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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:)	Chapter 11
)	
INSIGHT HEALTH SERVICES HOLDINGS)	Case No. 10-16564 (AJG)
CORP., <i>et al.</i> ,)	
Debtors.)	Jointly Administered
)	

**MOTION OF THE MOVING CREDITORS
TO CHANGE THEIR VOTE ON THE DEBTORS' PREPACKAGED
JOINT CHAPTER 11 PLAN OF REORGANIZATION**

John Glade, Mary Jo Elliott, Mike M. Reynolds, Gary M. Williamson, Burt Weiss (collectively, the "Tejas Creditors") and Mark Salter (together with the Tejas Creditors, the "Moving Creditors"), each of whom holds, either directly or indirectly, certain of the Senior Secured Notes,¹ hereby submit this Motion of the Moving Creditors to Change their Vote on the Debtors' Prepackaged Joint Chapter 11 Plan of Reorganization (the "Motion"). In support of the Motion, the Moving Creditors respectfully submit as follows:

Jurisdiction

1. The Court has jurisdiction over the Motion pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding under 28 U.S.C. § 157(b)(2).

¹ Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Plan (as defined below).

2. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.
3. The statutory basis for the relief requested herein is Rule 3018(a) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”).

Background

4. On December 10, 2010, the Debtors commenced these chapter 11 cases.
5. On December 11, 2010, the Debtors filed their Plan [Docket No. 23] and related Disclosure Statement [Docket No. 24], which reflect a prearranged restructuring of the Debtors’ existing debt obligations, including a conversion of the existing Senior Secured Notes into substantially all of the New Common Stock of the Reorganized Debtors.
6. On January 11, 2011, each of the Tejas Creditors each submitted ballots to the Debtors in which they accepted the Plan.
7. On January 14, 2011, Mr. Salter submitted a ballot to the Debtors in which he accepted the Plan.
8. As set forth in their affidavits attached as exhibits hereto, the Tejas Creditors voted to accept the Plan in reliance on representations made to them by the financial advisor to the Debtors shortly before the Voting Deadline.
9. As set forth in his affidavit, Mr. Salter voted to accept the Plan based on a misunderstanding of the treatment provided to him under the Plan.

Basis for Relief

10. The Tejas Creditors should be permitted to change their vote on the Plan because they were misled by the Debtors’ advisors regarding their treatment under the Plan. As set forth in the attached affidavits, in deciding to vote in favor of the Plan, the Tejas Creditors relied on representations made by the Debtors’ advisors that the Plan provides the same treatment to all

holders of the Senior Secured Notes. The Tejas Creditors have since discovered that this is simply not the case. Shortly before the voting deadline, Mr. Glade spoke to Adam Steinberg of Jefferies & Co., Inc., investment bankers and financial advisors to the Debtors, who was soliciting their votes in favor of the Plan. Mr. Glade specifically asked Mr. Steinberg whether the Plan treated all holders of the Senior Secured Notes equally, or if any holders of the Senior Secured Notes were receiving preferential treatment. Mr. Glade was informed that the Plan provided the exact same treatment and rights to each holder of the Senior Secured Notes. In reliance on this representation, Mr. Glade decided to vote in favor of the Plan. In addition, Mr. Glade advised his clients, Ms. Elliott, Mr. Reynolds and Mr. Williamson, to do the same. Ms. Elliott, Mr. Reynolds and Mr. Williamson each followed Mr. Glade's advice. Mr. Glade also advised his colleague Matt Moran of the information Mr. Glade had received from the Debtors. Based on the information provided by Mr. Glade, Mr. Moran advised his client Mr. Weiss to vote in favor of the Plan, and Mr. Weiss followed this advice.

11. It has now become clear to the Tejas Creditors that they were misled. While the Plan appears to provide the same treatment to all holders of the Senior Secured Notes on its face, in fact, the Stockholders Agreement effectuates discriminatory treatment in which larger holders of the Senior Secured Notes reserve the right to, among other things, terminate the Stockholders Agreement altogether or severely dilute the value of the New Common Stock issued under the Plan. Because they were misled by the Debtors' advisors, and based on their current understanding of the provisions set forth in the Stockholders Agreement, the Tejas Creditors seek to change their votes and reject the Plan.

12. Similarly, Mr. Salter should be permitted to change his vote because it was based on a fundamental misunderstanding of the Plan. At the time he submitted his vote, Mr. Salter,

liked the Tejas Creditors, believed that each holder of the Senior Secured Notes would receive the same rights under the Plan. Indeed, this was one of the primary drivers of Mr. Salter's decision to vote in favor of the Plan. Mr. Salter now understands that certain large holders of the Senior Secured Notes will receive rights not available to smaller holders of the Senior Secured Notes. He therefore seeks to change his vote and reject the Plan.

