UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF COLUMBIA

In re:	:	Chapter 11
	:	
GREATER SOUTHEAST COMMUNITY HOSPITAL CORP., I, *et al.*,	:	Jointly Administered Case No. 02-2250 Judge S. Martin Teel, Jr.
Debtors.	:	

THE DCHC LIQUIDATING TRUST'S SEVENTH OMNIBUS OBJECTION TO CLAIMS PURSUANT TO 11 U.S.C. § 502 AND FED. R. BANKR. P. 3007

TO THE HONORABLE S. MARTIN TEEL, JR.
UNITED STATES BANKRUPTCY JUDGE:

The DCHC Liquidating Trust (the "Trust"), by and through its undersigned counsel, hereby files this Seventh Omnibus Objection (the "Seventh Omnibus Objection") pursuant to section 502 of title 11 of the United States Code (the "Bankruptcy Code") and Rule 3007 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") to the claims listed on Exhibit A and Exhibit B annexed hereto (collectively, the "Subject Claims").[1] The Seventh Omnibus Objection is ministerial in nature and seeks to disallow and expunge the Subject Claims on the basis that they were previously settled pursuant to the Plan (as defined herein) and/or the prior order of this Court. In further support, the Trust states as follows:

[1] True and accurate copies of the cover pages of the Subject Claims are annexed as Exhibit 1 to the electronic version of the Declaration of Tauheed Williams, Manager, BMC Group (the "Williams Decl.") (annexed hereto as Exhibit D). The Trust did not file complete copies of the Subject Claims electronically due to the large volume of Subject Claims. The Trust filed complete copies of the Subject Claims with the Court by hand only. The Trust will provide complete copies of the Subject Claims to parties-in-interest upon request via e-mail (at no charge) or in hard copy form (at a charge). There are 8 Subject Claims, totaling $74,885,217.77 (Exhibit A). There are 97 Subject Claims totaling $2,887,854.62 (Exhibit B).

BACKGROUND

1. On November 20, 2002, Doctors Community Healthcare Corporation ("DCHC"), Greater Southeast Hospital Corp. I ("GSE"), Michael Reese Medical Center Corporation ("MR"), Pacifica of the Valley Corporation ("Pacifica"), Pacin Healthcare-Hadley Memorial Hospital Corporation ("Hadley") and Pine Grove Hospital Corporation of Canoga Park, California ("Pine Grove," collectively referred to along with DCHC, GSE, MR, Pacifica and Hadley as the "Debtors") filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code.

2. On March 3, 2003, pursuant to Bankruptcy Rule 3003(c)(3), this Court entered an order (the "Bar Date Order") fixing May 30, 2003, as the date by which proofs of claim by non-governmental claimants were required to be filed in these chapter 11 cases (the "Non-Governmental Bar Date"), and setting July 9, 2003 as the deadline for governmental entities to file proofs of claim (the "Governmental Bar Date," and referred to along with the Non-Governmental Bar Date as the "Bar Dates").

3. On June 2, 2003, this Court issued an order authorizing the Debtors' payment of $1,250,266.30 in satisfaction of prepetition amounts owed to critical physicians and certain other employees of the Debtors (the "Critical Physicians"). *See* Order Pursuant to Section 105(a) of the Bankruptcy Code Authorizing Debtors' Payment of Prepetition Amounts Owed to Critical Physicians and Certain Current Employees of the Debtors, dated June 2, 2003 (the "Critical Physicians Order"). Pursuant to the terms of the Critical Physicians Order, each of the Critical Physicians were to enter into an agreement (each, a "Critical Physician Agreement") whereby each Critical Physician agreed to accept payment under the Critical Physicians Order in

exchange for, *inter alia*, a release of all pre-petition claims against the Debtor. Critical Physicians Order at 2.

4. By application dated May 5, 2003, the Debtors requested the retention of Bankruptcy Management Corp. ("BMC") as the Debtors' official claims and noticing agent (the "BMC Retention Application"). An order approving the BMC Retention Application was entered by this Court on June 3, 2004 (the "BMC Retention Order"). Under the BMC Retention Application, BMC's responsibilities included, *inter alia,* preparing and maintaining an official copy of the Debtors' schedules filed with this Court (the "Schedules"), notifying all of the Debtors' known creditors of the deadline for filing proofs of claim and providing individualized proof of claim forms to each such creditor, maintaining the official claims registers in these chapter 11 cases, recording all transfers of claims, making changes to the claims registers pursuant to any Court order, providing the clerk's office with copies of the claims registers for the clerk's review, receiving and maintaining claims sent to the clerk's office, and maintaining an official mailing list for each Debtor of all the entities that have filed a proof of claim. *See* BMC Retention Application at ¶ 14; Williams Decl. (Exhibit C, hereto) at ¶ 6. Since the Effective Date (as defined herein) BMC has been employed by the Trust. Williams Decl. at ¶ 7.

