IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS

In re

VICTORY MEDICAL CENTER MID-CITIES, LP, *et al.*,	§	
	§	
	§	**Chapter 11**
Debtors	§	**Case No. 15-42373-rfn**
	§	**Jointly Administered**
	§	

TRUSTEE'S MOTION TO ENFORCE THE CONFIRMED PLAN, THE CONFIRMATION ORDER, AND THE PLAN INJUNCTION; AND FOR A JUDGMENT OF CONTEMPT AGAINST PEDRO VALDEZ FOR INTENTIONAL VIOLATION OF THE CONFIRMED PLAN AND THE PLAN CONFIRMATION ORDER

Neil Gilmour, solely in his capacity as trustee (the "Trustee") of the Unsecured Creditors Trust (the "Trust") of Victory Medical Center Southcross, LP ("Victory Medical" or the "Debtor"), moves, by and through his undersigned counsel, for entry of an order (1) enforcing the Debtor's confirmed Plan of Reorganization, the Plan Confirmation Order, and the Plan injunction; and (2) for a finding and judgment of contempt against Pedro Valdez arising from his continued prosecution of barred claims against Victory Medical.

I. INTRODUCTION AND SUMMARY OF ARGUMENT

This Motion arises from purported creditor Pedro Valdez's blatant and repeated violations of this Court's order (the "Confirmation Order") confirming the Debtor's First Amended Joint Plan of Reorganization ("Plan"). As explained below, the Plan and the Confirmation Order required that on May 11, 2016 (the Effective Date of the Plan), all lawsuits, litigations, administrative actions or other proceedings, asserted against Debtors must be dismissed. The Plan and the Confirmation Order further enjoined all parties from impeding the

immediate dismissal of such claims. Valdez received notices of the Plan [*see* Docket No. 795 at p. 47], but has never filed a proof of claim in the Debtor's bankruptcy case.[1]

Instead, since the entry of the Confirmation Order, Valdez has proceeded as though the federal bankruptcy laws do not apply to his claim against Victory Medical. Specifically, Valdez refused to dismiss his state-court claims against Victory Medical[2] pursuant to the Confirmation Order. Instead, he petitioned the *state* court to vacate the Confirmation Order, through an impermissible collateral attack on these proceedings and amended his petition to assert *additional* claims against Victory Medical. During a hearing on Victory Medical's Motion to Dismiss his claims, Valdez's counsel misinformed the state court by arguing that his claims were not subject to dismissal because they were among a list of "Reserved Litigation Claims" identified by the Plan. Those reserved claims were actually causes of action initiated or that may be initiated *by the Debtor*, not by creditors such as Valdez. Victory Medical subsequently removed Valdez's suit to the United States District Court for the Western District of Texas, where the matter is now pending. On December 12, 2016, the District Court granted co-defendant Alex Garcia's 12(b)(6) Motion to Dismiss, leaving only Valdez's claims against Victory Medical to be resolved.

Victory Medical has repeatedly asked Valdez to dismiss his claims, attempting to avoid the need to resort to a motion like this one. Valdez has refused to do so, and instead, continued to pursue claims in direct violation of this Court's Order. This conduct defied fundamental protections provided to the Debtor through the reorganization process, prejudiced

[1] The Debtor had scheduled Valdez's claims as contingent, unliquidated, and disputed.

[2] Although all of Victory Medical's assets and liabilities were transferred to the Trust on the Effective Date of the Plan, Victory Medical is still the named plaintiff in the state (and now federal) court proceedings.

the rights of creditors and other parties who have participated in these bankruptcy proceedings in good faith, and wasted judicial and party resources in the process.

In view of Valdez's continued pursuit of claims foreclosed by the Bar Date, in a manner prohibited by the Confirmation Order, and furthermore asserting new claims based on incidents that occurred prior to Victory's bankruptcy filing, Victory now asks this Court to enter an order (i) requiring that Valdez immediately dismiss, with prejudice, all claims asserted against Victory Medical pursuant to the Confirmation Order; (ii) holding Valdez in contempt of this Court's Confirmation Order; and (iii) through its inherent authority, issuing appropriate sanctions against Valdez and his counsel.

II. STATEMENT OF FACTS

A. On March 28, 2016, this Court Confirmed Debtors' Joint Plan of Reorganization.

Approximately one year before the bankruptcy filing, Pedro Valdez filed suit in the 224th Judicial District in Bexar County, Texas against his former employer, Victory Medical and its CEO, Alex Garcia. *See* Valdez's June 13, 2014 Original Petition, attached hereto as Exhibit B. Valdez alleged that his employment was terminated on or about December 10, 2013, in retaliation for reporting health and safety issues in violation of Section 161.134 of the Texas Health & Safety Code.

On June 12, 2015, certain affiliates of Victory Medical (together with Victory Medical, the "Debtors") filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code in the United States District Court for the Northern District of Texas. *See* Docket #1. On July 16, 2015, Victory Medical filed its own bankruptcy case, which was then jointly administered with those of the other Debtors. *See* Case No. 15-42818, minute order 7/23/2015.

On February 12, 2016, Debtors filed the First Amended Joint Plan of Reorganization (hereinafter, "Plan") (Docket # 776), a copy of which is attached hereto as Exhibit A.

Upon filing the Plan, Victory Medical served all parties in interest, including potential creditors like Valdez,[3] with notice of the Plan, of their right to object to the Plan, and of the time and date of the hearing on whether this Court should confirm the Plan. *See* Pedro Valdez's Proof of Receipt of Ballot for Accepting or Rejecting Plan, attached hereto as Exhibit D and Docket No. 795 at p. 47.

On March 28, 2016, this Court entered Findings of Fact, Conclusions of Law and Order Confirming the First Amended Joint Plan of Reorganization (hereinafter, the "Confirmation Order") (Docket #969). Pursuant to Article 12.1 of the Plan and Section 1141(d) of the Bankruptcy Code, the Plan bound "the Debtors, any entity acquiring property under the Plan and any Creditor, Equity Holder, or shareholder of the Debtors, whether or not the Claim or Interest of such Creditor or Equity Holder is impaired under the Plan and whether or not such Creditor or Equity Holder has accepted the Plan." *See* Exhibit A, Plan at p. 35.

B. Upon the Effective Date of the Plan, Valdez Refused to Dismiss His State Court Claim Against Victory Medical Despite Repeated Notices from Victory That It Would Move for an Order for Sanctions.

Paragraph 12.8 of the Plan provides, in pertinent part:

> On the Effective Date, all lawsuits, litigations, administrative actions or other proceedings, judicial or administrative, in connection with the assertion of Claims against any of the Debtors . . . shall be dismissed as to each of the Debtors.

[3] Having asserted a state-court claim over a year before Debtors' voluntary petitions, Valdez was a "Creditor," defined by the Plan as any entity holding a "Claim," which in turn, is defined as any right to payment or relief existing on or before the June 12, 2015 bankruptcy petition filing, whether or not such right to payment or relief was reduced to judgment, legal, secured, unsecured, or whether or not it was asserted. *See* Plan Paragraphs 2.1.18; 2.1.31; and 2.1.19. Valdez has acknowledged that he was a creditor in Debtors' bankruptcy proceedings. *See* Valdez's Response to Defendants' Motion for No Evidence Summary Judgment, filed in Bexar County state court on September 12, 2016 (hereafter "Response"), attached hereto as Exhibit C at p. 4.

See Exhibit A, Plan, at p. 38. Paragraph 12.8 also enjoins "all parties . . . from taking any action to impede the immediate and unconditional dismissal of such actions. *Id.* The purpose of these provisions, of course, was to ensure that all creditor claims would be addressed through the bankruptcy claim reconciliation process, and not through piecemeal litigation in numerous other forums.

On May 12, 2016, counsel for the Debtors filed a notice that the Effective Date of the Plan occurred on May 11, 2016. *See* Notice of Occurrence of Plan Effective Date (Docket #1081). Counsel for Victory Medical provided a copy of this Court's notice to Valdez's counsel on May 17, 2016. *See* May 17, 2016 Email and attached Notice of Occurrence of Plan to Elizabeth Higginbotham and Thomas Padgett, attached hereto as Exhibit E.

Thereafter, Victory Medical repeatedly notified Valdez, by phone, email, and letters, that the Plan and the Confirmation Order required immediate dismissal of his claims and that Victory would move to dismiss and to seek appropriate relief if Valdez and his counsel refused to comply with the Confirmation Order. *See*, *e.g.,* May 17, 2016 Email from Kevin Troutman to Elizabeth Higginbotham and Thomas Padgett, attached hereto as Exhibit E.

C. Valdez Exacerbated His Acts of Contempt by Making Additional Claims Against Victory and by Seeking to Vacate The Confirmation Order *in State Court*.

Once it was clear that Valdez did not intend to comply with the Confirmation Order, Victory Medical filed a Motion to Lift Stay and to Dismiss ("Motion to Dismiss") in Bexar County state court. A copy of the Motion is attached hereto as Exhibit F.

Thereafter, Valdez and/or his counsel continued to brazenly violate the Plan and the Confirmation Order:

- In a September 12, 2016 Response to Victory Medical's Motion to Dismiss, Valdez moved to vacate this Court's Confirmation Order on baseless and

misdirected allegations of fraud. *See* Valdez's Response, Exhibit C, at pp. 10-12.

- On the morning of the hearing on Victory Medical's Motion to Dismiss, Valdez filed the First Amended Petition, which not only reasserted his retaliation claim under the Texas Health & Safety Code, but added a new federal False Claims Act claim against Victory Medical. *See* Valdez's First Amended Petition, attached hereto as Exhibit G.

- During the hearing, Valdez's counsel incorrectly asserted that Valdez's claims against Victory Medical were excluded from the Confirmation Order's dismissal requirements because his lawsuit was listed in the Reserved Litigation Claims set forth in Exhibit 1 to the Plan. In fact, those reserved claims refer to causes of action initiated or that may be initiated *by Debtors*, not creditors like Valdez. *See* Paragraph 2.1.91 of the Plan, Exhibit A, at pp. 14; 45.

Due, in part, to Valdez's misleading arguments, the Bexar County state court denied Victory Medical's Motion to Dismiss. On October 12, 2016, Victory Medical removed Valdez's claims to the United States District Court for the Western District of Texas, where the case is now pending.

Valdez's continued prosecution of his claims against Victory Medical, despite his failure to file a proof of claim, violates the Plan and the Confirmation Order, which requires immediate dismissal of all claims and forbids any action that impedes the immediate dismissal of such claims. Accordingly, Victory Medical seeks an order: (i) finding that Valdez has violated the Plan and the Confirmation Order and ordering him to immediately dismiss, with prejudice, all claims against Victory Medical; (ii) holding Valdez in contempt of this Court's Confirmation Order; (iii) imposing appropriate sanctions against Valdez and his Counsel.

III. JURISDICTION AND VENUE

This Court has jurisdiction of this Motion pursuant to 28 U.S.C. §§ 157 and 1334 and Plan Sections 11.1 and 11.2 and the Order Confirming the Plan. Venue is proper in this judicial district pursuant to 28 U.S.C. §§ 1408 and 1409.

IV. LAW AND ARGUMENT

A. Valdez's Continued Prosecution of His Claims Against Victory Medical Violates the Plan, the Confirmation Order, and the Plan Injunction.

Paragraph 12.8 of the Plan unequivocally provides that on the Effective Date, "all lawsuits, litigations, administrative actions or other proceedings, judicial or administrative, in connection with the assertion of Claims against any of the Debtors . . . shall be dismissed as to each of the Debtors." *See* Plan, Exhibit A, at p. 38. Paragraph 12.8 also enjoins all parties "from taking any action to impede the immediate and unconditional dismissal of such actions." *Id.* Any creditor that had timely and properly filed a proof of claim (which Valdez did not) would instead have the opportunity to prove up its claim through the Debtors' claims reconciliation process.

Upon confirmation, the Plan bound the Debtors and creditors like Valdez "whether or not the Claim or Interest of such Creditor or Equity [was] impaired under the Plan, and whether or not such Creditor or Equity Holder ha[d] accepted the Plan." *See* Exhibit A, Article 12.1 of the Plan, at p. 35; *see also In re Chesnut*, 356 F. App'x 732, 737–38 (5th Cir. 2009) (noting that a confirmation order binds "each creditor, whether or not the claim of such creditor is provided for by the plan, and whether or not such creditor has objected to, has accepted, or has rejected the plan."); *Id.* (citing 8 Collier on Bankruptcy ¶ 1327.02[1][a] (Alan N. Resnick et al. eds., 15th ed. rev. 2009) (noting that "The binding effect of the confirmation order ... [makes i]t ... incumbent upon creditors ... to review the plan and object to the plan if they believe it to be improper; they may ignore the confirmation hearing only at their peril.").

The Effective Date of the Plan was May 11, 2016. *See* Notice of Occurrence of Plan Effective Date (Docket #1081). Accordingly, under the plain reading of the Plan, the Confirmation Order, and the Bankruptcy Code, Valdez's claims against Victory Medical in the

Western District of Texas should have been dismissed promptly after May 11, 2016. Nevertheless, Valdez continued to prosecute his claims, first in state court in Bexar County, and now in the Western District of Texas.

For the foregoing reasons, the Court should enforce the Plan and the Confirmation Order by ordering Valdez to dismiss his claims against Victory, with prejudice.

B. Valdez's Request for the State Court to Vacate the Confirmation Order Was an Impermissible Collateral Attack.

Section 1144 of the Bankruptcy Code provides that a confirmation order may be revoked for fraud only within 180 days of the bankruptcy court's entry of the confirmation order. 11 U.S.C. §§ 1144. "Any attempt to revoke a confirmation order after expiration of the 180-day limitations period is barred *even if the alleged fraud is not discovered until then*." *Browning v. Prostok*, 165 S.W.3d 336, 344 (Tex. 2005) (emphasis added).

This Court entered the Confirmation Order on March 28, 2016. *See* Docket # 969. The 180-day limitations period for attempting to revoke the Order ended on September 24, 2016. Valdez never petitioned this Court to revoke its Confirmation Order on any basis.

