) wherever the Debtors deem that such accounts are needed or appropriate and whether or not the banks in which the accounts are opened are designated approved depositories in the Middle District of Tennessee. Notwithstanding the foregoing, any New Accounts that the Debtors open will be at banks that have executed a Uniform Depository Agreement with the U.S. Trustee, or at such banks that are willing to immediately execute such an agreement, and any New Accounts that the Debtors open in the United States will be (i) at one of the existing Banks or with a bank that is organized under the laws of the United States of America or any state therein and that is insured by the FDIC or the Federal Savings and Loan Insurance Corporation, and (ii) designated a “Debtor in Possession” account by the relevant bank. The Debtors request that the relief sought by this Motion extend to any New Accounts and that any order approving this Motion provide that the New Accounts are deemed to be Debtor Bank Accounts that are similarly subject to the rights, obligations, and relief granted in such order. The Debtors will provide the U.S. Trustee, counsel to the Prepetition First Lien Lender and DIP Lender,<sup>2</sup> and counsel to any official

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<sup>2</sup> Capitalized terms used but not otherwise defined herein shall have the meanings assigned to them in the First Day Declaration.

committee of unsecured creditors appointed in these Chapter 11 Cases, with prompt notice of any Debtor Bank Accounts that they close or New Accounts that they open. In furtherance of the foregoing, the Debtors also request that the relevant Banks be authorized to honor the Debtors' requests to open or close (as the case may be) such Debtor Bank Account(s) or New Account(s).

**B. The Debtors Should Be Granted a Suspension of Certain Requirements of the U.S. Trustee Guidelines**

22. The Debtors further request, pursuant to Bankruptcy Code sections 105(a) and 363, that this Court grant a suspension of certain bank account and related requirements of the U.S. Trustee to the extent that such requirements are inconsistent with (i) the Debtors' existing practices under the Cash Management System, or (ii) any action taken by the Debtors in accordance with any order granting this Motion or any other order entered in the Chapter 11 Cases. To supervise the administration of the Chapter 11 Cases, the U.S. Trustee has established certain operating guidelines for debtors in possession. These requirements (the "**UST Requirements**") require chapter 11 debtors to, *inter alia*: (i) close all existing bank accounts and open new debtor in possession bank accounts; (ii) establish one debtor in possession account for all estate monies required for the payment of taxes, including payroll taxes; (iii) maintain a separate debtor in possession account for cash collateral; and (iv) obtain checks for all debtor in possession accounts that bear (a) the designation "Debtor In Possession," (b) the bankruptcy case number, and (c) the type of account. The UST Requirements are designed to clearly demarcate prepetition transactions and operations from postpetition transactions and operations, and to prevent the inadvertent postpetition payment of prepetition claims. As set forth above, the Debtors submit that (i) they are able to work with the Banks to ensure that this goal of separation between the prepetition and postpetition periods is observed, and (ii) enforcement of certain of

these UST Requirements would disrupt the Debtors' operations and impose an undue financial burden on the Debtors' estates.

23. It would be onerous for the Debtors to meet the UST Requirement to close all existing bank accounts and open a new debtor in possession account. Indeed, this requirement would unnecessarily inconvenience the Debtors.

24. Further, it would be unnecessary and inefficient to require the Debtors to abide by the UST Requirement to establish specific debtor in possession accounts for tax payments (including payroll taxes) and to deposit to such accounts sufficient funds to pay any tax liability (when incurred) associated with the Debtors' payroll and other tax obligations. The Debtors can pay their tax obligations most efficiently from their existing disbursement accounts in accordance with their existing practices, and the U.S. Trustee will have wide latitude to monitor the flow of funds into and out of such accounts through required monthly operating reports. The creation of new debtor in possession accounts designated solely for tax obligations would be unnecessarily burdensome and inefficient.

25. In addition, it is unnecessary to require the Debtors to abide by the UST Requirement to establish specific debtor in possession accounts for cash collateral. As set forth in the *Motion Of Debtors For Entry Of Interim And Final Orders (I) Authorizing The Debtors To Obtain Secured Postpetition Financing, (II) Authorizing The Use Of Cash Collateral, (III) Granting Adequate Protection; (IV) Modifying The Automatic Stay; (V) Setting A Final Hearing; And (VI) Granting Related Relief*, filed concurrently herewith, the Debtors have provided significant safeguards to ensure that parties with security interests in the Debtors' cash collateral are adequately protected and that such parties have been provided with notice of the proposed use of such cash collateral.