5. On or about April 25, 2003 and April 28, 2003, in accordance with the Bar Date Order, BMC, on behalf of the Debtors, mailed a proof of claim form and Bar Date notice to all creditors listed on the Debtors' Schedules, members of the Official Committee of Unsecured Creditors in these chapter 11 cases, and all persons and entities requesting notice pursuant to Bankruptcy Rule 2002 as of the date of the entry of the Bar Date Order. Williams Decl. at ¶ 8; *see also* Declarations of Service re: Notices of Procedures and Deadline for Filing Proofs of

Claim, dated April 25, 2003, and May 5, 2003, respectively. The Debtors also published a notice of the Bar Dates in the following newspapers: *The Washington Times*, *The Wall Street Journal*, the *Daily Herald*, and the *Daily News*. *See* Notice of Filing of Affidavits of Publication, dated May 20, 2003.

6. In compliance with the BMC Retention Order and Court procedure, proofs of claim (including those with respect to the Subject Claims) filed in these chapter 11 cases were processed and maintained as follows. BMC and the Court received claims. BMC issued the numbering sequence to the office of the Clerk of this Court (the "Clerk"); thus, claims received directly by the Court and claims received directly by BMC were numbered using the same sequence. Claims received by the Court were forwarded to BMC *via* mail by the Clerk's office. All claims filed in these chapter 11 cases have been stored at a BMC facility located at 1330 East Franklin Ave, El Segundo, California 90245. Williams Decl. at ¶ 9.

7. On April 2, 2004, the Court entered an order (the "Confirmation Order") approving the Debtors' Second Amended Joint Chapter 11 Plan of Reorganization (the "Plan").[2]

8. On April 5, 2004 (the "Effective Date"), the Plan went into effect. Pursuant to the terms of the Plan, on the Effective Date several events occurred, including the reorganization of the Debtors (with the exception of Pine Grove) and Trust formation. Under the Plan, certain claims were transferred to the Trust for resolution, and other claims were retained by the Reorganized Debtors.

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[2] All capitalized terms not defined herein shall have the meaning assigned to them in the Plan.

9. Pursuant to section 4.3 of the Plan, Health Care REIT, Inc. ("HCRI") received a distribution in "complete satisfaction, settlement and release of and in exchange for any Allowed HCRI Secured Claim [as defined in the Plan]. . . ."

10. Pursuant to section 4.4 of the Plan, Medline Industries, Inc. ("Medline", together with HCRI, the "Plan Claimants") received a distribution in "full and complete satisfaction, settlement and release of and in exchange for the Medline Senior Secured Claim [as defined in the Plan]. . . ."

11. Pursuant to section 7.1(b) of the Plan, objections to claims were to be made within "120 days after the Effective Date, unless such date is extended by order of the Bankruptcy Court." The 120th day following the Effective Date was August 3, 2004, which deadline has been extended by valid Court orders. The current objection deadline is July 1, 2006. *See* Order dated February 21, 2006.

12. On July 30, 2004, the Trust filed its First Omnibus Objection to Certain Duplicative, Superceded and Redundant Claims (the "First Omnibus Objection"). The First Omnibus Objection sought disallowance of claims that were duplicative with, redundant to or superceded by other claims filed by the same creditor in these chapter 11 cases. On September 14, 2004, the Court entered an order approving the First Omnibus Objection, except as to Design Visual. Pursuant to the First Omnibus Objection, the Court expunged 178 claims totaling approximately $31 million. *See* Order dated September 14, 2004.

13. On October 20, 2005, the Trust filed its Second Omnibus Objection to Certain Claims Pursuant to 11 U.S.C. § 502 and Fed. R. Bankr. P. 3007 (the "Second Omnibus Objection"). The Second Omnibus Objection sought disallowance of certain claims whereby the

proofs of claim related to those claims had been filed with insufficient documentation in violation of the requirements of Bankruptcy Rule 3001(a) and the Court's Official Form 10, part 9. Moreover, the claims subject to the Second Omnibus Objection are not listed in the Debtors' schedules or books and records, and are not otherwise known obligations of the Debtors. At a hearing on December 14, 2005, the Court approved the Second Omnibus Objections (as amended) and expunged nine claims totaling $29,766.34.