Instead, in Valdez's Response to Victory's Motion to Dismiss, and nearly six months after he stood by silent while this court confirmed the Plan, Valdez asked the state court in Bexar County to vacate the Confirmation Order based on wholly unsubstantiated allegations of fraud. *See* Exhibit C, Response at pp. 10-12.

Valdez's "attempt to revoke a confirmation order in a separate proceeding is a collateral attack on the order." *Browning,* 165 S.W.3d at 345. Collateral attacks on a bankruptcy court's orders are disallowed, as they undermine the bankruptcy process and the integrity of the plan confirmation process, and cause irreparable harm to the parties of a bankruptcy. *See In re Skyport Glob. Commc'ns, Inc.*, 528 B.R. 297, 328 (S.D. Tex. 2015), *aff'd in part sub nom.*, 642

F. App'x 301 (5th Cir. 2016) (noting that plaintiff's request to vacate the bankruptcy court's confirmation order in state court was a collateral attack that undermines the bankruptcy process and the plan confirmation process); *In re Chiron Equities, LLC*, 552 B.R. 674, 699 (Bankr. S.D. Tex. 2016) (holding that continued prosecution of a state-court action constitutes a collateral attack that undermines the bankruptcy process and causes irreparable harm to the parties to a bankruptcy).

Valdez's request for the state court to vacate the Confirmation Order also flies in the face of Article 11 of the Plan, explaining that this Court retains exclusive jurisdiction to "resolve controversies and disputes regarding the interpretation and implementation of the Plan . . . ." *See* Exhibit A, at pp. 33-34. Simply put, Valdez may not ask another court to challenge, revoke, or seek relief from an order he failed to object to and that has since been confirmed.

For these reasons, Valdez should be enjoined from challenging or seeking to vacate the Plan or the Confirmation Order in any separate proceeding.

C. The Court Should Hold Valdez in Contempt and Should Impose Appropriate Sanctions for Disregarding the Orders of this Court.

Bankruptcy courts have inherent civil contempt authority and "can invoke that power to award attorney's fees." *In re Skyport Glob. Commc'n, Inc.*, 642 F. App'x 301, 303–04 (5th Cir. 2016); *see also In re Rojas*, No. 09-070058, 2009 WL 2496807, at *6-7 (Bankr. S.D. Tex. Aug. 12, 2009). In addition, bankruptcy courts have a statutory power to "conduct civil contempt proceedings and to issue orders in accordance with the outcome of those proceedings." *In re Terrebonne Fuel and Lube, Inc.*, 108 F.3d 609, 613 (5th Cir. 1997); *see also* 11 U.S.C. § 105(a) (the court "may issue any order, process or judgment that is necessary or appropriate to carry out of the provisions" of the Bankruptcy Code.).

The movants in a contempt proceeding must establish, by clear and convincing evidence that: (i) a court order was in effect; (ii) the order required certain conduct; and (iii) a party failed to comply with the order. *American Airlines, Inc. v. Allied Pilots Ass'n* , 228 F.3d 574, 581 (5th Cir. 2000). Victory fulfills this burden.

The March 28, 2016 Confirmation Order unambiguously requires dismissal of all claims against Victory Medical on the Effective Date of the Plan—May 11, 2016. It enjoins all parties from impeding the immediate dismissal of such claims. Despite multiple notices, Valdez and his counsel have knowingly ignored the Plan and the Confirmation Order, by among other things:

- Refusing to dismiss claims originally asserted in Bexar County state court;
- Improperly moving to vacate this Court's Confirmation Order in state court;
- Filing a First Amended Petition, which reasserted existing claims under the Texas Health & Safety Code and ***added*** a new federal False Claims Act claim against Victory;
- Opposing dismissal before and during the hearing on Victory Medical's Motion to Lift Stay and to Dismiss; and
- Misinforming the state court, by asserting that Valdez's claims against Victory Medical were excluded from the Confirmation Order's dismissal requirements because Valdez's lawsuit was included in the Reserved Litigation Claims contained in Exhibit 1 to the Plan.

Valdez and his counsel have no valid excuse for ignoring and misconstruing the plain terms of the Plan and the Confirmation Order. Valdez and his counsels' vexatious conduct violates public policy and is answerable under federal law. *See, e.g.,* 28 U.S.C. § 1927 (providing in pertinent part that "[a]ny attorney . . . who so multiples the proceedings in any case unreasonably and vexatiously may be required by the court to satisfy personally the excess costs, expenses, and attorneys' fees reasonably incurred because of such conduct."). Valdez and his attorneys' conduct undermines the integrity of the bankruptcy process, the rights of the Debtors

and other creditors involved in these proceedings, and has wasted judicial resources in three different venues, this Court, the United States District Court for the Western District of Texas and the state court in Bexar County.

Courts in the Fifth Circuit have awarded fees and costs under similar circumstances in order: (i) to coerce a party into compliance with a court's confirmation order; and (ii) to compensate the movant for losses sustained. *See, e.g., In re SkyPort Glob. Commc'ns, Inc.*, 528 B.R. 297, 322–23 (S.D. Tex. 2015) *aff'd in part sub nom. In re Skyport Glob. Commc'n, Inc.*, 642 F. App'x 301 (5th Cir. 2016), and *aff'd sub nom. Matter of Skyport Glob. Commc'ns, Inc.,* No. 15-20243, 2016 WL 5939415 (5th Cir. Oct. 12, 2016) (awarding attorneys' fees and costs to debtors after a creditor failed to object to a plan of reorganization but sought to revoke the plan in state court and refused to dismiss his claims as required by the plan and confirmation order); *Musslewhite v. O'Quinn (In re Musslewhite),* 270 B.R. 72 (S.D. Tex. 2000) ("The Bankruptcy Court's finding of civil contempt and that Court's exercise of discretion to impose sanctions to compensate O'Quinn for Debtor's repeated and blatant violations of the Bankruptcy Court's various orders are not clearly erroneous."); *Sanchez v. Ameriquest Mortgage Co. (In re Sanchez),* 372 B.R. 289, 317 (Bankr. S.D. Tex. 2007) (holding that "the Defendant has violated the Court's order approving the Amended Plan, and the Defendant may be sanctioned for civil contempt").

Here, Valdez's bad faith and knowing violations of the Plan and the Confirmation Order, and collateral attacks on the Plan and the Confirmation Order have needlessly prolonged this litigation and wasted judicial resources.

V. CONCLUSION

For the reasons explained above, debtor, Victory respectfully requests that this Court (1) enforce the Plan and the Confirmation Order and require Pedro Valdez to immediately dismiss, with prejudice, all claims asserted against Victory Medical in the Western District of Texas (2) hold Valdez in contempt of this Court's Confirmation Order; and (3) through its inherent authority, issue appropriate sanctions against Valdez and his counsel, in order to halt this litigation and deter future disregard of the Court's Orders.

Respectfully submitted, this 11th day of January, 2017.

/s/ Deborah Kovsky-Apap
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CERTIFICATE OF SERVICE

I hereby certify that on this 11th day of January, 2017, I have electronically filed the foregoing instrument with the Clerk of the Court through the CM/ECF document filing system, which will send notification and copies of the filing to all counsel of record. I further certify that on this 11th day of January, 2017, I caused copies of the foregoing instrument to be served via United States first class mail, postage prepaid, and fax on the following entities:

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/s/ Deborah Kovsky-Apap
Deborah Kovsky-Apap *(pro hac vice)*

Exhibit A

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION

IN RE:	**§**	**Chapter 11**
	§	
VICTORY MEDICAL CENTER MID-CITIES, LP et al.,[1]	**§**	**CASE NO.: 15-42373-rfn-11**
	§	
	§	**Jointly Administered**
	§	

FIRST AMENDED JOINT CHAPTER 11 PLAN

Respectfully submitted,

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ATTORNEYS FOR DEBTORS

[1]The Debtors in these cases, along with the last four digits of their respective taxpayer ID numbers, are Victory Medical Center Mid-Cities, LP (2023) and Victory Medical Center Mid-Cities GP, LLC (4580), Victory Medical Center Plano, LP (4334), Victory Medical Center Plano GP, LLC (3670), Victory Medical Center Craig Ranch, LP (9340), Victory Medical Center Craig Ranch GP, LLC (2223), Victory Medical Center Landmark, LP (9689), Victory Medical Center Landmark GP, LLC (9597), Victory Parent Company, LLC (3191), Victory Medical Center Southcross, LP (8427) and Victory Medical Center Southcross GP, LLC (3460).

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION

IN RE:	§	**Chapter 11**
	§	
VICTORY MEDICAL CENTER MID-CITIES, LP et al.,	§	**CASE NO.: 15-42373-rfn-11**
	§	
	§	**Jointly Administered**
	§	

FIRST AMENDED JOINT CHAPTER 11 PLAN

The Debtors, Victory Medical Center Mid-Cities, LP ("Mid-Cities"), Victory Medical Center Mid-Cities GP, LLC ("Mid-Cities GP"), Victory Medical Center Plano, LP, ("Plano"), Victory Medical Center Plano GP, LLC ("Plano GP"), Victory Medical Center Craig Ranch, LP ("Craig Ranch"), Victory Medical Center Craig Ranch GP, LLC ("Craig Ranch GP"), Victory Medical Center Landmark, LP ("Landmark"), Victory Medical Center Landmark GP, LLC ("Landmark GP"), Victory Medical Center Southcross, LP ("Southcross"), Victory Medical Center Southcross GP, LLC ("Southcross GP") and Victory Parent Company, LLC ("Victory Parent) (collectively, the "***Debtors***"), in these jointly administered cases and the Official Committee of Unsecured Creditors ("Committee") appointed herein propose the following First Amended Joint Chapter 11 Plan (the "Plan") in this proceeding for the resolution of outstanding creditor claims and equity interests pursuant to Chapter 11 of the Bankruptcy Code. The Debtors and the Committee are the proponents of the Plan (the "Proponents") within the meaning of Section 1129 of the Bankruptcy Code. Although styled as a joint plan, the Plan constitutes six (6) separate plans, i.e., one for each hospital Debtor and its general partner, and one for Victory Parent. Consequently, votes will be tabulated separately for each hospital Debtor and its general partner (5) and Victory Parent (1) with respect to each Debtor's plan and Claims will be classified and Distributions will be made

based on each Debtor's respective liability in accordance with the Plan[2]. To the extent that a particular Debtor does not receive sufficient votes for confirmation of its Plan, the Plan may be withdrawn as to a particular Debtor or Debtor Couplet without effect on the Plan as to the remaining Debtors.

ALL HOLDERS OF CLAIMS OR INTERESTS ARE ENCOURAGED TO READ THIS PLAN AND THE DISCLOSURE STATEMENT CAREFULLY AND IN THEIR ENTIRETY. ALL HOLDERS OF CLAIMS OR INTERESTS ENTITLED TO VOTE ON THIS PLAN ARE ENCOURAGED TO READ THIS PLAN AND THE DISCLOSURE STATEMENT CAREFULLY AND IN THEIR ENTIRETY BEFORE VOTING ON THIS PLAN.

ARTICLE 1
INTRODUCTION AND GENERAL PURPOSES OF THE PLAN

The Debtors are related, privately-owned Texas companies that provided specialized surgical hospital services to patients in the Dallas-Fort Worth, Plano, San Antonio, and Houston markets. Victory Parent managed this network of hospitals, along with other related non-Debtor hospital entities that provided similar services. When they began operation, the hospitals were very profitable. Commencing in 2013, the insurance companies and ERISA Plans who were paying the hospitals for services rendered to their insureds began drastically reducing and/or totally refusing to pay claims submitted by the Debtors. Ultimately, these drastically reduced payments caused the Debtors' operations to run at significant negative cash flows which led to these bankruptcy filings. During the pendency of these bankruptcy cases, the hospitals were sold or closed, and the assets, other than accounts receivable, have been liquidated. Victory Parent, along with other third parties collectors, continue to collect outstanding Receivables for affiliated Debtor and non-Debtor entities in exchange for a fee for

[2] Please note that the HFG-CAP Supplement, attached to the Plan as Plan Exhibit 1.52, will apply as to creditors in all cases if HFG-CAP takes the HFG-CAP Plan Election to receive Plan Shares to pay HFG-CAP's Allowed Administrative Expense Claim.

these services. These collections, net of collections fees, form the primary basis for payment of claims under this Plan. As further discussed in the Disclosure Statement, the Debtors estimate that the total outstanding Receivables subject to collection could be as much as $66 million.

The companies also have been unable to meet required debt service and have defaulted in their obligations to the senior secured lenders. IberiaBank is owed approximately $9.1 million and its debt is secured by a lien on substantially all the assets of Mid-Cities, Landmark, Southcross and Victory Parent. HPRH Investments, as successor in interest to Texas Capital Bank, is owed approximately $1.1 million and its debt is secured by a lien on the Receivables of Craig Ranch.[3] There is no senior secured lender with a lien on the assets of Plano.

During the pendency of these bankruptcy cases, the Debtors needed additional cash for operations and obtained the HPRH DIP Loan from HPRH Investments in an amount of up to $2.3 million in order to pay ongoing administrative expenses and professional fees.

The Debtors have determined that the most prudent course of action to maximize distributions to Creditors in this case is to sell the operations of Victory Parent (consisting of substantially all of the remaining office furniture, - computer equipment and real estate lease) to Helms-Patel, LLC through this Plan. Helms-Patel, LLC, as the Collection Agent, will continue to collect the outstanding Receivables of the affiliated Debtors and non-Debtor entities pursuant to the terms of the Collection Agreement to be executed by Helms-Patel LLC and the Grantor Trustee, with the net balance of the receipts to be utilized to fund the payments contemplated by the Plan. Additionally, HPRH Investments will purchase the IberiaBank Notes from IberiaBank in connection with this Plan and has negotiated with the Committee to provide more favorable treatment to Class 5 creditors that would otherwise be available absent this agreement. HPRH

[3] The remaining assets of the Craig Ranch Debtor are medical equipment which has been surrendered to Texas Capital Bank in full satisfaction of an equipment note with a prepetition balance of approximately $2.2 million.