**D. The Debtors Should Be Authorized to Continue Their Deposit Practices**

26. As part of the Cash Management System, the Debtors routinely deposit funds into the Debtor Bank Accounts (the “**Deposit Practices**”). The Debtors request authorization to continue to deposit funds in accordance with the Deposit Practices under the Cash Management System, subject to any reasonable changes the Debtors may implement to the Cash Management System.

**APPLICABLE AUTHORITY**

**A. The Bankruptcy Code Permits the Debtors to Continue to Use the Cash Management System and the Debtor Bank Accounts**

27. Bankruptcy Code section 363(c)(1) authorizes a debtor in possession to “use property of the estate in the ordinary course of business without notice or a hearing.” 11 U.S.C. § 363(c)(1). The purpose of section 363(c)(1) is to provide a debtor in possession “flexibility to engage in ordinary transactions” required to operate its business without unneeded oversight by its creditors or the court. *In re Roth Am., Inc.*, 975 F.2d 949, 952 (3d Cir. 1992) (“Section 363 is designed to strike [a] balance, allowing a business to continue its daily operations without excessive court or creditor oversight and protecting secured creditors and others from dissipation of the estate’s assets.”); *In re Nellson Nutraceutical, Inc.*, 369 B.R. 787, 796 (Bankr. D. Del. 2007). The authority granted by Bankruptcy Code section 363(c)(1) extends to a debtor in possession’s continued use of its customary cash management system and, thus, supports the relief requested. *See, e.g., Charter Co. v. Prudential Ins. Co. Am. (In re Charter Co.)*, 778 F.2d 617, 621 (11th Cir. 1985) (indicating that an order authorizing the debtor to employ a cash management system that was “usual and customary in the past” was “entirely consistent” with Bankruptcy Code section 363(c)(1)); *Amdura Nat’l Distrib. Co. v. Amdura Corp. (In re Amdura Corp.)*, 75 F.3d 1447, 1453 (10th Cir. 1996) (included within the scope of Bankruptcy Code

section 363(c) is a debtor's ability to continue "routine transactions" necessitated by a debtor's cash management system).

28. Moreover, Bankruptcy Code section 364(a) authorizes a debtor in possession to obtain unsecured credit and incur unsecured debt in the ordinary course of business without notice and a hearing. *See* 11 U.S.C. § 364(a). This provision further supports the relief requested, and provides the Debtors with the ability, to the extent necessary, to obtain unsecured credit and incur unsecured debt in the ordinary operation of the Cash Management System.

29. Bankruptcy Code section 105(a) also authorizes this Court to permit the Debtors to continue to use the Cash Management System, including maintenance of their existing Debtor Bank Accounts. Bankruptcy Code section 105(a) vests in this Court the power to "issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title." The continuation of the Cash Management System, including the continued use of the Debtor Bank Accounts, is essential to the efficient administration of the Chapter 11 Cases and to the Debtors' efforts to maximize estate value for all parties in interest. Indeed, one court, in another context, has recognized that a centralized cash management system "allows efficient utilization of cash resources and recognizes the impracticalities of maintaining separate cash accounts for the many different purposes that require cash." *In re Columbia Gas Sys., Inc.*, 136 B.R. 930, 934 (Bankr. D. Del. 1992), *aff'd in part and rev'd in part*, 997 F.2d 1039 (3d Cir. 1993). Therefore, the relief requested is appropriate under Bankruptcy Code section 105(a).

30. Maintaining the Cash Management System and Bank Accounts without disruption is in the best interests of the Debtors, their estates, and all interested parties. Based on the foregoing, the Court should grant the Debtors the authority under Bankruptcy Code sections

363(c) and 105(a) to continue the collection, concentration, and disbursement of cash under their Cash Management System.

**B. This Court Should Suspend the UST Requirements to Permit the Debtors to Continue to Use the Cash Management System**

31. The continuation of the Cash Management System, as requested in this Motion, is consistent with the Debtors' authority to use property of their estates in the ordinary course of business pursuant to Bankruptcy Code section 363(c)(1). Accordingly, this Court should grant the Debtors a suspension of the UST Requirements to the extent that such requirements conflict with the Debtors' existing practices under the Cash Management System or any action taken by the Debtors in accordance with any order granting this Motion or any other order entered in the Chapter 11 Cases.