Relief Requested

13. By the Motion, and pursuant to Bankruptcy Rule 3018(a), the Moving Creditors request entry of an order, substantially in the form attached hereto as Exhibit A, authorizing them to change their votes on the Plan from accepting votes to rejecting votes.

Supporting Authority

14. Federal Rule of Bankruptcy Procedure 3018(a) provides that “[f]or cause shown, the court after notice and hearing may permit a creditor or equity security holder to change or withdraw an acceptance or rejection.” Collier on Bankruptcy has explained the standard for changing a vote under Rule 3018(a) as follows:

The test for determining whether cause has been shown should often not be a difficult one to meet. *As long as the reason for the vote change is not tainted, the change of vote should usually be permitted. The court must ensure only that the change is not improperly motivated.* Examples of reasons for a change of vote might include a breakdown in communications at the voting entity; *misreading the terms of the plan*; or execution of the first ballot by one without authority. *In short, the vote should be changed in order to allow the voting entity to intelligently express its will.*

9 COLLIER ON BANKRUPTCY ¶3018.01[4] (Alan N. Resnick & Henry J. Sommer eds. 16th ed.) (emphasis supplied). Courts have made clear that a change or withdrawal of a vote is permitted whether or not the time fixed for voting has passed. In re Drexel Burnham Lambert Group, Inc., 140 B.R. 347, 351 (S.D.N.Y. 1992); In re MCorp Financial, Inc., 137 B.R. 237

(Bankr. S.D. Tex. 1992). Here, the Tejas Creditors were misled to believe that all holders of Senior Secured Notes were being treated equally under the Plan. Indeed, this understanding was essential to their decision to vote in favor of the Plan. Because the Tejas Creditors' votes in favor of the Plan were premised on a false understanding of the Plan's provisions, each of the Tejas Creditors should now be permitted to "intelligently express its will" and change its vote to reject the Plan.

15. Mr. Salter's vote was based on a similar misunderstanding of the Plan. Moreover, Mr. Salter's understanding of the Plan's treatment of holders of the Senior Secured Notes was fundamental to his decision to vote in favor of the Plan. Because Mr. Salter's original vote was based on a simple misreading of the Plan, he should now be permitted to change his vote to reflect his preference to reject the Plan.

Motion Practice

16. This Motion includes citations to the applicable rules and statutory authorities upon which the relief requested herein is predicated, and a discussion of their application to this Motion. Accordingly, the Moving Creditors submit that this Motion satisfies Local Bankruptcy Rule 9013-1(a).

Notice

17. The Moving Creditors have provided notice of this Motion to: (a) the Office of the United States Trustee for the Southern District of New York; (b) the Debtors; (c) the parties listed in the consolidated list of fifty (50) largest unsecured creditors filed by the Debtors; (d) counsel to the administrative agent under the Debtors' prepetition credit agreement; (e) the indenture trustees under the Debtors' prepetition note issuances; and (f) counsel to the ad hoc

committee of certain holders of the Debtors' prepetition note issuances. The Moving Creditors submit that no other or further notice need be provided.

No Previous Request

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

WHEREFORE, the Moving Creditors respectfully request that the Court enter the Order substantially in the form attached hereto as Exhibit A (a) authorizing the Moving Creditors to change their votes on the Plan to rejecting votes and (b) granting such other and further relief as is just and proper.

Dated: January 21 2010
New York, New York

/s/ Mark R. Somerstein
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EXHIBIT A

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:)	
)	Chapter 11
)	
INSIGHT HEALTH SERVICES HOLDINGS)	Case No. 10-16564 (AJG)
CORP., <i>et al.</i> ,)	
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Debtors.)	Jointly Administered
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**ORDER ON MOTION OF THE MOVING CREDITORS
TO CHANGE THEIR VOTE ON THE DEBTORS'
PREPACKAGED JOINT CHAPTER 11 PLAN OF REORGANIZATION**

Upon the Motion of the Moving Creditors to Change their Vote on the Debtors' Prepackaged Joint Chapter 11 Plan of Reorganized (the "Motion");² the Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and venue being proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing that notice of the Motion was appropriate under the circumstances; and any objections to the requested relief having been withdrawn or overruled on the merits; and after due deliberation and sufficient cause appearing therefor, it is hereby ORDERED that:

1. The Motion is granted.
2. The votes submitted by the Moving Creditors shall be counted as timely filed Class 4 votes to reject the Plan.
3. The Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

² Unless otherwise noted, capitalized terms used herein shall have the meanings ascribed to them in the Motion.

Dated: _____, 2011

New York, New York

UNITED STATES BANKRUPTCY JUDGE