Investments will also provide Exit Financing to help fund Plan payments due on or near the Effective Date, if needed.

Confirmation of the Plan will enable the Debtors to provide a greater dividend for Allowed General Unsecured Claims than under a Chapter 7 proceeding.

ARTICLE 2
DEFINITIONS

2.1.1 Application of Definitions and Rules of Construction Contained in the Bankruptcy Code. Words and terms defined in Section 101 of the Bankruptcy Code shall have the same meaning when used in the Plan, unless a different definition is given in the Plan. The rules of construction contained in Section 102 of the Bankruptcy Code shall apply to the construction of the Plan. For purposes of the Plan the following terms shall have the respective meanings specified as follows[4]:

2.1.2 Administrative Claim shall mean any Claim that is defined in Section 503(b) of the Bankruptcy Code as being an "administrative expense" within the meaning of such section and referenced in Bankruptcy Code Section 507(a)(2) including, without limitation, any borrowings under Section 364 approved by order of the Bankruptcy Court, any actual and necessary expenses of preserving the Debtors' estates, including wages, salaries or commissions for services rendered after the commencement of the Chapter 11 Cases, certain taxes, fines and penalties, any actual and necessary post-petition expenses of operating the Debtors' businesses, certain post-petition indebtedness or obligations incurred by or assessed against the Debtors in connection with the conduct of their businesses, or for the acquisition or lease of property, or for providing services to any Debtor, including all allowances of compensation or reimbursement of expenses to the extent allowed by the Bankruptcy Court under the Bankruptcy Code, and any fees or charges assessed against the Debtors' estates under chapter 123, title 28, United States Code. With respect to Administrative Claims which are allowed pursuant to §§ 503 (b)(1), 503(b)(2), 503(b)(3), 503(b)(4), 503(b)(5), 503(b)(6), 503(b)(7), or 503(b)(8), there shall be an Administrative Claim against the Debtors only to the extent of and only after the entry of a Final Order approving such Administrative Claim following the filing of a motion or application prior to the Administrative Claim Bar Date. Claims asserted under 503(b)(9) may alternatively be asserted by the filing of a Proof of Claim form asserting the same prior to the Administrative Claim Bar Date. Timely filed claims asserted under 503(b)(9) shall be allowed unless an objection is filed.

2.1.3 Administrative Claim Bar Date. The last day to file an application for allowance of an Administrative Claim (other than (i) quarterly U.S. Trustee fees and (ii)

[4] Please note that the HFG-CAP Supplement as referenced in Section 1.50 of the Plan has additional definitions which are applicable if HFG-CAP takes the HFG-CAP Plan Election to receive Plan Shares. However, such definitions are almost exclusively applicable to what is described in the referenced HFG-CAP Supplement.

Professional Fee Claims), which shall be 60 days after the Effective Date unless otherwise established by a Final Order.

2.1.4 Allowable Net A/R Collections Deductions means the required payments under the Plan to Creditors holding an Allowed Class 3 Claim and certain expenses of the Grantor Trustee not to exceed 1% of the Net A/R Collections.

2.1.5 Allowed Administrative Claim. An Administrative Claim to the extent it is or becomes an Allowed Claim.

2.1.6 Allowed Amount. The amount of an Allowed Claim.

2.1.7 Allowed Claim or Allowed Interest shall mean a Claim or Interest (a) in respect of which a proof of claim or application has been filed with the Bankruptcy Court within the applicable period of limitation fixed by Bankruptcy Rule 3001 or (b) scheduled in the list of Creditors prepared and filed with the Bankruptcy Court pursuant to Bankruptcy Rule 1007(b) and not listed as Disputed Claims or contingent or liquidated as to amount, in either case as to which no objection to the allowance thereof has been interposed within any applicable period of limitation fixed by Bankruptcy Rule 3001 or an order of the Bankruptcy Court, or this Plan, or as to which any such objection has been determined by an order or judgment which is no longer subject to appeal or certiorari proceeding and as to which no appeal or certiorari proceeding is pending or as otherwise allowed under this Plan. An Allowed Claim may refer to a Secured Claim, a General Unsecured Claim, an Administrative Claim or a Priority Claim as the context provides.

2.1.8 Avoidance Actions shall mean any and all rights, claims and causes of action arising under Sections 506(c), 510, 542, 543, 544, 545, 547, 548, 549, 550, 551, 552(b), 553 or 724 of the Bankruptcy Code or any other provision of Chapter 5 of the Bankruptcy Code, or similar state law, such as the Uniform Fraudulent Transfer Act or Uniform Fraudulent Conveyance Act, as enacted.

2.1.9 Bankruptcy Code shall mean the Bankruptcy Code, 11 U.S.C. §101 *et seq*., as it existed on the Filing Date.

2.1.10 Bankruptcy Court shall mean the United States Bankruptcy Court for the Northern District of Texas, Fort Worth Division, in which the Debtors' jointly administered Chapter 11 cases, pursuant to which the Plan is proposed, are pending, and any Court having competent jurisdiction to hear appeals or certiorari proceedings therefrom.

2.1.11 Bankruptcy Estate shall mean all of the assets owned by a respective Debtor and its estate.

2.1.12 Bankruptcy Estates shall mean all of the assets owned collectively by all of the Debtors and their respective estates.

2.1.13 Bankruptcy Rules shall mean the rules of procedure in bankruptcy cases applicable to cases pending before the Bankruptcy Court and local bankruptcy rules as adopted by the Bankruptcy Court.

2.1.14 Bar Date shall mean the deadline of October 22, 2015, established by the Bankruptcy Court as the date by which proofs of claim had to be filed against all Debtors, other than claims against Southcross and Southcross GP, and claims asserted by former patients.

2.1.15 Binding Term Sheet means that agreement dated February 5, 2016 between IberiaBank, HPRH Investments, Robert Helms, Jr., H.D. Patel, the Debtors and the Committee governing the terms of the acquisition by HPRH Investments of the IberiaBank Notes filed at Doc. 757.

2.1.16 Cash shall mean Cash and Cash equivalents including, without limitation, checks and wire transfers, net of Transition Assets (if applicable).

2.1.17 Chapter 11 Cases means the eleven (11) jointly administered cases, Case Nos.15-42373, 15-42376, 15-42377, 15-42378, 15-42379, 15-42381, 15-42382, 15-42383, 15-42384, 15-42818 and 15-42863, filed under chapter 11 of the Bankruptcy Code by the Debtors and pending before the Bankruptcy Court.

2.1.18 Claim shall have the meaning given in Section 101 of the Bankruptcy Code, to wit, any right to payment, or right to an equitable remedy for breach of performance if such breach gives rise to a right to payment, against the Debtor in existence on or before the Filing Date, whether or not such right to payment or right to equitable remedy is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, Disputed, undisputed, legal, secured or unsecured whether or not asserted.

2.1.19 Class shall mean any class into which Allowed Claims or Allowed Interests are classified pursuant to Article 4.

2.1.20 Class 1 Claims, Class 2 Claims, Class 3 Claims, Class 4 Claims, Class 5 and Class 6 Claims shall mean the Claims so classified in Sections 4.1 through 4.6 respectively as to each Debtor, as applicable.

2.1.21 Class 7 Interests shall mean the Allowed Interests of Equity as to each Debtor.

2.1.22 Collection Agent means Helms-Patel, LLC, in its capacity under the Collection Agreement to collect the Receivables of and for the benefit of the Debtors in exchange for a fee or a subsequent collection agent which may be appointed under the terms of the Collection Agreement. Helms-Patel, LLC shall not be removed as Collection Agent except as specifically provided in the Collection Agreement

2.1.23 Collection Agreement means the agreement between Grantor Trustee and Collection Agent providing for the collection of Receivables of each of the Debtors in exchange for the Collection Fee attached hereto as Exhibit 2.

2.1.24 Collection Fee means that fee paid for the collection of Receivables in connection with the Collection Agreement substantially in the form attached hereto as Exhibit 2.

2.1.25 Committee means the Official Committee of Unsecured Creditors appointed in these Chapter 11 Cases.

2.1.26 Confirmation Date shall mean the date upon which the Confirmation Order is entered by the Clerk of the Bankruptcy Court.

2.1.27 Confirmation Hearing shall mean the hearing held by the Bankruptcy Court to consider confirmation of the Plan.

2.1.28 Confirmation Order shall mean the order entered by the Bankruptcy Court confirming this Plan in accordance with the provisions of Chapter 11 of the Bankruptcy Code.

2.1.29 Craig Ranch means Victory Medical Center Craig Ranch LP, a Texas limited partnership and a Debtor in these jointly administered cases which was assigned bankruptcy Case No. 15-42379.

2.1.30 Craig Ranch GP means Victory Medical Center Craig Ranch GP, LLC, a Texas limited liability company and a Debtor in these jointly administered cases which was assigned bankruptcy Case No. 15-42381.

2.1.31 Creditor shall mean any entity holding a Claim.

2.1.32 Debtors shall collectively mean Victory Medical Center Mid-Cities, LP, Victory Medical Center Mid-Cities GP, LLC, Victory Medical Center Plano, LP, Victory Medical Center Plano GP, LLC, Victory Medical Center Craig Ranch, LP, Victory Medical Center Craig Ranch GP, LLC, Victory Medical Center Landmark, LP, Victory Medical Center Landmark GP, LLC, Victory Medical Center Southcross, LP, Victory Medical Center Southcross GP, LLC and Victory Parent Company, LLC.

2.1.33 Debtors' Available Cash means all Cash held by the Debtors on the Effective Date, plus any Exit Financing needed to pay (i) Allowed Administrative Claims; (ii) Allowed Class 4 Claims, (iii) $150,000 to the Grantor Trust as provided in Article 6.12 herein; (iv) required operational expenses, but the same excludes Transition Cash as defined in the HFG-CAP Supplement if the HFG-CAP Plan Election to activate the HFG-CAP Supplement is exercised.

2.1.34 Debtor Couplets means a limited partnership Debtor in these Bankruptcy Cases and its related general partner Debtor which shall be consolidated for distribution purposes only under the terms of this Plan.

2.1.35 Disclosure Statement shall mean the written document filed by the Debtor in accordance with Section 1125(b) of the Bankruptcy Code containing information sufficient to

enable a hypothetical reasonable investor typical of Holders of Claims or Interests of the relevant Class to make an informed judgment about this Plan.

2.1.36 Disallowed Claim shall mean any Claim or portion thereof which has been disallowed by a Final Order and includes any Claim which is not an Allowed Claim for any other reason.

2.1.37 Disputed Claim shall mean that portion (including, where appropriate, the whole) of any Claim (other than an Allowed Claim) that (a) is listed in the Debtor's schedules of liabilities as disputed, contingent, or unliquidated; (b) is listed in the Debtor's schedules of liabilities and as to which a proof of Claim has been filed with the Bankruptcy Court, to the extent the proof of Claim exceeds the scheduled amount; (c) is not listed in the Debtors' schedules of liabilities, but as to which a proof of Claim has been filed with the Bankruptcy Court; or (d) as to which an objection has been filed and has not become an Allowed Claim.

2.1.38 Distribution Dates means such date(s) as determined by the Grantor Trustee, after consultation with Helms-Patel, LLC and the Plan Advisory Board once Trusts' Available Cash for a Debtor exceeds the amount necessary to make a pro rata distribution of at least 3% to a Debtor's unsecured creditors, or in a lesser amount determined solely in the business judgment of the Grantor Trustee; provided however, that (i) payments to Class 1 claims shall be made on the 1st day of first month following the Effective Date and shall continue on the 1st day of each consecutive month thereafter until paid in accordance with the terms of this Plan and (ii) payments to Class 3 claims shall be paid on 1st day of the first calendar quarter following the Effective Date and shall continue on the 1st day of each subsequent quarter thereafter until paid in accordance with the terms of this Plan. Distributions shall be made on a Debtor by Debtor basis;

2.1.39 Effective Date shall mean the later of (i) thirty (30) days after the Confirmation Order becomes a Final Order, (ii) the date upon which all conditions precedent to the effectiveness of the Plan set forth in Article 10 hereof have been fulfilled or waived, or (iii) such later date as agreed to by the Debtors, HPRH Investments, IberiaBank, and the Committee.

2.1.40 Equity Interest shall mean the interests represented by an "equity" security as defined in Section 101 of the Bankruptcy Code, including all membership and partnership interests in the Debtors.

2.1.41 Executory Contract(s) shall mean any Pre-petition Unexpired lease(s) or executory contract(s) of the Debtors within the meaning of Section 365 of the Bankruptcy Code.

2.1.42 Exit Facility means the credit facility provided by HPRH Investments, pursuant to the Exit Facility Documents and the Exit Financing Fee.

2.1.43 Exit Facility Documents means the agreements, documents and instruments to be dated on or about the Effective Date and to be entered into among the Debtors, as borrower and HPRH Investments, as the Exit Lender, in respect of a credit facility to insure that certain payments in the plan are made as herein provided, including, but not limited to,

payment of the DIP Loan, and all related documents, instruments and agreements entered into or executed in connection therewith.

2.1.44 Exit Financing means any financing arrangement that the Debtors enters into on or about the Effective Date in connection with the consummation of the Plan, including the Exit Facility and Exit Financing Fee, and any amendments, modifications or supplements thereto, which Exit Financing shall be subject to the approval of the Bankruptcy Court through confirmation of this Plan.

2.1.45 Exit Financing Fee shall mean the fee paid to Exit Lender in connection with the Exit Facility which shall be equal to the greater of 2% of the HPRH Consolidated Debt or $100,000 and shall be paid on the Effective Date from Debtors' Available Cash. To the extent that insufficient Cash is available to pay this fee, the Exit Financing Fee shall be added to the amount advanced under the Exit Facility and repaid in accordance with the Exit Facility Documents.