32. Moreover, compelling the Debtors to alter their current cash management practices and to modify the Cash Management System to comply with the UST Requirements would risk severe disruption to the Debtors' business and jeopardize the Debtors' ability to maximize value for all parties in interest. *Cf. In re Gaylord Container Corp.*, 1993 WL 188671, at \*3, 13 (E.D. La. 1993) (adopting the bankruptcy court's findings of fact and conclusions of law, which included a finding that the banking requirements of the Office of the United States Trustee for the District of Louisiana "represent a substantial burden on any debtor and, in this case, resulted in the incurrence of extraordinary unquantifiable costs by [the debtor] associated with the confusion engendered by the implementation of new policies and procedures to comply with such rules, and due to the substantial restrictions that such rules placed on the debtor's treasury functions"). This factor alone justifies the relief that the Debtors are seeking. *See* 11 U.S.C. § 105(a) ("The court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title.").

**C. Bankruptcy Rule 6003 Has Been Satisfied and Bankruptcy Rule 6004 Should Be Waived**

33. Certain isolated aspects of the relief requested herein may, if granted, be subject to Bankruptcy Rule 6003. Pursuant to Bankruptcy Rule 6003, a court may grant such relief if it is necessary to avoid immediate and irreparable harm. The Debtors submit that the facts set forth herein demonstrate that the relief requested is necessary to avoid immediate and irreparable harm to the Debtors and, thus, Bankruptcy Rule 6003 has been satisfied.

34. Additionally, to the extent that any aspect of the relief sought herein constitutes a use of property under Bankruptcy Code section 363(b), the Debtors seek a waiver of the fourteen-day stay under Bankruptcy Rule 6004(h). As described above, the relief that the Debtors seek in this Motion is immediately necessary in order for the Debtors to be able to continue to operate their businesses and preserve the value of their estates. The Debtors thus submit that the requested waiver of the fourteen-day stay imposed by Bankruptcy Rule 6004(h) is appropriate.

**RESERVATION OF RIGHTS**

35. Nothing contained herein is intended or should be construed as an admission of the validity of any claim against the Debtors; a waiver of the Debtors' rights to dispute any claim; or an approval, assumption, or rejection of any agreement, contract, or lease under Bankruptcy Code section 365. Likewise, if this Court grants the relief sought herein, any payment made pursuant to the Court's order is not intended and should not be construed as an admission as to the validity of any claim or a waiver of the Debtors' rights to dispute such claim subsequently.

## NOTICE

36. Notice of this Motion will be given to: (a) the Office of the United States Trustee for the Middle District of Tennessee; (b) the Centers for Medicare and Medicaid Services; (c) the State of Tennessee Department of Health Division of Licensure and Regulation Office of Health Care Facilities; (d) the Mississippi State Department of Health; (e) those parties listed on the consolidated list of creditors holding the thirty (30) largest unsecured claims against the Debtors; (f) counsel to any official committee(s) establish in these cases pursuant to Section 1102 of the Bankruptcy Code; (g) ServisFirst Bank and its counsel; (h) Midcap Financial Trust and its counsel; (i) CHS/Community Health Systems, Inc. and its counsel; (j) all Tennessee local counsel having entered a notice of appearance in these cases; (k) the Internal Revenue Service; (l) the Tennessee Attorney General's Office; (m) the Mississippi Attorney General's Office; (n) the Tennessee Secretary of State; (o) any party that has requested notice pursuant to Bankruptcy Rule 2002; and (p) the Banks (collectively, the "**Notice Parties**"). The Debtors submit that, under the circumstances, no other or further notice is required.

## NO PRIOR REQUEST

37. No previous request for the relief sought herein has been made to this Court or any other court.

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

Dated: August 24, 2018  
Nashville, Tennessee

Respectfully submitted,

**POLSINELLI PC**

*/s/ Michael Malone* \_\_\_\_\_

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*Proposed Counsel to the Debtors and  
Debtors in Possession*