14. On October 21, 2005, the Trust filed its Third Omnibus Objection to Certain Claims Pursuant to 11 U.S.C. § 502 and Fed. R. Bankr. P. 3007 (the "Third Omnibus Objection"). The Third Omnibus Objection sought disallowance of certain claims that are not listed in the Debtors' schedules or books and records, and that are not otherwise known obligations of the Debtors. On December 14, 2005, the Court entered an order expunging three claims totaling $163,309.88.

15. On November 14, 2005, the Trust filed its Fourth Omnibus Objection to Certain Claims Pursuant to 11 U.S.C. § 502 and Fed. R. Bankr. P. 3007 (the "Fourth Omnibus Objection"). The Fourth Omnibus Objection sought reclassification of certain claims that were improperly filed as priority claims. On January 4, 2006, the Court entered an order reclassifying 81 claims totaling $904,377.24.

16. On December 6, 2005, the Trust filed its Fifth Omnibus Objection to Certain Claims Pursuant to 11 U.S.C. § 502 and Fed. R. Bankr. P. 3007 (the "Fifth Omnibus Objection"). The Fifth Omnibus Objection sought disallowance certain claims on the basis that they were (a) filed by the claimants after the applicable Bar Dates (as defined herein) in these chapter 11 cases, and (b) either (i) were not otherwise scheduled by the Debtors, or, (ii) in the alternative, the

claimants on the Subject Claims match to a creditor listed on an already-scheduled claim for an identical or different amount. On January 30, 2006, the Court entered an order expunging 45 claims totaling $581,182.16 and adjusting one claim down in value by $55,612.75.

17. On January 20, 2006, the Trust filed its Sixth Omnibus Objection to Claims Pursuant to 11 U.S.C. § 502 and Fed. R. Bankr. P. 3007 (the "Sixth Omnibus Objection"). The Sixth Omnibus Objection sought reclassification or expungement of certain claims on the basis that (1) such claims fail to provide sufficient legal basis for their asserted secured status (except as detailed herein), and (2) the creditors' assertion of secured status is not supported by the Debtors' schedules, books or records and/or (3) the claims relate to claims with respect to which the purported collateral was repossessed by the claimant. On March 1, 2006, the Court entered an order reclassifying 11 claims totaling $122,363.11 and expunging one claim totaling $1,288.32.

JURISDICTION AND VENUE

18. This is a core proceeding pursuant to 28 U.S.C. § 157(b). This Court has subject matter jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334. The Court retained jurisdiction to hear objections to claims under Plan Article XI(c) ("The Bankruptcy Court shall retain jurisdiction of all matters arising under, arising out of, or related to, the Chapter 11 Cases and Plan pursuant to, and for purposes of, section 105(a) and 1142 of the Bankruptcy Code and for, among other things, the following purposes . . .[t]o hear and determine any objection to or requests to estimate any Claims."). The Trust has personal jurisdiction to assess and adjudicate the Subject Claims under Plan § 6.6(f)(v). Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

REQUEST FOR RELIEF

19. By this Seventh Omnibus Objection, the Trust seeks an order of this Court, disallowing and expunging each of the Subject Claims detailed on Exhibit A and Exhibit B, annexed hereto, for the reasons described herein and on Exhibit A and Exhibit B annexed hereto.

DISALLOWANCE OF CLAIMS

20. The Trust files the Seventh Omnibus Objection as a ministerial matter to correct the record with respect to certain claims filed against the Debtors. Pursuant to this Seventh Omnibus Objection, the Trust seeks to disallow and expunge the claims listed on Exhibit A and Exhibit B attached hereto. Doing so will reflect orders previously entered by this Court and agreements reached with certain creditors releasing the Debtors and the Trust from such claims.

21. Annexed hereto as Exhibit D is the Declaration of Neil H. Demchick (the "Demchick Decl."). Mr. Demchick is a licensed certified public accountant and Managing Director of Invotex Group ("Invotex," f/k/a Maryland First Financial Services Corporation). Demchick Decl. at ¶ 2. Mr. Demchick (and Navigant Consulting, with whom he was previously employed) was retained during the Debtors' bankruptcy cases as financial advisor to the Official Committee of Unsecured Creditors and Invotex has been retained by the Trust in a similar capacity. *Id.* Mr. Demchick and Invotex have reviewed the proofs of claim related to the Subject Claims listed on Exhibit A and Exhibit B hereto, as well as the scheduled claims[3] related to certain of the Subject Claims listed on Exhibit B. Demchick Decl. at ¶¶ 6-7.