2.1.46 Exit Lender means HPRH Investments with respect to the Exit Facility.

2.1.47 Filing Date shall mean June 12, 2015, the date the Debtors, except for Southcross and Southcross GP, filed voluntary petitions under Chapter 11 of the Bankruptcy Code. The Filing Dates for Southcross and Southcross GP are July 10, 2015 and July 16, 2015 respectively.

2.1.48 Final Order shall mean an order or judgment of a Court which has become final in accordance with law, and which has not been stayed pending appeal.

2.1.49 General Unsecured Claim shall mean a Claim that is not (i) secured by a lien, security interest or other charge against or interest in property in which Debtors have an interest or which is not subject to setoff under Section 553 of the Bankruptcy Code; (ii) a Secured Claim; (iii) an Administrative Claim; (iv) a Priority Claim; or (v) otherwise entitled to priority under Bankruptcy Code Sections 503 or 507.

2.1.50 Grantor Trustee shall mean Neil Gilmour, or another duly appointed agent or agents as may be appointed after the Effective Date by agreement of the Plan Advisory Board and the Collection Agent. If no agreement can be reached, the Referee shall resolve the dispute.

2.1.51 Helms-Patel, LLC means Helms-Patel, LLC D/B/A Torch Recovery Services, a Texas limited liability company owned by Robert Helms, Jr. and H.D. Patel, principals of the Debtors.

2.1.52 HFG-CAP Supplement means the supplement to the Plan which is attached as Plan Exhibit 1.52, which becomes operative and a part of the Plan as confirmed, if the HFG-CAP Plan Election is filed in this jointly administered case in accordance with the terms of the HFG-CAP Supplement and this Plan, as applicable. As noted, various significant definitions are detailed in the Plan Supplement that are applicable to the Plan if the HFG-CAP Plan Election is delivered as noted. Please consult the HFG CAP Supplement for details.

2.1.53 Holder shall mean the owner or holder of any Claim or Interest.

2.1.54 HPRH Consolidated Debt means collectively the HPRH Note, the IberiaBank Notes, and the Exit Facility.

2.1.55 HPRH DIP Lender means HPRH Investments with respect to the HPRH DIP Loan.

2.1.56 HPRH DIP Loan means that Revolving Credit Note and Security Agreement between the Debtors and HPRH Investments in an amount up to $2.3 million and approved by the Bankruptcy Court on a final basis November 24, 2015 at Docket #634. The outstanding balance of the HPRH DIP Loan shall be allocated equally amongst Mid-Cities, Craig Ranch, Landmark, Southcross, Victory Parent and non-Debtor Victory Medical Center Beaumont, LP and shall be paid by the Exit Financing.

2.1.57 HPRH Investments means HPRH Investments, LLC, a Texas limited liability corporation which is owned and managed by Robert Helms, Jr. and H.D. Patel, principals of the Debtors. HPRH Investments is the Exit Lender, the HPRH DIP Lender and also the senior secured lender that has, or will have by virtue of the purchase of IberiaBank Notes, first liens on the Receivables of each of the Debtors, except Plano.

2.1.58 HPRH Note means that Promissory Note dated May 31, 2014 between Texas Capital Bank and Craig Ranch, in the original principal amount of $2,000,000, secured by a lien on accounts receivable of Craig Ranch, with a current balance of approximately $1.1 million, and which was transferred to HPRH Investments in connection with a settlement and compromise between Texas Capital Bank, Victory Parent and Craig Ranch and approved by the Bankruptcy Court on October 13, 2015 (Docket #509).

2.1.59 HPRH Pay Down means repayment to HPRH Investments of the HPRH Investments (i) amount HPRH Investments paid Texas Capital Bank for HPRH Note, and (ii) amounts HPRH Investments actually paid IberiaBank for IberiaBank Notes, plus applicable interest.

2.1.60 HPRH Purchase Agreement means any and all documents entered between HPRH Investments and IberiaBank to effectuate the purchase of the IberiaBank Notes by HPRH Investments.

2.1.61 IberiaBank means IberiaBank for itself and as agent for Prosperity Bank as the senior secured lenders against certain Debtors, with first liens on substantially all the assets of Victory Parent, Mid-Cities, Landmark and Southcross and holding Class 1A, and 1C Claims against Victory Parent, Mid-Cities and Mid-Cities, GP, Landmark and Landmark, GP, Southcross and Southcross, GP, respectively, which claims may be assigned to HPRH Investments in connection with the HPRH Purchase Agreement.

2.1.62 IberiaBank Landmark/Southcross Loans mean the Loan Agreements, Notes, Security Agreements, and related loan documents entered on or about June 27, 2013, and amendments thereto, between Victory Parent, as borrower, with Landmark and Southcross as

guarantors, and IberiaBank and Prosperity Bank, as lenders and secured by a lien on substantially assets of Landmark and Southcross, in the aggregate principal amount of $8,622,000.00. As of the Petition Date, the outstanding aggregate principal balance on the IberiaBank Landmark Loans was approximately $6,315,031.08, plus accrued interest, costs, fees and expenses is outstanding with respect to these notes.

2.1.63 IberiaBank Mid-Cities Loans mean the Loan Agreements, Notes, Security Agreements, and related loan documents entered on or about November 12, 2012, and amendments thereto, between Victory Medical Center Mid-Cities, LP, as borrower, and Victory Parent Company, LLC and other individuals as guarantors, with IberiaBank in the aggregate principal amount of amount of $9 million. As of the Petition Date, the outstanding aggregate principal balance on the IberiaBank Mid-Cities Loans was approximately $6,847,114.07, plus accrued interest, costs, fees and expenses is outstanding with respect to these notes.

2.1.64 IberiaBank Notes means collectively the IberiaBank Mid-Cities Loans and IberiaBank Landmark/Southcross Loans.

2.1.65 Intercompany Claims. All Claims by one Debtor or affiliated entity against another Debtor or affiliated entity or otherwise existing between any Debtors.

2.1.66 Intercreditor Agreement shall mean the intercreditor agreement that will be filed with the Plan Supplement no later than ten (10) days prior to the Confirmation Hearing.

2.1.67 Interest shall mean an Interest (a) in respect to which a proof of interest has been filed with the Bankruptcy Court within the applicable period of limitation fixed by Bankruptcy Rule 3001 or (b) scheduled in the list of Equity Security Holders prepared and filed with the Bankruptcy Court pursuant to Bankruptcy Rule 1007(b).

2.1.68 Insider has the definition ascribed to it under Section 101 of the Bankruptcy Code.

2.1.69 Landmark means Victory Medical Center Landmark LP, a Texas limited partnership and a Debtor in these jointly administered cases which was assigned bankruptcy Case No. 15-42382.

2.1.70 Landmark GP means Victory Medical Center Landmark GP, LLC, a Texas limited liability company and a Debtor in these jointly administered cases which was assigned bankruptcy Case No. 15-42383.

2.1.71 Lien shall mean a "lien" as defined in Section 101(37) of the Bankruptcy Code.

2.1.72 Mid-Cities means Victory Medical Center Mid-Cities LP, a Texas limited partnership and a Debtor in these jointly administered cases which was assigned bankruptcy Case No. 15-42373, the lead case under which all the Debtor cases are jointly administered.

2.1.73 Mid-Cities GP means Victory Medical Center Mid-Cities GP, LLC, a Texas limited liability company and a Debtor in these jointly administered cases which was assigned bankruptcy Case No. 15-42376.

2.1.74 Net A/R Collections means the Accounts Receivables collected less the Collection Fee.

2.1.75 Net Litigation Proceeds shall mean all proceeds received in connection with prosecution of Reserved Litigation Claims, net of all respective necessary and actual costs and expenses associated with such transaction (including, without limitation, reasonable attorneys' fees and other costs, fees and expenses).

2.1.76 Patient Bar Date means mean the deadline of December 21, 2015, established by order of the Bankruptcy Court as the date by which proofs of claims by patients had to be filed against all Debtors (Docket #575).

2.1.77 Person shall mean an individual, corporation, partnership, joint venture, trust, estate, unincorporated organization, or a government or any agency or political subdivision thereof.

2.1.78 Plan shall mean the First Amended Chapter 11 Plan, as altered, modified or amended in accordance with the terms hereof in accordance with the Bankruptcy Code, the Bankruptcy Rules and this Plan.

2.1.79 Plan Advisory Board shall mean an advisory body consisting of those members of the Committee willing to serve, whose members' duties shall be to monitor and oversee the Grantor Trustee. The Plan Advisory Board shall receive no compensation for these services but may be reimbursed out of pocket expenses by the Grantor Trustee from Net A/R Collections. The Plan Advisory Board shall have the power, with agreement of the Collection Agent, to remove the Grantor Trustee and appoint an alternative Grantor Trustee. If Collection Agent objects to the removal of the Grantor Trustee and no agreement can be reached, the Referee shall resolve the dispute.

2.1.80 Plan Ballot. The form of ballot that each Debtor or Debtor Couplet will transmit to Creditors and Interest Holders who are, or may be, entitled to vote on the Plan.

2.1.81 Plan Documents. Any and all documents contemplated to be executed in connection with this Plan, which shall be filed with the Plan Supplement within ten (10) days prior to the Confirmation Hearing.

2.1.82 Plan Supplement containing the Plan Documents shall be filed within ten (10) days prior to the Confirmation Hearing.

2.1.83 Plano means Victory Medical Center Plano LP, a Texas limited partnership and a Debtor in these jointly administered cases which was assigned bankruptcy Case No. 15-42377.

2.1.84 Plano GP means Victory Medical Center Plano GP, LLC, a Texas limited liability company and a Debtor in these jointly administered cases which was assigned bankruptcy Case No. 15-42378.

2.1.85 Priority Claim shall mean any Claim that is entitled to priority under Section 507(a)(2)-(8) of the Bankruptcy Code.

2.1.86 Professionals shall mean all professionals employed in this case pursuant to Section 327 or 1103 of the Bankruptcy Code.

2.1.87 Property shall mean substantially all of the assets of Victory Parent to be sold to the Helms-Patel, LLC.

2.1.88 Pro Rata shall mean the proportion that the Allowed amount of a Claim bears to the aggregate amount of all Claims in such Claim's respective Class.

2.1.89 Receivables means those outstanding Accounts, Health Care Insurance Receivables, and Instruments related thereto, and proceeds thereof (as each of such terms is defined in Section 9.102 of the Uniform Commercial Code as in effect in the State of Texas) owed to each Debtor.

2.1.90 Referee shall mean Leif Clark, who shall serve as an independent arbitrator of disputes as set forth in the Collection Agreement. If Leif Clark chooses not to serve or resigns as Referee, a replacement Referee shall be chosen jointly by the Collection Agent and the Grantor Trustee. Compensation for the Referee shall be paid by the Grantor Trustee from Net A/R Collections.

2.1.91 Reserved Litigation Claims shall mean those claims and causes of action initiated by Debtor(s) or to be initiated, or that may be initiated, and prosecuted against various parties, including but not limited to the claims that are listed in Debtors' bankruptcy schedules and further described in the disclosure statement which describes this Plan, and may include Avoidance Actions that have not been released. A non-exhaustive list of Reserved Litigation Claims is attached hereto as Exhibit 1. By including on Exhibit 1 a potential claim, the Debtors are not implying that they necessarily have a claim or cause of action against such person or entity or that any particular claim or cause of action will be pursued.

2.1.92 Secured Claim shall mean a Claim secured by a lien, security interest or other charge against or interest in property in which the Debtors have an interest, or which is subject to setoff under Section 553 of the Bankruptcy Code, to the extent of the value (determined in accordance with Section 506(a) of the Bankruptcy Code) of the interest of the Holder of such Claim in the Debtors' interest in such property or to the extent of the amount subject to such setoff, as the case may be.

2.1.93 Southcross means Victory Medical Center Southcross, LP, a Texas limited partnership, and a Debtor in these jointly administered cases which was assigned bankruptcy Case No. 15-42818.

2.1.94 Southcross GP means Victory Medical Center Southcross GP, LLC, a Texas limited liability company and a Debtor in these jointly administered cases which was assigned bankruptcy Case No. 15-42863.

2.1.95 Southcross Bar Date shall mean the deadline of December 12, 2015, established by the Bankruptcy Court as the date by which proofs of claim had to be filed against Southcross and Southcross GP.

2.1.96 Substantial Consummation means the substantial consummation of the transactions contemplated by this Plan. Substantial Consummation shall occur on the Effective Date.

2.1.97 Timberloch Lease means that lease between Timberloch, Inc. and Southcross, originally entered into on or about May 10, 2011 for the lease of nonresidential office space located at 2201 Timberloch Dr., The Woodlands, TX, as modified by Bankruptcy Court order entered on or about December 11, 2015 (Docket #665) authorizing the modification and assumption of the lease.

2.1.98 Trusts' Available Cash. All of the Grantor Trustee's Cash on hand on any particular date, other than proceeds of Other Assets defined in Article 6.10 herein, including, but not limited to, transfers from Helms-Patel, LLC of Net A/R Collections as provided in this Plan plus net proceeds of non-Receivables collateral subject to the IberiaBank Notes, less (i) amounts reserved on account of Disputed Claims; (ii) amounts reasonably reserved for unpaid Priority Tax Claims; (iii) the reasonable costs and fees of the Grantor Trustee to complete the transactions and other actions required under the Plan, including the prosecution of Reserved Litigation Claims owned by each of the respective Estates, capped at 1% of Net A/R Collections. For the avoidance of doubt, nothing in this section shall prohibit the Grantor Trustee from paying the administrative expenses of the Trusts, including the fees and costs of Professionals, from the General Unsecured Creditors' share of Net A/R Collections. For purposes of making Distributions pursuant to this Plan, Trusts' Available Cash shall be calculated and segregated on a Debtor by Debtor basis. For purposes of clarity, Trusts' Available Cash attributable to the Net A/R Collections of one Debtor shall not be used to pay the claims of another Debtor when the Distribution is to be paid from Trusts' Available Cash under the Plan.