**ATTACHMENT 1**

**Schedule of Debtor Bank Accounts**

<b>Financial Institution</b>	<b>Address</b>	<b>Account Number (Last 5 Digits)</b>	<b>Account Holder</b>	<b>Account Type</b>
ServisFirst	850 Shades Creek Pkwy, Ste 200 Birmingham, AL 35209	92737	Curae Health (Corporate)	Curae Operating Account
ServisFirst	850 Shades Creek Pkwy, Ste 200 Birmingham, AL 35209	92760	Curae Health (Combined)	Accounts Payable
ServisFirst	850 Shades Creek Pkwy, Ste 200 Birmingham, AL 35209	92752	Curae Health (Combined)	Payroll
ServisFirst	850 Shades Creek Pkwy, Ste 200 Birmingham, AL 35209	92745	Curae Health (Corporate)	Collateral
ServisFirst	850 Shades Creek Pkwy, Ste 200 Birmingham, AL 35209	51020	Curae Health (Corporate)	USDA Reserve
ServisFirst	850 Shades Creek Pkwy, Ste 200 Birmingham, AL 35209	01726	Curae Health (Corporate)	Foundation
Regions Bank	245 N Main St. Clinton, TN 37716	08218	Curae Health (Corporate)	NW AL Real Estate
Wells Fargo	PO Box 63020 San Francisco, CA 94163	41970	Curae Health (Corporate)	Master
Wells Fargo	PO Box 63020 San Francisco, CA 94163	41996	Curae Health (Corporate)	Operating
ServisFirst	850 Shades Creek Pkwy, Ste. 200 Birmingham, AL 35209	01106	Gilmore (Amory)	Lockbox and DDA
Bank of America	PO Box 15284 Wilmington, DE 19850	24538	Gilmore (Amory)	Lockbox
Reasant Bank	913 Hwy 278 E Amory, MS 38821	25612	Gilmore (Amory)	Main Account
Wells Fargo	PO Box 63020 San Francisco, CA 94163	52119	Gilmore (Amory)	Government Deposits

<b>Financial Institution</b>	<b>Address</b>	<b>Account Number (Last 5 Digits)</b>	<b>Account Holder</b>	<b>Account Type</b>
Wells Fargo	PO Box 63020 San Francisco, CA 94163	52127	Gilmore (Amory)	Non-Government Deposits
Wells Fargo	PO Box 63020 San Francisco, CA 94163	82227	Gilmore (Amory)	Disbursement Account
Reasant Bank	913 Hwy 278 E Amory, MS 38821	95018	Gilmore (Amory)	Clinic Account
US Bank	PO Box 1800 St. Paul, MN 55101	88083	Gilmore (Amory)	Clinic Account
ServisFirst	850 Shades Creek Pkwy, Ste. 200 Birmingham, AL 35209	01098	Panola (Batesville)	Lockbox and DDA
Bank of America	PO Box 15284 Wilmington, DE 19850	24541	Panola (Batesville)	Lockbox
Guaranty Bank	210 Hayden St. Belzoni, MS 39038	19568	Panola (Batesville)	Main Account
Wells Fargo	PO Box 63020 San Francisco, CA 94163	52176	Panola (Batesville)	Government Deposits
Wells Fargo	PO Box 63020 San Francisco, CA 94163	52184	Panola (Batesville)	Non-Government Deposits
Wells Fargo	PO Box 63020 San Francisco, CA 94163	82235	Panola (Batesville)	Disbursement Account
Guaranty Bank	210 Hayden St. Belzoni, MS 39038	19576	Panola (Batesville)	Clinic Account
US Bank	PO Box 1800 St. Paul, MN 55101	88109	Panola (Batesville)	Clinic Account
US Bank	PO Box 1800 St. Paul, MN 55101	14086	Panola (Batesville)	Clinic Account
ServisFirst	850 Shades Creek Pkwy, Ste. 200 Birmingham, AL 35209	01114	Clarksdale	Lockbox and DDA
Bank of America	PO Box 15284 Wilmington, DE 19850	24525	Clarksdale	Lockbox

<b>Financial Institution</b>	<b>Address</b>	<b>Account Number (Last 5 Digits)</b>	<b>Account Holder</b>	<b>Account Type</b>
Regions Bank	211 East Second St. Clarksdale, MS 38614	01408	Clarksdale	Main Account
Wells Fargo	PO Box 63020 San Francisco, CA 94163	41954	Clarksdale	Government Deposits
Wells Fargo	PO Box 63020 San Francisco, CA 94163	41962	Clarksdale	Non-Government Deposits
Wells Fargo	PO Box 63020 San Francisco, CA 94163	82134	Clarksdale	Disbursement Account
Regions Bank	211 East Second St. Clarksdale, MS 38614	01416	Clarksdale	Clinic Account
US Bank	PO Box 1800 St. Paul, MN 55101	88470	Clarksdale	Clinic Account
US Bank	PO Box 1800 St. Paul, MN 55101	98246	Clarksdale	Clinic Account

