

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF COLUMBIA

In re:

GREATER SOUTHEAST COMMUNITY
HOSPITAL CORP., I, *et al.*,

Debtors.

Chapter 11

Jointly Administered
Case No. 02-2250
Judge S. Martin Teel, Jr.

**MOTION OF THE DCHC LIQUIDATING TRUST AND THE REORGANIZED
DEBTORS FOR ENTRY OF AN *EX PARTE* ORDER GRANTING EIGHTEENTH
EXTENSION OF THE TIME TO OBJECT TO CLAIMS TO MAY 29, 2009**

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

The DCHC Liquidating Trust (the “Trust”) and reorganized Doctors Community Healthcare Corporation (now known as Envision Hospital Corporation), Greater Southeast Community Hospital Corporation I, PACIN Healthcare-Hadley Memorial Hospital Corporation, Michael Reese Medical Center Corporation, Pacifica Hospital of the Valley Corporation (together, the “Reorganized Debtors,” and collectively referred to along with the Trust and Pine Grove Hospital Corporation of Canoga Park, California, its estate and/or *res* as the “Movants”) by and through their respective undersigned counsel, request entry of an *ex parte* order extending through May 29, 2009, the period during which the Trust and the Reorganized Debtors may object to claims. The Movants believe that all necessary claim objections have been filed, prosecuted and fully resolved, but Movants request an additional 60 days out of an abundance of caution that claim issues may arise during the distribution process that may require the Movants to file claim objections. The Movants, by and through their respective counsel, respectfully represent as follows:

Jurisdiction

1. This Court has jurisdiction to consider this motion (the “Motion”) pursuant to 28 U.S.C. §1334. Consideration of the motion is a core proceeding pursuant to 28 U.S.C. §157(b). Venue of this proceeding is proper before this Court pursuant to 28 U.S.C. §§1408 and 1409.

Background

2. On November 20, 2002 (the “Petition Date”), each of the Debtors commenced with this Court a case under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”). Pursuant to an order of this Court, the Debtors’ chapter 11 cases are being jointly administered for procedural purposes only.

3. On April 2, 2004, the Court entered an order approving the Debtors’ Second Joint Amended Plan of Reorganization (the “Plan”).

4. On April 5, 2004 (the “Effective Date”), the Plan went into effect. Pursuant to the terms of the Plan, on the Effective Date, the Debtors reorganized into the Reorganized Debtors, the Trust was formed, and various assets, claims and responsibilities were either transferred to the Trust or retained by the Reorganized Debtors. Under the Plan and related Disclosure Statement materials, allowable Class 10 general unsecured claims transferred to the Trust were estimated by the Debtors to be approximately \$77 million and Class 8 patient refund claims were approximately \$10 million. The Reorganized Debtors retained various claims, including but not limited to: (i) Medical Malpractice Claims;¹ (ii) Tort Claims (except for any Tort Claims arising out of the Debtor’s relationship and transactions with Boston Regional Medical Center); (iii) certain obligations to third party payors pursuant to insurance policies for health care goods and services; (iv) obligations to any state or federal authority pursuant to

¹ All capitalized terms not defined herein shall have the meaning assigned to them in the Plan.

Medicare, Medicaid or other similar governmental programs; (v) certain obligations to the Department of Health and Human Services; (vi) accrued and unpaid prepetition employee benefit obligations; and (vii) certain tax claims.

5. Pursuant to Article 7.1(b) of the Plan, objections to claims were to be made by “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.

6. Pursuant to Article 7.1(b) of the Plan, this Court may extend the deadline through which the Trust and the Reorganized Debtors may object to claims on the *ex parte* request of the Trustee or the Reorganized Debtors.

7. The Trust and Reorganized Debtors jointly filed sixteen motions to extend the time to object to claims, which have been granted by the Court. The latest order was entered on December 16, 2008 and extended the deadline for the Trust and the Reorganized Debtors to object to claims to March 31, 2009, without prejudice to the Movants’ ability to request and be granted additional extensions of time to object to claims.