2.1.99 Victory Parent means Victory Parent Company, LLC, a Texas limited liability company and a Debtor in these jointly administered cases which was assigned bankruptcy Case No. 15-42384.

2.2 Interpretation. Unless otherwise specified, all section, article and exhibit references in the Plan are to the respective sections, articles of or exhibits to the Plan, as the same may be amended, waived or modified from time to time. The headings and table of contents in the Plan are for convenience of reference only and shall not limit or otherwise affect the provisions of the Plan. Words denoting the singular number shall include the plural number and vice versa and words denoting one gender shall include the other gender. All exhibits and schedules attached to the Plan are incorporated herein by such attachment.

2.3 Other Terms. The words "herein," "hereof," "hereto," "hereunder" and others of similar import refer to the Plan as a whole and not to any particular section, subsection or clause contained in the Plan. A term used herein that is not defined herein shall have the meaning ascribed to that term, if any, in the Bankruptcy Code.

ARTICLE 3
ADMINISTRATIVE CLAIMS

In accordance with Section 1123(a)(1) of the Bankruptcy Code, Administrative Claims have not been classified and are treated and described in this section.

3.1 Administrative Claims Bar Date. Any Holder of an Administrative Claim (including any cure Claims for Executory Contracts or leases that are assumed pursuant to this Plan) against the Debtors, except for administrative expenses incurred in the ordinary course of operating the Debtors' business or allowed by prior order of the Bankruptcy Court, shall file an application for payment of such Administrative Claim on or within sixty (60) days after entry of the Confirmation Order with actual service upon counsel for the Debtors, otherwise such Holder's Administrative Claim will be forever barred and extinguished and such Holder shall, with respect to any such Administrative Claim, be entitled to no distribution and no further notices. The Debtors shall pay pre-confirmation quarterly U.S. Trustee fees in full in Cash within thirty (30) days after the Effective Date. U.S. Trustee fees which accrue after confirmation shall be paid by the Grantor Trustee until the case is closed or converted.

3.2 Payment of Administrative Claims. Except for post-petition Intercompany Claims and claims of Professionals that are Allowed Administrative Claims, each Holder of an unpaid Allowed Administrative Claim shall be paid in Cash in by the Debtors, from Debtors' Available Cash, on the later of twenty-one (21) days after the entry of the Confirmation Order or the date such Claim becomes an Allowed Administrative Claim, unless the Holder of such Claim agrees to a different treatment[5].

3.3 Payment to Professionals. All payments to professionals for actual, necessary services and costs advanced in behalf of the bankruptcy cases up until the Confirmation Date shall be pursuant to Bankruptcy Court order and subject to the restrictions of 11 U.S.C. §330. Professional fees incurred for services rendered and costs advanced subsequent to the Effective Date shall be paid by the Grantor Trustee from the Trusts' Available Cash.

ARTICLE 4
CLASSIFICATION OF CLAIMS AND INTERESTS

The Plan provides for the division of Claims and Interests into eight Classes.

Classification and Specification of Treatment of Claims and Interests. All Claims and Interests, except Administrative Claims, are placed in the following Classes of Claims and Interests, pursuant to Bankruptcy Code Section 1123(a)(1). This section specifies the treatment

[5] If HFG-CAP does not elect the HFG-CAP Plan Treatment, then HFG-CAP's Administrative Claim shall be paid in accordance with the terms of the borrowing order that established that claim as to each Debtor.

of such Classes of Claims and Interests and of their impaired or unimpaired status, pursuant to Bankruptcy Code Sections 1123(a)(2) and (3). A Claim or Interest is classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of the Class and is classified in a different Class to the extent that the Claim or Interest qualifies within the description of that different Class. A Claim or Interest is in a particular Class only to the extent that the Claim or Interest is an Allowed Claim or Interest in that Class and has not been paid, released, withdrawn, waived, settled, or otherwise satisfied.

Subject to all other applicable provisions of the Plan (including its distribution provisions), classified Claims and Interests shall receive the treatment set forth below. Except as otherwise provided herein, the Plan will not provide any distributions on account of a Claim or Interest to the extent that such Claim or Interest has been Disallowed, released, withdrawn, waived, settled, or otherwise satisfied or paid as of the Effective Date, including, without limitation, payments by third party guarantors, sureties, or insurers, whether governmental or nongovernmental. Except as otherwise provided herein, the Plan will not provide any distributions on account of a Claim or Interest, the payment of which has been assumed by a third party.

4.1 Class 1. Allowed Secured Claims of HPRH Investments.

4.1.1 Classification. Class 1A consists of the Allowed Secured Claims of HPRH Investments with respect to the IberiaBank Notes against Mid-Cities LP and Mid-Cities GP, with an outstanding principal balance of $4,530,961.40, plus interest, fees and related charges.

4.1.2 Classification. Class 1B consists of the Allowed Secured Claims of HPRH Investments with respect to the HPRH Note against Craig Ranch LP and Craig Ranch GP, with an outstanding principal balance of $821,749.81, plus interest, fees and related charges.

4.1.3 Classification. Class 1C consists of the Allowed Secured Claims of HPRH Investments with respect to the IberiaBank Landmark/Southcross Loans against Landmark LP, Landmark GP, Southcross LP, Southcross GP and Victory Parent, with an outstanding principal balance of $3,091, 682.39[6], plus interest, fees and related charges.

4.1.4 HPRH Investments Treatment.

(i) Class 1A. Until such time as HPRH Pay Down occurs with respect to the IberiaBank Mid-Cities Loans, Class 1A shall be paid (i) 80% of the Net A/R Collections securing the IberiaBank Mid-Cities Loans less the Allowable Net A/R Collections Deductions; then, (ii) once HPRH Pay Down occurs with respect to the IberiaBank Mid-Cities Loans, 80% of the Net A/R Collections securing the IberiaBank Mid-Cities Loans less the Allowable Net A/R Collections Deductions shall be paid to HPRH until Mid-Cities' share of the Exit Financing is paid in full; and then, (iii) once Mid-Cities' share of the Exit Financing is paid in full, Class 1A shall be paid 60% of the Net A/R Collections

[6] Landmark and Southcross are jointly and severally liable with respect to the IberiaBank Landmark/Southcross Loans. The aggregate principal balance of these loans is $3,091,682.39.

securing the IberiaBank Mid-Cities Loans less the Allowable Net A/R Collections Deductions until the IberiaBank Mid-Cities Loans are paid in full.

(ii) Class 1B. Until such time as HPRH Pay Down occurs with respect to the HPRH Note, Class 1B shall be paid (i) 80% of the Net A/R Collections securing the HPRH Note less the Allowable Net A/R Collections Deductions; then (ii) once HPRH Pay Down occurs with respect to the HPRH Note, 80% of the Net A/R Collections securing the HPRH Note less the Allowable Net A/R Collections Deductions shall be paid to HPRH until Craig Ranch's share of the Exit Financing is paid in full; and then (iii) once Craig Ranch's share of the Exit Financing is paid in full, Class 1B shall be paid 60% of the Net A/R Collections securing the HPRH Note less the Allowable Net A/R Collections Deductions until the HPRH Note is paid in full.

(iii) Class 1C. Until such time as HPRH Pay Down occurs with respect to the IberiaBank Landmark/Southcross Loans, Class 1C shall be paid (i) 80% of the Net A/R Collections securing the IberiaBank Landmark/Southcross Loans less the Allowable Net A/R Collections Deductions; then, (ii) once HPRH Pay Down occurs with respect to the IberiaBank Landmark/Southcross Loans, 80% of the Net A/R Collections securing the IberiaBank Landmark/Southcross Loans less the Allowable Net A/R Collections Deductions shall be paid to HPRH until Landmark/Southcross' share of the Exit Financing is paid in full; and then, (iii) once Landmark/Southcross' share of the Exit Financing is paid in full, Class 1C shall be paid 60% of the Net A/R Collections securing the IberiaBank Landmark/Southcross Loans less the Allowable Net A/R Collections Deductions until the IberiaBank Landmark/Southcross Loans are paid in full.

(iv) VPC. VPC's share of the Exit Financing shall be paid to HPRH by VPC from 80% of Beaumont receivables that are remitted to VPC until such time as VPC's share of the Exit Financing is paid in full.

4.1.5 Impairment. The Class 1A, 1B, and 1C, are impaired.

4.2 Class 2. Other Allowed Secured Claims

4.2.1 Classification. Class 2A consists of all Other Allowed Secured Claims against Victory Parent not included in Class 1.

4.2.2 Classification. Class 2B consists of all Other Allowed Secured Claims against Mid-Cities LP and Mid-Cities GP not included in Class 1.

4.2.3 Classification. Class 2C consists of all Other Allowed Secured Claims against Plano LP and Plano GP not included in Class 1.

4.2.4 Classification. Class 2D consists of all Other Allowed Secured Claims against Craig Ranch LP and Craig Ranch GP not included in Class 1.

4.2.5 Classification. Class 2E consists of all Other Allowed Secured Claims against Landmark LP and Landmark GP not included in Class 1.

4.2.6 Classification. Class 2F consists of all Other Allowed Secured Claims against Southcross LP and Southcross GP not included in Class 1.

4.2.7 Treatment. With respect to Other Allowed Class 2A, 2B, 2C, 2D, 2E, and 2F Secured Claims, the Debtors shall on the later of ten (10) business days after the Effective Date or ten (10) Business Days after a Final Order allowing the Allowed Secured Claim, either (i) surrender the collateral to the Holder of the Allowed Secured Claim; or (ii) provide such other treatment as may be agreed between the Holder of such Claim and the Debtors. To the extent there is a deficiency balance due and owing, it shall be treated as Class 5 Claim.

4.2.8 Impairment. The Class 2A, 2B, 2C, 2D, 2E, and 2F Claims are impaired.

4.3 Class 3 - Allowed Pre-Petition Priority Tax Claims.

4.3.1 Classification. Class 3A consists of the Allowed Pre-Petition Priority Tax Claims against Victory Parent accrued through the Effective Date, including Priority Franchise Taxes of approximately $123,181 which have not otherwise been allocated to Class 3B, 3D, 3E and 3F herein.

4.3.2 Classification. Class 3B consists of the Allowed Pre-Petition Priority Tax Claims against Mid-Cities LP and Mid-Cities GP accrued through the Effective Date, including its allocable share of Priority Franchise Tax Claims of approximately $172,176 assessed against Victory Parent but owed by Mid-Cities LP and Mid-Cities GP.

4.3.3 Classification. Class 3C consists of the Allowed Pre-Petition Priority Tax Claims against Plano LP and Plano GP accrued through the Effective Date, including Priority Franchise Tax Claims of approximately $158,280.

4.3.4 Classification. Class 3D consists of the Allowed Pre-Petition Priority Tax Claims against Craig Ranch LP and Craig Ranch GP accrued through the Effective Date, including its allocable share of Priority Franchise Tax Claims of approximately $70,334 assessed against Victory Parent but owed by Craig Ranch LP and Craig Ranch GP.

4.3.5 Classification. Class 3E consists of the Allowed Pre-Petition Priority Tax Claims against Landmark LP and Landmark GP accrued through the Effective Date, including its allocable share of Priority Franchise Tax Claims of approximately $142,181 assessed against Victory Parent but owed by Landmark LP and Landmark GP.

4.3.6 Classification. Class 3F consists of the Allowed Pre-Petition Priority Tax Claims against Southcross LP and Southcross GP accrued through the Effective Date, including its allocable share of Priority Tax Claims of approximately $23,065 assessed against Victory Parent but owed by Southcross LP and Southcross GP.

4.3.7 Treatment. Allowed Class 3A, 3B, 3C, 3D, 3E, and 3F Claims shall each be paid by Grantor Trustee from Trusts' Available Cash of the respective Debtor in equal quarterly installments beginning on the first day of the first calendar quarter following the Effective Date, and continuing on the same day of each succeeding calendar quarter for a period

of twenty (20) quarters, until the Class 3A, 3B, 3C, 3D, 3E, and 3F Allowed Pre-Petition Tax Claims are paid in full. Such deferred cash payments shall have a value as of the Effective Date the Plan, equal to the allowed amount of such Claims. In computing the present value of such Claims, the interest rate applied shall be the interest rate as determined by Texas Tax Code Section 111.060(b) (the prime rate plus one percent, as published in The Wall Street Journal on the first day of each calendar year that is not a Saturday, Sunday, or legal holiday) from the Effective Date until paid. No post-petition penalties will be paid.

4.3.8 Impairment. The Class 3A, 3B, 3C, 3D, 3E, and 3F Claims are not impaired.

4.4 Class 4 - Allowed Pre-Petition Non-Tax Priority Claims.

4.4.1 Classification. Class 4A consists of the Allowed Pre-Petition Non-Tax Priority Claims against Victory Parent accrued through the Effective Date.

4.4.2 Classification. Class 4B consists of the Allowed Pre-Petition Non-Tax Priority Claims against Mid-Cities LP and Mid-Cities GP accrued through the Effective Date.

4.4.3 Classification. Class 4C consists of the Allowed Pre-Petition Non-Tax Priority Claims against Plano LP and Plano GP accrued through the Effective Date.

4.4.4 Classification. Class 4D consists of the Allowed Pre-Petition Non-Tax Priority Claims against Craig Ranch LP and Craig Ranch GP accrued through the Effective Date.

4.4.5 Classification. Class 4E consists of the Allowed Pre-Petition Non-Tax Priority Claims against Landmark LP and Landmark GP accrued through the Effective Date.

4.4.6 Classification. Class 4F consists of the Allowed Pre-Petition Non-Tax Priority Claims against Southcross LP and Southcross GP accrued through the Effective Date.

4.4.7 Treatment. Each Holder of an unpaid Allowed Pre-Petition Non-Tax Priority Claim shall be paid by from Debtors' Available Cash in full on the later of thirty (30) days after the Effective Date or within ten (10) business days after the date such Claim becomes an Allowed Priority Claim, unless the Holder of such Claim agrees to a different treatment.

