

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

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In re: :
Graceway Pharmaceuticals, LLC, *et al.*,¹ : Chapter 11
Debtors. : Case No. 11-13036 (PJW)
: (Jointly Administered)
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**LIQUIDATING TRUSTEE'S STATEMENT WITH RESPECT TO BANK ACCOUNT
RECONCILIATIONS AND BANK STATEMENTS
FOR THE PERIOD MAY 4, 2012 THROUGH JUNE 30, 2012**

Kip Horton ("Trustee"), the Liquidating Trustee, appointed under that certain Graceway Liquidating Trust ("Trust") Liquidating Trust Agreement ("Trust Agreement"), dated May 4, 2012 and pursuant to the Debtors' First Amended Joint Plan of Liquidation [D.I. 551], confirmed by entry of the confirmation order on April 20, 2012 [D.I. 722], hereby files the first quarterly report of cash and disbursements in accordance with section 4.14(d) of the Trust Agreement.

Bank Statements

The Trustee affirms that bank statements for all open and active bank accounts are retained by the Trustee.

Closed Bank Accounts

The Trustee affirms that the following bank accounts were closed during the current reporting period.

¹ The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number, are: Graceway Pharma Holding Corp., a Delaware corporation (9175), Case No. 11-13037 (PJW); Graceway Holdings, LLC, a Delaware limited liability company (2502), Case No. 11-13038 (PJW); Graceway Pharmaceuticals, LLC, a Delaware limited liability company (5385), Case No. 11-13036 (PJW); Chester Valley Holdings, LLC, a Delaware limited liability company (9457), Case No. 11-13039 (PJW); Chester Valley Pharmaceuticals, LLC, a Delaware limited liability company (3713), Case No. 11-13041 (PJW); Graceway Canada Holdings, Inc., a Delaware corporation (6663), Case No. 11-13042 (PJW); and Graceway International, Inc., a Delaware corporation (2399), Case No. 11-13043 (PJW). The mailing address for Graceway Pharmaceuticals, LLC is 340 Martin Luther King Jr. Blvd., Suite 400, Bristol, TN 37620 (Attn: John Bellamy). On October 4, 2011, Graceway Canada Company filed an application in the Ontario Superior Court of Justice (Commercial List) pursuant to the *Courts of Justice Act*, R.S.O. 1990, c. C.43.

<u>Debtor</u>	<u>Bank</u>	<u>Acct. #</u>	<u>Date of Closing</u>
Graceway Pharma	Wells Fargo	xxx-4647	June 12, 2012

Opened Bank Accounts

The Trustee affirms that the following bank accounts were opened during the current reporting period.

<u>Name</u>	<u>Bank</u>	<u>Description</u>	<u>Acct. #</u>	<u>Date Opened</u>
Kip Horton, Liquidating Trustee	M&T Bank	Trust Admin.	xxx-0880	May 2, 2012
Kip Horton, Liquidating Trustee	M&T Bank	First Lien Trust Admin.	xxx-0948	May 2, 2012

General Depository Account Wells Fargo Bank Account xxx-6558

Cash Receipts May 4, 2012 (Effective Date) through June 30, 2012

<u>Source</u>	<u>Date</u>	<u>Amount</u>
Medicis	5/14/2012	\$35,000.00
Canadian Receiver	5/18/2012	\$99,872.49
Cobra Control	6/21/2012	<u>\$2,794.12</u>
Total Receipts		<u>\$137,666.61</u>

Cash Disbursements May 4, 2012 (Effective Date) through June 30, 2012

<u>Recipient</u>	<u>Date</u>	<u>Amount</u>
Payroll Account	5/4/2102	\$2,550.55
First Lien Agent	5/10/2012	\$4,932,585.04
First Lien Trust Admin. Acct.	5/10/2012	\$100,000.00
Service Charge	5/11/2012	\$83.98
Service Charges	5/11/2012	\$1,931.03
Service Charges-Cure Acct.	5/14/2012	\$38.27
BTES	5/16/2012	\$4,958.64
Payroll Account	5/18/2012	\$353.90
Superior Check Printing	5/21/2012	\$265.07
Payroll Account	5/25/2012	\$137.00
Lisa Meadows	5/25/2012	\$265.78

Joe Ricchini	5/25/2012	\$103.08
Tom Swetnam	5/25/2012	\$299.38
John Bellamy	6/5/2012	\$235.50
Herschel Blessing	6/21/2012	\$535.00
Tennessee Bar Assoc.	6/21/2012	\$355.00
Total Disbursements		<u>\$5,044,697.22</u>

Trust Administrative Account M&T Bank Account xxx-0880

Cash Receipts May 4, 2012 (Effective Date) through June 30, 2012

<u>Source</u>	<u>Date</u>	<u>Amount</u>
First Lien Agent	5/4/2012	\$150,000.00
ABDC Settlement	5/31/2012	\$2,618,942.64
Total Receipts		<u>\$2,768,942.64</u>

Cash Disbursements May 4, 2012 (Effective Date) through June 30, 2012

<u>Recipient</u>	<u>Date</u>	<u>Amount</u>
Designer Direct, LLC	5/14/2012	\$3,000.00
RPA Advisors, LLC	5/23/2012	\$20,379.47
First Lien Agent		\$2,592,610.14
Designer Direct, LLC	6/5/2012	\$3,000.00
Cherie Whitson	6/7/2012	\$4,173.00
RPA Advisors, LLC	6/11/2012	\$26,332.50
BTES	6/25/2012	\$4,014.46
John Bowles	6/27/2012	\$7,028.00
Total Disbursements		<u>\$2,660,537.57</u>

First Lien Trust Administrative Account M&T Bank Account xxx-0948

Cash Receipts May 4, 2012 (Effective Date) through June 30, 2012

<u>Source</u>	<u>Date</u>	<u>Amount</u>
First Lien Agent	5/10/2012	\$100,000.00

Cash Disbursements May 4, 2012 (Effective Date) through June 30, 2012

<u>Recipient</u>	<u>Date</u>	<u>Amount</u>
None		

Book Account Balances for All Accounts as of June 30, 2012

<u>Account</u>	<u>Balance</u>
General Depository Account	\$6,030,592.15
CCR Account	\$16,725,025.52
Holdback Account	\$4,187,101.97
Other Assets Account	\$1,602,000.00
Trust Administrative Account	\$108,405.07
First Lien Trust Administrative Account	<u>\$100,000.00</u>
Total Cash on Hand	<u>\$28,753,124.71</u>

CERTIFICATION

I, Kip Horton, the Liquidating Trustee, hereby certify as follows:

1. The foregoing report is a listing of the Trustee's bank accounts, by account number, and the opening and closing balances for the reporting period. Such accounts were reconciled in accordance with the Trustee's ordinary course accounting practices during the reporting period.

Dated: New York, New York
July 23, 2012



Kip Horton, Liquidating Trustee
RPA Advisors
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