**ATTACHMENT 2**

**Diagram of Cash Management System**

Curae Health - Cash Flow Structure

Bank Name	Facility	Description	Acct #
ServisFirst	Corporate	Curae Operating Account	XXXXXX2737
ServisFirst	Corporate	Accounts Payable	XXXXXX2760
ServisFirst	Corporate	Payroll	XXXXXX2752

ServisFirst	Corporate	Collateral	XXXXXX2745
ServisFirst	Corporate	USDA Reserve	XXXXXX1020
ServisFirst	Corporate	Foundation	XXXXXX1726
Regions Bank	Corporate	NW AL Real Estate	XXXXXX8218

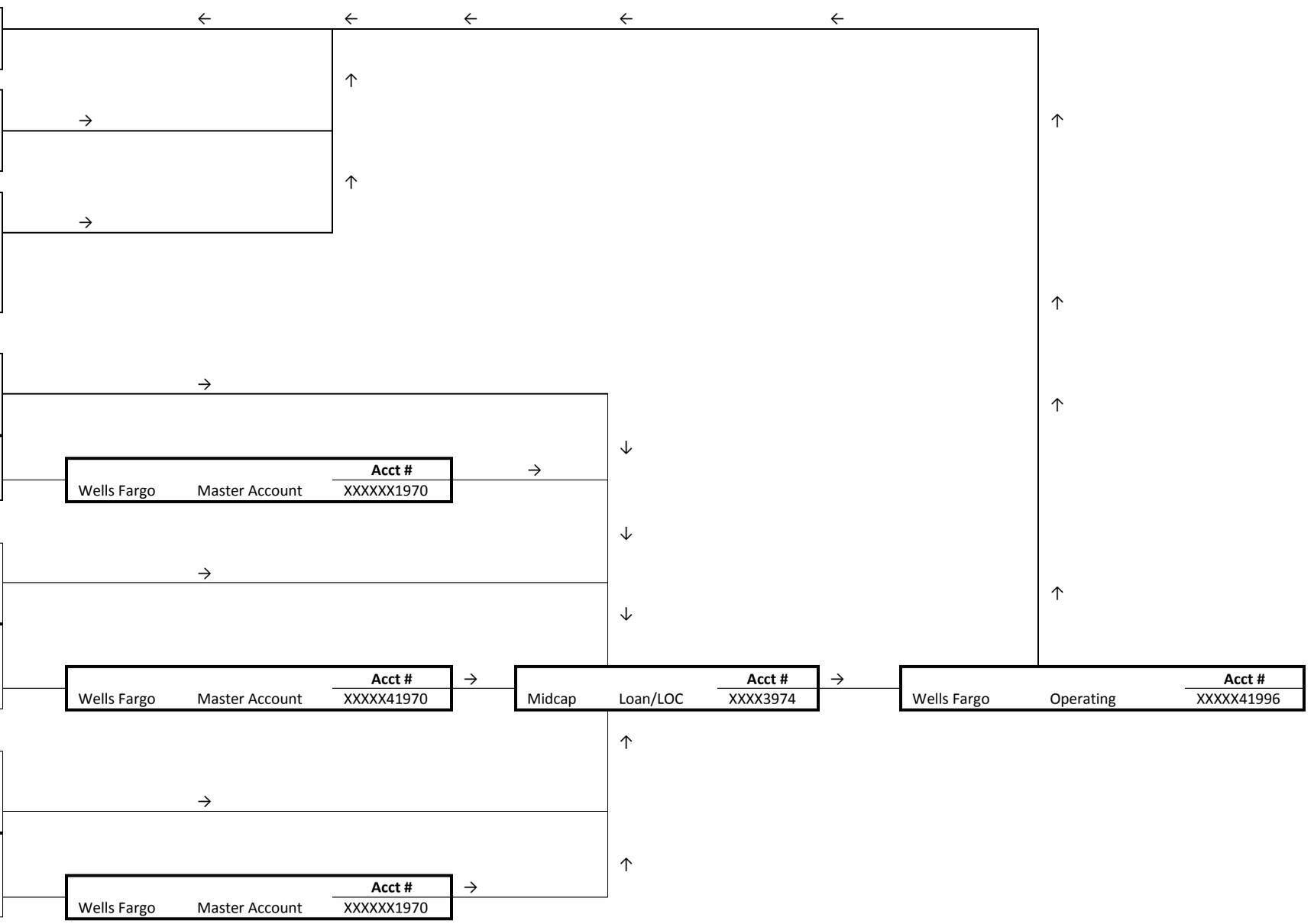
ServisFirst	Russellville	Lockbox and DDA	XXXXXX2729
Bank of America	Russellville	Hospital Lockbox and DDA	XXXXXX8102
Bank of America	Russellville	Clinic Account	XXXXXX7833
Bank Independent	Russellville	Local Hospital Account	XXXX868
Bank Independent	Russellville	Local Hospital Account	XXXX400
CB&S	Russellville	Local Clinic Account	XXXXXX2114