4.4.8 Impairment. The Class 4A, 4B, 4C, 4D, 4E, and 4F Claims are not impaired.

4.5 Class 5. Allowed General Unsecured Claims.

4.5.1 Classification. Class 5A consists of the Allowed General Unsecured Claims against Victory Parent.

4.5.2 Classification. Class 5B consists of the Allowed General Unsecured Claims against Mid-Cities LP and Mid-Cities GP.

4.5.3 Classification. Class 5C consists of the Allowed General Unsecured Claims against Plano LP and Plano GP.

4.5.4 Classification. Class 5D consists of the Allowed General Unsecured Claims against Craig Ranch LP and Craig Ranch GP.

4.5.5 Classification. Class 5E consists of the Allowed General Unsecured Claims against Landmark LP and Landmark GP.

4.5.6 Classification. Class 5F consists of the Allowed General Unsecured Claims against Southcross LP and Southcross GP.

4.5.7 Treatment. The Allowed Class 5A, 5B, 5D, 5E and 5FClaims shall be paid, in full satisfaction of the Allowed Class 5 Claims by the Grantor Trustee as follows: Class 5A, Class 5B, Class 5D, Class 5E and Class 5F Claims shall be paid 20% of Trusts' Available Cash from each respective Debtor until the HPRH Pay Down and repayment in full of the Exit Financing with respect to such Debtor's debt to HPRH occurs. Once the HPRH Pay Down and repayment in full of the Exit Financing for a Debtor is reached, then Class 5A, Class 5B, Class 5D and Class 5E Claims shall be paid 40% of Trusts' Available Cash from such Debtor. Allowed Class 5A, Class 5B, Class 5D, Class 5E and Class 5F Claims shall also each receive a pro rata share of 80% of the proceeds collected from the liquidation of Other Assets as provided in Article 6.10 herein. Payment of 80% of the proceeds from Other Assets shall be paid to the particular sub-Class 5 which owned the assets which were liquidated. Class 5C Claims shall be paid 100% of the Trusts' Available Cash realized from the collection of the Accounts Receivable and liquidation of the Other Assets of Plano. The Grantor Trustee shall make distributions to holders of Allowed Class 5 Claims from Trusts' Available Cash on the Payment Dates determined by the Grantor Trustee. In the event that any of Allowed Class 5 Claims are paid in full and there exists remaining Trusts' Available Cash or proceeds from the liquidation of Other Assets as to a Debtor, holders of Allowed Class 5 Claims against such Debtor shall receive Pro Rata simple interest on the Allowed Amount of such Claims, payable at a rate of 5% per annum. Any Trusts' Available Cash or proceeds from the liquidation of Other Assets remaining after the satisfaction of the applicable classes in this paragraph shall be distributed to Class 7 Interests. In accordance with the terms of the Intercreditor Agreement, the Grantor Trustee shall be granted a junior lien, for the benefit of all Holders of Allowed Class 5 Claims, on all assets of the Debtors.. If HFG-CAP takes the HFG-CAP Plan Election to receive Plan Shares, then unsecured creditors of Victory Parent and those unsecured creditors in each of the five (5) Plans which each affect the limited partnership and its general partner as to each such Plan, will receive, in addition to the treatment noted above, the treatment provided in the HFG-CAP Supplement, attached hereto.

4.5.8 Impairment. The Class 5A, 5B, 5C, 5D, 5E, and 5F Claims are impaired.

4.6 Class 6. Allowed Claims of Affiliates

4.6.1 Classification. Class 6A consists of the Allowed Claims of Affiliates against Victory Parent.

4.6.2 Classification. Class 6B consists of the Allowed Claims of Affiliates against Mid-Cities LP and Mid-Cities GP.

4.6.3 Classification. Class 6C consists of the Allowed Claims of Affiliates against Plano LP and Plano GP.

4.6.4 Classification. Class 6D consists of the Allowed Claims of Affiliates against Craig Ranch LP and Craig Ranch GP.

4.6.5 Classification. Class 6E consists of the Allowed Claims of Affiliates against Landmark LP and Landmark GP.

4.6.6 Classification. Class 6F consists of the Allowed Claims of Affiliates against Southcross LP and Southcross GP.

4.6.7 Treatment. The Holders of Class 6A, 6B, 6C, 6D, 6E, and 6F Claims against the respective Debtors shall be permitted to offset any amount due the respective Debtor. The remaining balance, if any, shall be treated as an Allowed Class 5 General Unsecured Claim against the respective Debtor and shall receive distributions pari passu with other Allowed Class 5 claims[7].

4.6.8 Impairment. The Class 6A, 6B, 6C, 6D, 6E, and 6F Claims are impaired.

4.7 Class 7. Allowed Interests of Equity Holders.

4.7.1 Classification. Class 7A consists of the Allowed Equity Interests in Victory Parent.

4.7.2 Classification. Class 7B consists of the Allowed Equity Interests in Mid-Cities LP and Mid-Cities GP.

4.7.3 Classification. Class 7C consists of the Allowed Equity Interests in Plano LP and Plano GP.

4.7.4 Classification. Class 7D consists of the Allowed Equity Interests in Craig Ranch LP and Craig Ranch GP.

4.7.5 Classification. Class 7E consists of the Allowed Equity Interests in Landmark LP and Landmark GP.

4.7.6 Classification. Class 7F consists of the Allowed Equity Interests in Southcross LP and Southcross GP.

[7] IF HFG-CAP takes the HFG-CAP Plan Election to receive Plan Shares, holders of Class 6 Allowed Claims of Affiliates will not participate in the HFG-CAP Supplement.

4.7.7 Treatment. The Holder of Class 7A, 7B, 7C, 7D, 7E and 7F Allowed Equity Interests in the respective Debtors shall receive no distribution or any property under the Plan on account of said Interests until Allowed Class 1, Class 2, Class 3, Class 4, Class 5, and Class 6 Claims are paid as provided under the terms of this Plan.

4.7.8 Impairment. The Class 7A, 7B, 7C, 7D, 7E, and 7F Interests are impaired.

ARTICLE 5
VOTING OF CLAIMS AND INTERESTS

5.1 Classes 1, 2, 5, and 6 Claims are impaired and therefore are entitled to vote on this Plan. Accordingly, the acceptances of these Classes of Claims must be solicited. Class 3 and Class 4 are unimpaired and deemed to have accepted the Plan. Class 7 Interests are impaired and deemed to have rejected the Plan.

ARTICLE 6
MEANS FOR EXECUTION OF PLAN

6.1 Funding of Plan. The source of funds to achieve consummation of and carry out the Plan shall be Cash, Net Litigation Proceeds, Net A/R Collections, liquidation of Other Assets and the Exit Facility, which are to be utilized to satisfy all Claims in order of priority under the Plan.

6.2 Creation of Grantor Trusts. On the Effective Date, a separate Grantor Trust shall be created for each Debtor Couplet and Victory Parent pursuant to separate Grantor Trust Agreements which are substantially similar to the form of agreement to be filed in the Plan Supplement. The Grantor Trusts shall be governed by the Grantor Trust Agreements, the Plan, the Confirmation Order, and if the HFG-Cap Plan Election is made, the HFG-CAP Supplement. The terms of employment of the Grantor Trustee shall be set forth in the Grantor Trust Agreements or the Confirmation Order. On the Effective Date and except as otherwise provided herein, each Debtor Couplet Debtor shall transfer any right to the Net A/R Collections, Reserved Litigation Claims and any other retained assets, excluding the Transition Assets if the HFG – CAP Plan Election is taken to activate the HFG-CAP Plan Supplement to its respective Grantor Trust, subject to the terms and conditions of this Plan. All transfers to the Grantor Trust shall be free and clear of all liens, claims, interests and encumbrances, except as otherwise provided in this Plan. Except as specifically set forth herein, holders of Allowed Claims shall look solely to the Grantor Trust for the satisfaction of their Claims. For federal income tax purposes, the transfer of the identified assets to the Grantor Trust will be deemed to be a transfer to the holders of Allowed Claims (who are the Grantor Trust beneficiaries), followed by a deemed transfer by such beneficiaries to the Grantor Trust.

6.3 Appointment of Grantor Trustee. Neil Gilmour shall be appointed as the initial Grantor Trustee for each of the Debtors. The Grantor Trustee shall be required to post a bond of at least $250,000 for each Debtor Couplet and Victory Parent, for a total of $1.5 million in connection with this appointment. The cost of the bond shall be paid from Debtors' Available Cash.

6.4 Resignation/Removal of the Grantor Trustee. The Grantor Trustee may resign at any time by filing a written notice of resignation with the Bankruptcy Court. Any such resignation shall become effective on the earlier to occur of (i) sixty (60) days after the filing date of such notice; or (ii) the appointment of a successor Grantor Trustee. The Plan Advisory Board and the Collection Agent may remove the Grantor Trustee at their discretion upon unanimous vote of all members of the board and the Collection Agent without approval of the Bankruptcy Court, provided, however, that the Plan Advisory Board shall provide the Grantor Trustee with thirty (30) days written notice of its intent to remove the Grantor Trustee. If the Grantor Trustee believes that his/her removal is not in the best interests of Creditors, then the matter shall be referred to the Referee for resolution. Grantor Trustee shall continue to serve in his/her capacity pending a resolution of the issue. If the Plan Advisory Board and Collection Agent are unable to reach agreement regarding removal of the Grantor Trustee, the matter shall be referred to the Referee for determination.

6.5 Appointment of Successor Grantor Trustee. In the event of the death, resignation or removal of the Grantor Trustee, the Plan Advisory Board and the Collection Agent shall designate a successor Grantor Trustee. If the Plan Advisory Board and Collection Agent are unable to reach agreement regarding appointment of a successor Grantor Trustee, the matter shall be referred to the Referee for determination. Any successor Grantor Trustee appointed hereunder shall execute and file a statement accepting such appointment and agreeing to be bound by the terms of the Plan and upon such filing and the posting of a bond in the aggregate amount of $1.5 million, the successor Grantor Trustee shall immediately become vested with all the rights, powers, trusts and duties of the Grantor Trustee.

6.6 Transfer of Assets of Victory Parent and Assignment Timberloch Lease. The operating assets of Victory Parent, save and except for the Transition Assets as to Victory Parent if the HFG-CAP Plan Election is taken to activate the HFG-CAP Plan Supplement, which includes only furniture, fixtures and equipment, shall be transferred to Helms-Patel, LLC. For the avoidance of doubt, the books and records of Victory Parent, including without limitation all patient information, shall not be transferred to Helms-Patel, LLC; *provided, however*, that Helms-Patel, LLC shall have access to such books, records and information in accordance with the terms of the Collection Agreement. The consideration for acquisition of these assets is $35,000. Employees of Victory Parent may be employed by Helms-Patel, LLC, solely in Helms-Patel, LLC's discretion. Victory Parent will assign the Timberloch Lease to Helms-Patel, LLC in accordance with the provisions of the Timberloch Lease and §365 of the Bankruptcy Code. Any amount required to cure monetary defaults under the Timberloch Lease shall be the sole responsibility of Helms-Patel, LLC.

6.7 Collection Agreement with Helms-Patel, LLC. Grantor Trustee shall enter into a Collection Agreement with Helms-Patel, LLC, as Collection Agent, to collect the Receivables of each of the Debtors. The Collection Agreement shall be substantially similar to the form of Collection Agreement attached hereto as Exhibit 2 and incorporated for all purposes. Helms-Patel, LLC shall be paid for these services in accordance with the terms of the Collection Agreement. Helms-Patel, LLC shall provide monthly reporting to IberiaBank on collections as required under Section 1.4 of the Collection Agreement.

6.8 Purchase of IberiaBank Notes. In connection with this Plan and the Binding Term Sheet filed at Doc. 757, HPRH Investments shall purchase the IberiaBank Notes from IberiaBank, and any and all claims held by IberiaBank against the Debtor(s) shall be transferred to HPRH Investments upon the effective date of the HPRH Purchase Agreement. Upon the Effective Date of this Plan, any and all claims and causes of action held by the Debtors against IberiaBank, Prosperity Bank, Robert Helms, Jr. and H.D. Patel, and HPRH Investments shall be released in their entirety.

6.9 Non-Receivable Collateral. Assets of the Debtors, other than Receivables which are included as collateral for the IberiaBank Notes, shall be identified by the Effective Date. The proceeds of this collateral shall be shared in accordance with the formula described in Paragraph 6.10 herein.

6.10 Other Assets. HPRH Investments shall also be granted a lien/security interest in all of Debtors' assets (except for the assets of Plano and the Transition Assets where applicable) in which it does not have a security interest by virtue of acquiring the IberiaBank Notes and liens. These assets include, but are not limited to, the Peele Note, and all causes of action owned by the Debtors' Estates, which are not specifically released, including, but not limited to the Reserved Litigation Claims (including but not limited to, claims against L2 and its affiliates). The proceeds of this collateral shall be shared as follows: 20% applied pro rata to Class 1A, 1C, then to Exit Financing once Class 1A and 1C reach HPRH Pay Down, and then back to Class 1A and 1C until they are paid in full, and 80% to the particular sub-Class 5 which owned the assets which were liquidated.

6.11 Allocation of Net A/R Collections. Net AR Collections for each Debtor, except Plano, shall be paid to HPRH Investments in accordance with Section 4.1.4 herein and 20% to Grantor Trustee until the HPRH Pay Down is complete. After the HPRH Pay Down is reached, and the Exit Financing is paid in full, then HPRH Investments shall receive 60% of Net A/R Collections and Grantor Trustee shall receive 40% until the balance of the HPRH Consolidated Debt is paid in full. Net A/R Collections for Plano shall be paid 100% to Grantor Trustee. This allocation is done on an estate by estate basis.