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[3] Certain of the Subject Claims listed on Exhibit B are scheduled claims listed on the Debtors' Schedules, not evidenced by a proof of claim. These Subject Claims are indicated by a claim number preceded by the letter "s" on Exhibit B.

22. Plan Claimants. As detailed herein, the Plan Claimants' claims were settled under the terms of the Plan. The Plan Claimants all voted in favor of the Plan. See Williams Declaration at ¶ 11. Each of the Subject Claims listed on Exhibit A hereto is a claim of one of the Plan Claimants. Demchick Decl. at ¶ 6. Such claimants' Subject Claims shall be expunged and disallowed at this time. The Plan Claimants hold 8 Subject Claims totaling $74,885,217.77 and which are detailed on Exhibit A hereto.

23. Critical Physician Claimants. Under the terms of the Critical Physicians Order, the Critical Physicians were to receive not more than 55% of payment on all pre-petition claims (the "55% Claim") in exchange for which, among other things, each Critical Physician waived any pre-petition claims against the Debtors other than the 55% Claim. Critical Physicians Order at ¶ 2(a)-(b). Such terms were subject to each of the Critical Physicians signing an agreement implementing these terms. Critical Physicians Order at ¶ 2(g).

24. Invotex reviewed signed Critical Physician Agreements for each of the Critical Physicians listed on Exhibit B hereto.[4] Demchick Decl. at ¶ 7. Pursuant to each of the Critical Physician Agreements, each Critical Physician was to, among other things, waive the balance of any pre-petition claims that that Critical Physician had against GSE and or DCHC and its affiliates in exchange for certain payments.[5] Critical Physician Agreement at ¶ e.

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[4] The Trust has been informed that one of the claimants listed on Exhibit B hereto, Debt Acquisition Co. of America (Subject Claim No. s9510 for $1,196.00), was assigned its claim from Amer Husseini. Mr. Husseini signed a Critical Physician Agreement, which is attached as part of Exhibit 1 to the Demchick Decl.

[5] A copy of each applicable Critical Physician Agreement is available from the Trust upon request and is attached as Exhibit 1 to Declaration of Neil H. Demchick, Exhibit D, hereto. The Critical Physician Agreements were filed by hand with the Court but were not filed electronically.

25. The Trust has been advised that each of the Critical Physicians has received payment of amounts owed under the Critical Physician's Order and the terms of each Critical Physician Agreement, thereby waiving their respective Subject Claims.[6] Demchick Decl. at ¶ 8-9. Therefore, pursuant to the terms of the Critical Physicians Order and the Critical Physician Agreements, each of the Critical Physicians' Subject Claims shall be expunged and disallowed at this time. The Critical Physicians hold 97 Subject Claims totaling $2,887,854.62 which are detailed on Exhibit B hereto.

RESERVATION

26. The Trust hereby reserves its right to object in the future to any of the claims listed in this Seventh Omnibus Objection or on Exhibit A and Exhibit B attached hereto on any ground, whether legal or equitable, and whether or not stated herein or on Exhibit A and Exhibit B and to amend, modify and/or supplement this Seventh Omnibus Objection, including without limitation, to object to any other settled claims including amended claims and newly-filed claims or to any other claims for any other reason. Separate notice and hearing will be scheduled for any such objection.

NO PREVIOUS REQUEST

27. No previous request for the relief set forth herein has been made to this or any other Court.

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[6] The Trust has determined that certain of the Critical Physicians may have received payments greater than the amount to which they were entitled under the Critical Physicians Order and their respective Critical Physician Agreement. Demchick Decl. at n. 3. At this time, the Trust reserves all rights stemming from such payments and does not waive any rights by entry of an order approving the Seventh Omnibus Objection.

WHEREFORE, the Trust respectfully requests that the Court enter an order granting the relief requested herein and such other and further relief as is just and proper.

Dated: March 6, 2006

Respectfully submitted,

WHITE & CASE LLP

By: _____

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CERTIFICATE OF SERVICE

I certify that on March 6, 2006, a copy of the foregoing pleading was sent by First Class Mail to the parties identified on Exhibit A and Exhibit B annexed to the Seventh Omnibus Objection and on the parties listed below.

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