8. The Trust has filed twenty-one omnibus objections to claims during this case, whereby hundreds of claims have been disallowed and/or reduced. In addition, on December 20, 2007, the Court approved the Trust’s Motion for an Order Authorizing Procedures for Objecting to and Resolving Patient Refund Claims, which authorized procedures for objecting to and resolving over 10,000 patient refund claims, in the aggregate face amount of over \$10 million. As a result of the procedures, all but 43 of the patient refund claims were disallowed.

9. As result of the twenty-one omnibus claim objections, patient refund claim procedures and the resolution of myriad claims without the need to file claim objections, the

Class 8 Patient Refund and Class 10 General Unsecured Claims now currently total approximately \$48 million, collectively.

W-9 Motion and Interim Distributions

10. On October 27, 2008, the Court approved the Trust's Motion seeking an order from this Court authorizing certain procedures concerning tax reporting requirements, including a 90-day deadline for holders of allowed claims anticipated to be entitled to distribution (the "Claimholders") to complete and return to the Trust an IRS W-9 Form (including their tax identification number, which in the case of an individual is his or her Social Security Number, or claim of exemption), and if that deadline is not met, to allow the Trustee to redistribute the remaining funds not associated with a valid W-9 Form ratably to the complying Claimholders (the "W-9 Procedures").

11. The W-9 Procedures included sending the Claimholders a letter attaching a W-9 Form requiring Claimholders to complete and return the W-9 Form, including their TIN or claim of exemption, to the Trust within ninety (90) days. The letter stated that (i) if a Claimholder does not return a completed W-9 Form to the Trust within ninety (90) days (or by February 16, 2008), the Claimholder will not be entitled to receive its share, if any, of distributions from the Trust; (ii) failure to return a completed W-9 Form by the deadline will be deemed a waiver of the Claimholder's interests, if any, in the Trust; and (iii) if a Claimholder's interest is waived, proceeds that would have been distributed to that Claimholder will be distributed ratably to the other Claimholders who returned a completed W-9 Form pursuant to these procedures. The W-9 letter was mailed to all Claimholders on November 17, 2008.

12. Pursuant to the W-9 Procedures, the Trust has sought and obtained approval to fix claim amounts and make interim *pro rata* distributions at 30% of the allowed claim amounts to

holders of Class 8 (Patient Refund) and Class 10 (General Unsecured) allowed claims entitled to a distribution that completed and returned a W-9 Form pursuant to the W-9 Procedures. Specifically, on December 3, 2008, the Trust filed its Motion to Fix Claims and Make a First Distribution (the “First Distribution Motion”) [Docket No. 3512] requesting authorization to make an interim distribution to the approximately 500 Claimholders that returned completed W-9 Forms by the date of the First Distribution Motion, totaling \$5,942,436.71 in claims and \$1,782,256.11 in distributions (the “First Distribution”). The Court entered an order approving the First Distribution Motion on December 18, 2008 (the “First Distribution Order”) [Docket No. 3536]. The First Distribution was made pursuant to the First Distribution Order on December 19, 2008.

13. On December 23, 2008, the Trust filed its Motion to Fix Claims and Make a Second Distribution (the “Second Distribution Motion”) [Docket No. 3541] requesting authorization to make a interim distribution to the 314 Claimholders that returned completed W-9 Forms by the date of the Second Distribution Motion, totaling \$8,417,615.58 in claims and \$2,525,131.12 in distributions (the “Second Distribution”). The Court entered an order approving the Second Distribution Motion on January 9, 2009 (the “Second Distribution Order”) [Docket No. 3554]. The Second Distribution was made pursuant to the Second Distribution Order on January 15, 2009.

14. On January 16, 2009, the Trust filed its Motion to Fix Claims and Make a Third Distribution (the “Third Distribution Motion”) [Docket No. 3561] requesting authorization to make an interim distribution to the 183 Claimholders that returned completed W-9 Forms by the date of the Third Distribution Motion, totaling \$9,802,293.43 in claims and \$2,940,438.33 in distributions (the “Third Distribution”). The Court entered an order approving the Third

Distribution Motion on February 3, 2009 (the “Third Distribution Order”) [Docket No. 3570]. The Third Distribution was made pursuant to the Third Distribution Order on February 11, 2009.