6.12 Exit Financing. HPRH Investments, shall provide exit financing in the amount of necessary to pay off the HPRH DIP Loan, plus if Debtors' Available Cash is insufficient to pay Allowed Administrative Claims, Allowed Class 3 Claims, the $150,000 to the Grantor Trustee set forth in Section 6.13 or other required operational expenses, as determined solely by the Debtors, that are necessary to cover such Claims and expenses. The Borrowers grant and assign to the Exit Lender a continuing security interest in the currently owned or hereafter acquired property and rights of Borrowers as set for in the Exit Facility Documents. HPRH shall be entitled to an Exit Financing Fee in the amount of 2% of the HPRH Consolidated Debt. The Exit Facility shall bear interest at the rate of 10% per annum. The maturity date for the Exit Financing is forty-eight (48) months following the Effective Date. Repayment of the Exit Financing shall be in accordance with Section 4.1.4.

6.13 Reserved Litigation Claims. Reserved Litigation Clams may be prosecuted by the Grantor Trustee, in its sole discretion. $150,000 shall be transferred to the Grantor Trustee at Confirmation, to be used toward funding the costs (including professionals' fees) necessary to

fulfill the duties of the Grantor Trustee as set forth herein. This payment shall be paid from Debtors' Available Cash. To the extent that insufficient Cash is available to pay this amount, the funds shall be advanced under the Exit Facility and repaid in accordance with the Exit Facility Documents.

6.14 Functional Consolidation regarding payments of Claims of Debtor Couplets. On the Effective Date, the following shall occur solely for the purposes of distribution simplification:: Victory Medical Center Mid-Cities, GP, LLC with Victory Medical Center Mid-Cities LP; Victory Medical Center Plano, GP, LLC with Victory Medical Center Plano LP; Victory Medical Center Craig Ranch, GP, LLC with Victory Medical Center Craig Ranch LP; Victory Medical Center Landmark, GP, LLC with Victory Medical Center Landmark, LP; Victory Medical Center Southcross, GP, LLC with Victory Medical Center Southcross, LP (each a "Functionally Consolidated Estate"). Each Functionally Consolidated Estate shall be comprised of the assets and liabilities of each of the corresponding separate Estates, such that:

6.14.1 Each Claim against Victory Medical Center Mid-Cities, GP, LLC and Victory Medical Center Mid-Cities LP will be deemed to be a Claim against the Functionally Consolidated Estate. Any proof of claim filed against one of these entities will be deemed to have been filed against the consolidated entity.

6.14.2 Each Claim against Victory Medical Center Plano, GP, LLC and Victory Medical Center Plano LP will be deemed to be a Claim against the Functionally Consolidated Estate. Any proof of claim filed against one of these entities will be deemed to have been filed against the consolidated entity.

6.14.3 Each Claim against Victory Medical Center Craig Ranch, GP, LLC and Victory Medical Center Craig Ranch LP will be deemed to be a Claim against the Functionally Consolidated Estate. Any proof of claim filed against one of these entities will be deemed to have been filed against the consolidated entity.

6.14.4 Each Claim against Victory Medical Center Landmark, GP, LLC and Victory Medical Center Landmark, LP will be deemed to be a Claim against the Functionally Consolidated Estate. Any proof of claim filed against one of these entities will be deemed to have been filed against the consolidated entity.

6.14.5 Each Claim against Victory Medical Center Southcross, GP, LLC and Victory Medical Center Southcross, LP a will be deemed to be a Claim against the Functionally Consolidated Estate. Any proof of claim filed against one of these entities will be deemed to have been filed against the consolidated entity.

6.14.6 Functional consolidation shall have no effect on valid, enforceable, and unavoidable liens and is not the equivalent of a substantive consolidation.

6.15 Agreed Allowed Claims. The parties to this Plan agree that the following claims shall be allowed Class 6 claims, with distribution to be made pari passu with Allowed Class 5 claims, after setoffs: Victory Hospital Properties shall be allowed an unsecured Class 6 Claim in the amount of $6.2 million, Robert Helms shall be allowed an unsecured Class 6 Claim in the

amount of $8 million and H.D. Patel shall be allowed an unsecured Class 6 claim in the amount of $8million. These claims shall each be allocated 1/7 among Mid-Cities, Plano, Craig Ranch, Landmark, Victory Parent, Southcross, and non-Debtor Victory Medical Center Beaumont, LP.

6.16 Distribution to Creditors Holding Allowed Claims. The Grantor Trustee shall disburse Trusts' Available Cash to creditors holding Allowed Claims and Class 7 Interests in accordance with the terms of this Plan. Distributions made by the Grantor Trustee will begin on the Distribution Dates and continue thereafter on dates solely determined by Grantor Trustee when Trusts' Available Cash for a Debtor exceeds the amount necessary to make a pro rata distribution of at least 3% to a respective Debtor's unsecured creditors, or in a lesser amount determined solely in the business judgment of the Grantor Trustee.

6.17 Powers of the Grantor Trustee. The Grantor Trustee shall have full power and authority to do the following:

6.17.1 The Grantor Trustee shall have the sole right and duty to make the distributions provided for in Article 4. Before making any disbursements, the Grantor Trustee shall provide at least three (3) business days' notice to the Plan Advisory Board of the proposed distributions.

6.17.2 The Grantor Trustee shall be authorized to file all reports required under law, including state and federal tax returns, and to pay all taxes incurred in connection with the post Effective Date activities of the Debtors.

6.17.3 The Grantor Trustee shall prosecute, after consultation with HPRH Investments, and/or compromise the Reserved Litigation Claims, in its sole discretion.

6.17.4 The Grantor Trustee shall take any and all actions, including the filing or defense of any Claim objections or civil actions necessary to accomplish the above, in consultation with HPRH Investments.

6.17.5 The Grantor Trustee shall be authorized to employ and pay reasonable fees and expenses of such attorneys, accountants, and other professionals, as may be deemed necessary to accomplish the above.

6.17.6 The Grantor Trustee shall be authorized to suspend distribution to any Holder of an Allowed Claim or Interest that has not provided the Grantor Trustee with its Federal Tax Identification number or social security number, as the case may be.

6.17.7 The Grantor Trustee shall keep or cause to be kept books containing an accounting of all receipts and disbursements, which records shall be open to inspection by any Creditor or Equity Holder at all reasonable times.

6.17.8 The Grantor Trustee shall be authorized to act on behalf of the Debtors with respect to all contracts and agreements to which the Debtors are party and to enter into new contracts and agreements on behalf of the Debtors except that the Debtors' agreement with Dr. Zhou may only be modified or terminated with the consent of Collection Agent. If no agreement can be reached between the Grantor Trustee and the Collection Agent with respect to this issue, the Referee shall resolve the dispute.

6.18 Presumption of Grantor Trustee Authority. The Grantor Trustee has the necessary authority to act under the terms of this Plan and no party shall have the ability to challenge this authority except as provided in the Plan.

6.19 Limitation on Grantor Trustee's Liability.

6.19.1 Except to the extent provided for in Section 6.10.2 below, no recourse shall ever be had directly or indirectly against the Grantor Trustee personally or against any employee of the Grantor Trustee by legal or equitable proceedings or by virtue of any statute or otherwise, nor upon any promise, contract, instrument, undertaking, obligation, covenant or agreement whatsoever executed by the Grantor Trustee pursuant to this Plan, or by reason of the creation of any indebtedness by the Grantor Trustee for any purpose authorized by the Plan, it being expressly understood and agreed that all such liabilities, covenants and agreements of the Grantor Trustee or any such employee, whether in writing or otherwise shall be enforceable only against and be satisfied only out of the assets of the Bankruptcy Estate administered by Grantor Trustee and every undertaking, contract, covenant or agreement entered into in writing by the Grantor Trustee shall provide expressly against the personal liability of the Grantor Trustee.

6.19.2 The Grantor Trustee shall not be liable for any act the Grantor Trustee may do or omit to do as Grantor Trustee hereunder while acting in good faith and in the exercise of the best judgment of the Grantor Trustee and the fact that such act or omission was advised, directed or approved by an attorney acting as attorney for the Grantor Trustee, shall be evidence of such good faith and best judgment; nor shall the Grantor Trustee

be liable in any event except for gross negligence or willful default or misconduct of the Grantor Trustee.

6.20 Establishment and Maintenance of Disputed Claims Reserve:

6.20.1 Distributions in respect of any Disputed Claims shall not be distributed, but shall instead be deposited by the Grantor Trustee into an interest-bearing account styled "Disputed Claims Reserve." The funds in this account shall be held in trust for the benefit of the Holders of all Disputed Claims.

6.20.2 Unless and until the Bankruptcy Court shall determine that a good and sufficient reserve for any Disputed Claim is less than the full amount thereof, the calculations required by the Plan to determine the amount of the distributions due to the Holders of Allowed Claims and to be reserved for Disputed Claims shall be made as if all Disputed Claims were Allowed Claims in the full amount claimed by the Holders thereof. No payment or distribution shall be made with respect to any Claim to the extent it is a Disputed Claim unless and until such Disputed Claim becomes an Allowed Claim.

6.20.3 At such time as a Disputed Claim becomes an Allowed Claim the distributions due on account of such Allowed Claim and accumulated by the Grantor Trustee, as applicable (including the Pro Rata share of any dividends or interest earned in respect of such distributions) shall be released from the account and paid by the Grantor Trustee, as applicable, to the Holder of such Allowed Claim.

6.20.4 At such time as any Disputed Claim or portion thereof is finally determined to be Disallowed, the amount held in the Disputed Claims Reserve in respect thereof shall be released from the Disputed Claims Reserve and distributed to other creditors with Allowed Claims in the order of priority set forth herein and in accordance with the terms of this Plan relating to distributions.

6.20.5 The Grantor Trustee shall not be required to withhold funds or consideration, designate reserves, or make other provisions for the payment of any Claims that have been Disallowed by a Final Order of the Bankruptcy Court as of any applicable time for distribution under the Plan, unless the Bankruptcy Court orders otherwise or unless the Court's order of disallowance has been stayed.

6.21 Delivery of Distributions. Subject to Bankruptcy Rule 9010 and the provisions of the Plan, distributions to Holders of Allowed Claims shall be made at the address of each such Holder as set forth on the proofs of Claim filed by such Holders (or at the last known addresses of such a Holder if no proof of Claim or proof of Equity Interest is filed or if the Grantor Trustee has been notified in writing of a change of address), except as provided below. If any Holder's distribution is returned as undeliverable, no further distributions to such Holder shall be made unless and until the Grantor Trustee is notified of such Holder's then current address, at which time all missed distributions shall be made to such Holder without interest. Amounts in respect of undeliverable distributions shall be returned to the Grantor Trustee until such distributions are claimed. If such undeliverable distributions are not claimed within six months following the date the distributions were disbursed, the Persons otherwise entitled to such distributions shall have

waived and forfeited all rights to such distributions. Such distributions shall be used to pay any outstanding fees and expenses of the Grantor Trustee and its professionals, and then as an additional distribution to Holders of Allowed Class 5 Claims provided there are reasonably sufficient remaining funds to do so, as determined in the Grantor Trustee's discretion, after taking into account the cost of the distribution. For the avoidance of doubt, nothing contained in this Plan shall require the Grantor Trustee to attempt to locate any Person entitled to receive a distribution under the Plan. It is the obligation of each Person claiming rights under the Plan to keep the Grantor Trustee advised of such Person's current address by sending written notice of any changes to the Grantor Trustee, as appropriate.

6.22 Manner of Payment under the Plan. All payments made by the Grantor Trustee shall be by check and regular mail. However, at the option of the Grantor Trustee, payment may be made by wire transfer or otherwise provided that the recipient pays all costs that exceed payment by check and regular mail.

6.23 Time Bar for Cash Payments. Checks issued by the Grantor Trustee in respect of Allowed Claims shall be null and void if not negotiated within ninety (90) days after the date of issuance thereof. Requests for reissuance of any check shall be made directly to the Grantor Trustee by the Holder of the Allowed Claim with respect to which such check originally was issued. Any Claim in respect of a void check shall be made on or before the later of (a) the first anniversary of the Effective Date or (b) ninety (90) days after the date of reissuance of such check. After such date, all Claims in respect of void checks shall be discharged and forever barred.

6.24 Unclaimed Property. Any distribution unclaimed within ninety (90) days after the last distribution to Holders of Allowed Claims in Class 5 shall be deemed "unclaimed property" under § 347 of the Bankruptcy Code. Unclaimed property shall be returned to the Grantor Trustee and shall be distributed pro rata to Holders of Allowed Claims in Class 5, excluding any payment to Creditors whose distributions were unclaimed.

6.25 Minimum Payment; Fractional Dollars. Any other provision of the Plan notwithstanding, no payments of less than fifty dollars ($50.00) will be made to the Holder of any Allowed Claim and no payments of fractional dollars will be made to any Holder of an Allowed Claim. Whenever any payment of a fraction of a dollar to any holder of an Allowed Claim would otherwise be called for, the actual payment made will reflect a rounding of such fraction to the nearest whole dollar (up or down).

6.26 Distribution Dates. Whenever any distribution to be made under the Plan is due on a day other than a Business Day, such distribution will instead be made, without penalty or interest, on the next Business Day. The Bankruptcy Court shall retain power, after the Confirmation Date, to extend distribution dates for cause, upon motion and after notice and a hearing (as defined in Bankruptcy Code Section 102) to affected parties.

6.27 Bankruptcy Code Sections 508, 509, and 510. Distributions under the Plan will be governed by the provisions of Bankruptcy Code Sections 508, 509, or 510, where applicable.

6.28 Orders Respecting Claims Distribution. After confirmation of the Plan, the Bankruptcy Court shall retain jurisdiction to enter orders in aid of consummation of the Plan respecting distributions under the Plan and to resolve any disputes concerning distributions under the Plan.

6.29 Avoidance Actions. Grantor Trustee shall have the right, but not the requirement, to pursue and/or compromise all Avoidance Actions except those specifically released in this Plan.

6.30 Agreements, Instruments and Documents. All agreements, instruments and documents required under the Plan to be executed or implemented, together with such others as may be necessary, useful, or appropriate in order to effectuate the Plan shall be executed on or before the Effective Date or as soon thereafter as is practicable.