Bank Name	Facility	Description	Acct #
ServisFirst	Gilmore	Lockbox and DDA	XXXXXX1106
Bank of America	Gilmore	Lockbox	XXXXXX4538
Reasant Bank	Gilmore	Main Account	XXXXXX5612
Reasant Bank	Gilmore	Clinic Account	XXXXXX1416
USBank	Gilmore	Clinic Account	XXXXXXXX8083
Wells Fargo	Gilmore	Government Deposits	XXXXXX2119
Wells Fargo	Gilmore	Non-Gov Deposits	XXXXXX2127

Bank Name	Facility	Description	Acct #
ServisFirst	Panola	Lockbox and DDA	XXXXXX1098
Bank of America	Panola	Lockbox	XXXXXX4541
GuarantyBank	Panola	Main Account	XXXXX9568
GuarantyBank	Panola	Clinic Account	XXXXXXXX5018
USBank	Panola	Clinic Account	XXXXXXXX8109
USBank	Panola	Clinic Account	XXXXXXXX4086
Wells Fargo	Panola	Government Deposits	XXXXXX2176
Wells Fargo	Panola	Non-Gov Deposits	XXXXXX2184

Bank Name	Facility	Description	Acct #
ServisFirst	Clarksdale	Lockbox and DDA	XXXXXX1114
Bank of America	Clarksdale	Lockbox	XXXXXX4525
Regions Bank	Clarksdale	Main Account	XXXXXX1408
Regions Bank	Clarksdale	Clinic Account	XXXXXXXX1416
USBank	Clarksdale	Clinic Account	XXXXXXXX8470
USBank	Clarksdale	Clinic Account	XXXXXXXX8246
Wells Fargo	Clarksdale	Government Deposits	XXXXXX1954
Wells Fargo	Clarksdale	Non-Gov Deposits	XXXXXX1962

Bank Name	Facility	Description	Acct #
Wells Fargo	Gilmore	Disbursement Account	XXXXXX2227
Wells Fargo	Panola	Disbursement Account	XXXXXX2235
Wells Fargo	Clarksdale	Disbursement Account	XXXXXX2134



The Accounts to the left were in process to be used to separate the MS Hospital disbursements from Curae Corporate for Accounting/tracking. They technically are active but have never had activity.

**EXHIBIT A**

Proposed Order

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE MIDDLE DISTRICT OF TENNESSEE  
NASHVILLE DIVISION**

In re:	)	
	)	Chapter 11
Curae Health, Inc.,	)	Case No. 18-05665
Amory Regional Medical Center, Inc.,	)	Case No. 18-05675
Batesville Regional Medical Center, Inc.,	)	Case No. 18-05676
Clarksdale Regional Medical Center, Inc.	)	Case No. 18-05678
Amory Regional Physicians, LLC	)	Case No. 18-05680
Batesville Regional Physicians, LLC	)	Case No. 18-05681
Clarksdale Regional Physicians, LLC	)	Case No. 18-05682
	)	
1721 Midpark Road, Suite B200	)	Judge Walker
Knoxville, TN 37921	)	
Debtors.	)	Joint Administration Pending

**EXPEDITED ORDER AUTHORIZING: (I) CONTINUED USE OF EXISTING CASH MANAGEMENT SYSTEM, INCLUDING MAINTENANCE OF EXISTING BANK ACCOUNTS, CHECKS, AND BUSINESS FORMS; (II) SUSPENSION OF CERTAIN U.S. TRUSTEE BANK ACCOUNT REQUIREMENTS; AND (III) CONTINUATION OF EXISTING DEPOSIT PRACTICES**

Upon the motion (the “**Motion**”)<sup>1</sup> of the Debtors for entry of an order (this “**Order**”), pursuant to Bankruptcy Code sections 105(a), 363, and 364, Bankruptcy Rules 6003 and 6004, and Local Rule 2015-2: (i) authorizing, but not directing, the Debtors to continue to maintain and use their Cash Management System, including maintenance of the Debtor Bank Accounts and existing, checks and business forms; (ii) granting the Debtors a suspension of certain bank account and related requirements of the U.S. Trustee to the extent that such requirements are inconsistent with the Debtors’ practices under their Cash Management System or other actions described in the Motion or this Order; and (iii) authorizing, but not directing, the Debtors to continue to maintain and use their Deposit Practices; and the Court having reviewed the Motion,