15. In addition, the Trust expects to request authorization to make another distribution shortly. The Trust intends to make this request in connection with a motion for the establishment of final distributions and other procedures related to the closing of these chapter 11 cases, which should be filed within the next few weeks.

Relief Requested

16. The Movants have filed and served this Motion seeking an order further extending until May 29, 2009 the deadline for Movants to file claim objections to ensure that all objectionable claims are addressed before the Trust distribution process is completed. The Movants believe that all necessary claim objections have already been filed. However, out of an abundance of caution, the Movants request an additional sixty days to file claim objections in the unlikely event that issues arise in the distribution process requiring the Movants to file claim objections.

Basis for Relief

17. Since the last request for an extension of time to object to claims, the Trust has objected to, negotiated, and otherwise consensually resolved several claims. Upon the resolution of these claims, the Trust now believes that it has filed all necessary claims objections and/or resolved all objectionable claims. Nonetheless, the Trust seeks an additional two month extension to ensure that the Trust can address any potential claim issues that may arise during the distribution process.

18. Similarly, the Reorganized Debtors have worked diligently to assess and resolve the proofs of claim relating to claims retained by the Reorganized Debtors. Toward that end, the

Reorganized Debtors have consensually resolved, determined not to object to, and/or satisfied (i) most, if not all, of the retained priority tax claims, including all claims of the Internal Revenue Service, (ii) the claims of the District of Columbia and its agencies, (iii) the claims of other governmental agencies, (iv) claims of third-party payors and (v) most, if not all, claims arising from identified assumed executory contracts without the necessity for the filing and prosecution of claim objections, except, perhaps, for objections to reconcile the claims register with the outcome of these discussions. Further, the vast majority of claims for accrued and unpaid employee benefit obligations have been satisfied. The Reorganized Debtors do not anticipate filing any claims objections in this Court but, in an abundance of caution, seek to preserve the right to do so.

19. In summary, the Movants submit that the rights of claimants will not be prejudiced by the requested extension, such an extension is in the best interests of the estate and the creditors, and the relief requested herein is warranted.

Notice

20. Under the Plan Section 7.1(b), this Motion can be filed, heard and approved on an ex parte basis.

The Liquidating Trustee, the Reorganized Debtor(s) or any other entit(ies) responsible for Retained Liabilities, as the case may be shall serve a copy of each objection upon the holder of the Claim to which the objection is made as soon as practicable (unless such Claim was already the subject of a valid objection by the Debtors), but in no event shall the service of such an objection be later than 120 days after the Effective Date, unless such date is extended by order of the Bankruptcy Court. The Bankruptcy Court, for cause, may extend the deadline on the ex parte request of the Liquidating Trustee or a Reorganized Debtor or other entit(ies).

Nevertheless, a copy of this Motion was served on the Office of the U.S. Trustee. The Trust and the Reorganized Debtors respectfully submit that such notice is adequate and that no further notice is necessary.

No Prior Request

No prior motion for the specific relief requested herein has been made to this Court or any other court.

WHEREFORE, the Movants respectfully request entry of an order, substantially in the form annexed hereto, extending to May 29, 2009, the deadline for the Trust and the Reorganized Debtors to file objections to all claims filed in the above-captioned cases, without prejudice to their right to seek further extensions of time to object to such claims an order granting such other and further relief as may be just and proper.

Dated: March 31, 2009

Respectfully submitted,

WHITE & CASE LLP

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Dated: March 31, 2009

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CERTIFICATE OF SERVICE

I hereby certify that on March 31, 2009, I caused to be served a true and correct copy of the foregoing Motion of The DCHC Liquidating Trust and the Reorganized Debtors For Entry Of An Ex Parte Order Granting Eighteenth Extension Of Time To Object To Claims to May 29, 2009 on the persons listed below by United States Mail:

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