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<sup>1</sup> Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Motion.

the First Day Declaration; and the Court having determined that the relief requested in the Motion is in the best interests of the Debtors, their estates, their creditors, and other parties in interest; and the Court having jurisdiction to consider the Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334; the Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and that the Court may enter a final order consistent with Article III of the United States Constitution; and the 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 it appearing that proper and adequate notice of the Motion has been given and that no other or further notice is necessary; and upon the record herein; and after due deliberation thereon; and good and sufficient cause appearing therefor, it is hereby

**ORDERED, ADJUDGED, AND DECREED THAT:**

1. The Motion is GRANTED, as set forth herein.
2. All objections to the entry of this Order, to the extent not withdrawn or settled, are overruled.
3. The Debtors are authorized to continue to use their existing Cash Management System and shall maintain detailed records reflecting all transfers of funds under the terms and conditions provided for by the existing agreements with the institutions participating in the Cash Management System, except as modified by this Order. In connection with the ongoing use of the Cash Management System, the Debtors shall continue to maintain current records with respect to all transfers of cash so that all transactions can be readily ascertained, traced, properly recorded, and distinguished between prepetition and postpetition transactions on intercompany accounts, and shall include a detailed accounting of such intercompany transactions in the Debtors' monthly operating reports.

4. The Debtors are authorized to: (i) continue to use any and all of the Debtor Bank Accounts in existence as of the Petition Date, including, but not limited to, the Debtor Bank Accounts identified on Attachment 1 to the Motion, in the same manner and with the same account numbers, styles, and document forms as are currently employed; (ii) deposit funds in and withdraw funds from the Debtor Bank Accounts in the ordinary course by all usual means, including checks, wire transfers, drafts, and electronic fund transfers or other items presented, issued, or drawn on the Debtor Bank Accounts; (iii) pay ordinary course bank fees in connection with the Debtor Bank Accounts, including any fees arising prior to the Petition Date; (iv) perform their obligations under the documents and agreements governing the Debtor Bank Accounts; and (v) for all purposes, treat the Debtor Bank Accounts as accounts of the Debtors in their capacities as debtors in possession.

5. In each instance where the Debtors hold Debtor Bank Accounts at Banks that are party to a Uniform Depository Agreement with the U.S. Trustee, within fifteen (15) days of entry of this Order the Debtors shall (i) contact each Bank, (ii) provide the Bank with each of the Debtors' employer identification numbers, and (iii) identify each of the Debtors' Bank Accounts held at such Banks as being held by a debtor in possession in a bankruptcy case.

6. Debtors are authorized to continue to use their existing checks, correspondence, and other business forms without alteration or change and without the designation "Debtor in Possession" or a bankruptcy case number imprinted upon them. Notwithstanding the foregoing, once a Debtor's existing checks have been used, the Debtor shall, when reordering checks, require the designation "Debtor in Possession" and the corresponding bankruptcy case number on all checks; provided that, with respect to checks that the Debtors or their agents print

themselves, the Debtors shall begin printing the “Debtor in Possession” legend on such items within ten (10) days of the date of entry of this Order.

7. The Debtors are authorized to continue to utilize all third-party providers necessary for the administration of their Cash Management System, including their payroll processor, LBMC Employment Partners. In addition, the Debtors are authorized, but not directed, to pay all prepetition or postpetition amounts due to such third-party providers.

8. *Nunc pro tunc* to the Petition Date, and subject to the terms of this Order or other order of this Court, all Banks at which the Debtor Bank Accounts are maintained are authorized and directed to continue to administer, service, and maintain the Debtor Bank Accounts as such accounts were administered, serviced, and maintained prepetition, without interruption and in the ordinary course (including making deductions for Bank Fees and Expenses), and, when requested by the Debtors in their sole discretion, to honor any and all checks, drafts, wires, electronic fund transfers, or other items presented, issued, or drawn on the Debtor Bank Accounts on account of a claim against the Debtors arising on or after the Petition Date; provided, however, that unless otherwise ordered by the Court, no checks, drafts, electronic funds transfers (excluding any electronic funds transfer that the Banks are obligated to settle), or other items presented, issued, or drawn on the Debtor Bank Accounts on account of a claim against the Debtors arising prior to the Petition Date shall be honored. Notwithstanding the foregoing, the Debtors are authorized to pay Processing Fees to Credit Card Processors regardless of when the underlying transactions occurred.

9. Each Bank shall implement reasonable handling procedures designed to effectuate the terms of this Order. No Bank that implements such handling procedures and then honors a prepetition check or item drawn on any account that is the subject of this Order (i) at the

direction of the Debtors to honor such prepetition check or item, (ii) in the good faith belief that the Court has authorized such prepetition check or item to be honored, or (iii) as a result of a good faith error made despite implementation of such handling procedures, shall be deemed to be liable to the Debtors or their estates on account of such prepetition check or item being honored postpetition or otherwise in violation of this Order.

10. The Debtors are authorized to implement such reasonable changes, consistent with this Order, to the Cash Management System as the Debtors may deem necessary or appropriate, including, without limitation, closing any of the Debtor Bank Accounts or opening any New Accounts wherever the Debtors deem that such accounts are needed or appropriate. Notwithstanding the foregoing, the Debtors shall open such New Account(s) at banks that have executed a Uniform Depository Agreement with the U.S. Trustee, or at such banks that are willing to immediately execute such an agreement and any New Account that the Debtors open in the United States shall be (i) at one of the existing Banks or with a bank that is organized under the laws of the United States of America or any state therein, and that is insured by the FDIC or the Federal Savings and Loan Insurance Corporation, and (ii) designated a “Debtor in Possession” account by the relevant bank. The New Accounts are deemed to be Debtor Bank Accounts and are similarly subject to the rights, obligations, and relief granted in this Final Order. The Banks are authorized to honor the Debtors’ requests to open or close (as the case may be) such Debtor Bank Account(s) or New Account(s). In the event that the Debtors open or close any Debtor Bank Accounts(s) or New Account(s), such opening or closing shall be timely indicated on the Debtors’ monthly operating reports and the Debtors shall give fifteen (15) days’ prior notice to the U.S. Trustee, counsel to the prepetition secured creditors, and counsel to any

office committee of unsecured creditors appointed in these Chapter 11 Cases before opening or closing accounts. This period may be shortened by agreement.

11. The Debtors are authorized to deposit funds in accordance with existing practices under the Cash Management System as in effect as of the Petition Date, subject to any reasonable changes, consistent with this Order, to the Cash Management System that the Debtors may implement, and, to the extent such practices are inconsistent with the requirements of Bankruptcy Code section 345(b), such requirements suspended.

12. The requirement to establish separate accounts for cash collateral and/or tax payments is hereby waived.

13. Despite the Debtors' use of a consolidated Cash Management System, the Debtors shall calculate any quarterly fees due under 28 U.S.C. § 1930(a)(6) based on the disbursements of each debtor, regardless of who pays those disbursements.

14. Nothing in the Motion or this Order, or the Debtors' payment of any claims pursuant to this Order, shall be deemed or construed as: (i) an admission as to the validity of any claim or lien against the Debtors or their estates; (ii) a waiver of the Debtors' rights to dispute any claim or lien; (iii) an approval or assumption of any agreement, contract, or lease pursuant to Bankruptcy Code section 365; (iv) an admission of the priority status of any claim, whether under Bankruptcy Code section 503(b)(9) or otherwise; or (v) a modification of the Debtors' rights to seek relief under any section of the Bankruptcy Code on account of any amounts owed or paid to any third party.

15. Neither the provisions contained herein, nor any actions or payments made by the Debtors pursuant to this Order, shall be deemed an admission as to the validity of the underlying

obligation or a waiver of any rights the Debtors may have to dispute such obligation on any ground that applicable law permits.

16. The contents of the Motion satisfy the requirements of Bankruptcy Rule 6003.

17. Notwithstanding Bankruptcy Rule 6004(h), to the extent applicable, this Order shall be effective and enforceable immediately upon entry hereof.

18. The Debtors are hereby authorized to take such actions and to execute such documents as may be necessary to implement the relief granted by Order.

19. This Court shall retain jurisdiction with respect to all matters arising from or related to the implementation and/or interpretation of this Order.

**This Order Was Signed And Entered Electronically As Indicated At The Top Of The First Page**

APPROVED FOR ENTRY:

**POLSINELLI PC**

*/s/ Michael Malone*

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*Proposed Counsel to the Debtors and  
Debtors in Possession*