6.31 Further Authorization. The Debtors and Grantor Trustee shall be entitled to seek such orders, judgments, injunctions, and rulings from the Bankruptcy Court, in addition to those specifically listed in the Plan, as may be necessary to carry out the intentions and purposes, and to give full effect to the provisions, of the Plan. The Bankruptcy Court shall retain jurisdiction to enter such orders, judgments, injunctions and rulings.

ARTICLE 7
CRAMDOWN AND CLAIMS ALLOWANCE

7.1 In the event any Impaired Class rejects the Plan, the applicable Debtor will seek to invoke the provisions of Section 1129(b) of the Bankruptcy Code and confirm the Plan as to that Debtor notwithstanding the rejection of the Plan by any Class of Claims or Interests in that Plan.

IN THE EVENT ANY IMPAIRED CLASS REJECTS THE PLAN THE DEBTORS WILL SEEK TO INVOKE THE PROVISIONS OF 11 U.S.C. §1129(b) AND CONFIRM THE PLAN OVER THE REJECTION OF THE CLASS OR CLASSES. THE TREATMENT AFFORDED EACH CREDITOR IN EACH CLASS IN THE EVENT OF A CRAMDOWN WILL BE THE SAME AS THAT PROVIDED FOR IN THE PLAN AS THE CASE MAY BE.

7.2 Allowance of Claims under the Plan. Allowance is a procedure whereby the Bankruptcy Court determines the amount and enforceability of Claims against the Debtors, if the parties cannot agree upon such allowance. It is expected that the Debtors and/or the Grantor Trustee will file objections to Claims of Creditors, if any are deemed necessary, before and after confirmation of the Plan. The Plan merely provides for payment of Allowed Claims, but does not attempt to pre-approve the allowance of any Claims.

7.3 Objection Deadline. As soon as practicable, but in no event later than one hundred twenty (120) days after the Effective Date, unless extended by order of the Bankruptcy Court for cause, objections to Claims shall be filed with the Bankruptcy Court and served upon the Holders of each of the Claims to which objections are made.

7.4 Prosecution of Objections. On and after the Effective Date, except as the Bankruptcy Court may otherwise order, the filing, litigation, settlement or withdrawal of all objections to Claims shall be done by the Grantor Trustee, in its discretion.

ARTICLE 8
EXECUTORY CONTRACTS AND LEASES

8.1 All Executory Contracts and unexpired leases and all other such agreements, which are not expressly assumed in this Plan, or have not been expressly assumed by prior Court order, shall be deemed to be rejected upon confirmation of this Plan.

8.2 Any Claims arising from rejection of an Executory Contract or unexpired lease rejected as part of the confirmation of the Plan must be filed on or before 20 days from the Effective Date. Any claims arising from rejection of an Executory Contract or unexpired lease prior to confirmation of the Plan must have been filed on or before the later of the Bar Date or 20 days from the date such rejection became effective. Otherwise, such Claims are forever barred and will not be entitled to share in any distribution under the Plan. Any Claims arising from rejection, if Allowed, will be treated as Class 5 Claims.

8.3 Nothing in this Plan, any attachment thereto, any document executed or delivered in connection with the Plan, shall be deemed to create any obligation or liability with respect to any Executory Contract or unexpired lease on the part of the Debtors or other Person that is not presently liable thereon.

ARTICLE 9
MODIFICATION OF THE PLAN

9.1 The Proponents may propose amendments and modifications of this Plan through the Confirmation Date with leave of the Bankruptcy Court upon appropriate notice as may be necessary as to a specific Debtor or Debtors. After the Confirmation Date, an applicable Debtor or Debtors may, with approval of the Bankruptcy Court, so long as it does not materially or adversely affect the interests of the Creditors, remedy any defect or omission, or reconcile any inconsistencies in the Plan or in the Confirmation Order in such manner as may be necessary to carry out the intent of this Plan. After the Confirmation Date, an applicable Debtor or Debtors, through the Grantor Trustee, may, with approval of the Bankruptcy Court, modify the Plan as to any Class, even though such modification materially affects the rights of the Creditors or Interest Holders in such Class; provided, however, that such modifications must be accepted as to Classes of Creditors by at least sixty-six and two-thirds percent (66-2/3%) in amount of Allowed Claims voting in each such Class and fifty-one percent (51%) in number of Allowed Claims voting in such Class, and as to Classes of Interest Holders by at least sixty-six and two-thirds percent (66-2/3%) in amount of Allowed Interests voting in each such Class; and provided, further, that additional disclosure material needed to support such modification shall be approved by the Bankruptcy Court in the manner consistent with Section 1125 of the Bankruptcy Code and Rule 3017 of the Federal Rules of Bankruptcy Procedure. With respect to all proposed modifications to the Plan both before and after confirmation, the Debtors shall comply with the requirements of Section 1127 of the Bankruptcy Code.

ARTICLE 10
CONDITIONS PRECEDENT

10.1 Conditions to Confirmation. Confirmation of the Plan shall not occur and the Bankruptcy Court shall not enter the Confirmation Order unless all of the requirements of the Bankruptcy Code for confirmation of the Plan with respect to the Debtors shall have been satisfied. In addition, confirmation shall not occur, the Plan shall be null and void and of no force and effect, and the Plan shall be deemed withdrawn unless the Court shall have entered all orders (which may be orders included within the Confirmation Order) required to implement the Plan.

10.2 Waiver and Nonfulfillment of Conditions to Confirmation. Nonfulfillment of any condition to confirmation of the Plan may be waived only by the Debtors. In the event that the Debtors determine that the conditions to the Plan's confirmation which they may waive cannot be satisfied and should not, in their discretion, be waived, the Debtors may propose a new plan, may modify this Plan as permitted by law, or may request other appropriate relief.

10.3 Confirmation Order Provisions for Pre-Effective Date Actions. The Confirmation Order shall empower and authorize the Debtors to take or cause to be taken, prior to the Effective Date, all actions which are necessary to enable it to implement the provisions of the Plan and satisfy all other conditions precedent to the effectiveness of the Plan.

10.4 Conditions to the Effective Date. The following are conditions precedent to the effectiveness of the Plan: (i) the Plan is confirmed and the Bankruptcy Court shall have entered the Confirmation Order, which shall have become a Final Order; (ii) Proponents do not withdraw the Plan at any time prior to the Effective Date; (iii) and the Debtors shall have sufficient Cash on hand, or availability under the Exit Facility, to make the initial payments and distributions required under the Plan; (iv) HPRH Investments shall have purchased the IberiaBank Notes from IberiaBank, and any and all claims held by IberiaBank against the Debtor(s) shall have been transferred to HPRH Investments upon the effective date of the HPRH Purchase Agreement in accordance with the Binding Term Sheet filed at Doc. 757, and the releases of IberiaBank, Prosperity Bank and HPRH Investments contemplated thereby and as set forth in this Plan have been granted.

10.5 Waiver and Nonfulfillment of Conditions to Effective Date. Nonfulfillment of any condition set forth in the immediately foregoing paragraph of the Plan may be waived only by the Proponents. In the event that the Proponents determine that the conditions to the Plan's Effective Date set forth in the immediately foregoing paragraph of this Plan cannot be satisfied and should not, in their sole discretion, be waived, the Proponents, or any of them, may propose a new plan, may modify this Plan as permitted by law, or may request other appropriate relief.

ARTICLE 11
JURISDICTION OF THE BANKRUPTCY COURT

11.1 Notwithstanding entry of the Confirmation Order or the Effective Date having occurred, the Bankruptcy Court shall retain exclusive jurisdiction of this case after the Confirmation Date with respect to the following matters:

11.2 To allow, disallow and reconsider (subject to Bankruptcy Code Section 502(j) and the applicable Bankruptcy Rules) Claims and to hear and determine any controversies pertaining thereto;

11.2.1 To estimate, liquidate, classify or determine any Claim against the Debtors, including claims for compensation or reimbursement;

11.2.2 To resolve controversies and disputes regarding the interpretation and implementation of the Plan, including entering orders to aid, interpret or enforce the Plan and to protect the Debtors and any other entity having rights under the Plan as may be necessary to implement the Plan;

11.2.3 To hear and determine any and all applications, contested matters, or adversary proceedings arising out of or related to this Plan or this case, including the Collection Agreement entered into as a material term of this Plan, or as otherwise might be maintainable under the applicable jurisdictional scheme of the Bankruptcy Code prior to or after confirmation and consummation of the Plan whether or not pending on the Confirmation Date;

11.2.4 To enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, reversed, revoked or vacated;

11.2.5 To liquidate or estimate damages or determine the manner and time for such liquidation or estimation in connection with any contingent or unliquidated Claim;

11.2.6 To adjudicate all Claims to any lien on any of the Debtors' assets;

11.2.7 To hear and determine matters concerning state, local and federal taxes pursuant to Sections 346, 505, 525 and 1146 of the Bankruptcy Code;

11.2.8 To correct any defect, cure any omission, or reconcile any inconsistency in the Plan or the Confirmation Order as may be necessary to carry out the purposes and intent of the Plan or to modify the Plan as provided by applicable law;

11.2.9 To determine all questions and disputes regarding title to assets of the Debtors or of the Bankruptcy Estates, as may be necessary to implement the Plan;

11.2.10 To enforce and to determine actions and disputes concerning the releases contemplated by the Plan, and to require persons holding liens to release liens or Claims in compliance with the Plan;

11.2.11 To fix the value of collateral in connection with determining Claims;

11.2.12 To enter any order pursuant to Bankruptcy Code Section 505 or otherwise to determine any tax of the Debtors, whether before or after confirmation, including to determine any and all tax effects of the Plan;

11.2.13 To hear and determine any action or controversy by Holders of Allowed Claims with respect to such Claims or this Plan; and

11.2.14To enter a final decree closing the Case and making such final administrative provisions for the case as may be necessary or appropriate. Provided , however, if the HFG-CAP Supplement is exercised by means of the HFG-CAP Plan Election such that HFG-CAP elects to receive Plan Shares, then, if any Certificate of Completion is filed after a final decree is entered and the corresponding Chapter 11 Case is closed, then the filing of the Certificate of Completion (as defined in the HFG-CAP Supplement) shall be deemed, pursuant to § 350(b) and Bankruptcy Rule 5010, to be an allowed reopening of the Chapter 11 Case of that Debtor and no fee will be required for filing the Certificate of Completion under 28 U.S.C. § 1930(b).

11.3 Failure of the Bankruptcy Court to Exercise Jurisdiction. If the Bankruptcy Court abstains from exercising, or declines to exercise, jurisdiction or is otherwise without jurisdiction over any matter arising in, arising under or related to the Chapter 11 case, including the matters set forth in Section 11.1 of the Plan, this Article 11 shall have no effect upon and shall not control, prohibit or limit the exercise of jurisdiction by any other court having jurisdiction with respect to such matter.

ARTICLE 12
EFFECT OF CONFIRMATION

12.1 Binding Effect. As provided for in Section 1141(d) of the Bankruptcy Code, the provisions of the Plan shall bind the Debtors, any entity acquiring property under the Plan and any Creditor, Equity Holder, or shareholder of the Debtors, whether or not the Claim or Interest of such Creditor or Equity Holder is impaired under the Plan and whether or not such Creditor or Equity Holder has accepted the Plan. After confirmation, the property dealt with by the Plan shall be free and clear of all Claims and Interests of Creditors and Equity Holders, except to the extent as provided for in the Plan as the case may be. The Confirmation Order shall contain an appropriate provision to effectuate the terms of this paragraph 12.1.

12.2 Satisfaction of Claims and Interests. Holders of Claims and Interests shall receive the distributions provided for in this Plan[8], if any, in full settlement and satisfaction of all such Claims, and any interest accrued thereon, and all such Interests.

12.3 Vesting of Property. Except as otherwise expressly provided in the Plan, the HFG-CAP Supplement if made applicable, or the Confirmation Order, pursuant to Section 1141(b) of the Bankruptcy Code, upon the Effective Date, Property of the Bankruptcy Estates shall vest in the Grantor Trusts and the applicable Debtors, if the HFG Supplement is made applicable by the HFG-CAP Election, free and clear of all Claims, liens, encumbrances, charges or other Interests of Creditors and Interest Holders except for the interest of HLRH Investments and the Grantor Trustee's junior lien as set forth in the Intercreditor Agreement[9].

[8] This satisfaction includes any distributions of Plan Shares which may be made pursuant to the HFG-CAP Supplement, if made applicable by the HFG-CAP Election.

[9] If the HFG-CAP Plan Election to receive Plan Shares is exercised and the HFG-CAP Supplement made applicable, then the vesting provisions set forth in the HFG-CAP Supplement will address what limited assets vest in each Post Confirmation Debtor.

12.4 Discharge. If the HFG-CAP Supplement becomes effective on account of a timely HFG-CAP Election to receive Plan Shares, and an applicable Debtor (thereafter a Post Confirmation Debtor) files a Certificate of Completion prior to that Debtor's Consummation of the Plan Date, then, pursuant to Section 1141(d)(3)(B) of the Bankruptcy Code, on that date, the applicable Post Confirmation Debtor or any successor thereto in accordance with Section 1145 of the Code, shall be discharged from any debt that arose before the date of such confirmation, and any debt of a kind specified in Section 502(g), 502(h) or 502(i) of the Bankruptcy Code, whether or not a proof of the Claim based on such debt is filed or deemed filed under Section 501 of this title; such Claim is allowed under Section 502 of this title; or the Holder of such Claim has accepted the Plan, as to that specific Debtor. Otherwise, absent a timely filing of a Certificate of Completion on or prior to that Debtor's Consummation of the Plan Date detailed in the HFG-CAP Supplement, then: a) if the HFG-CAP Plan Election is not taken to receive Plan Shares; or b) if the HFG-CAP Plan Election is taken to receive Plan Shares, but a Certificate of Completion is not filed on or prior to a Debtor's Consummation of the Plan Date, the Debtor or Debtors as applicable will not receive a discharge of any sort under Section 1141 of the Code.

12.5 Injunction. **The Confirmation Order shall include a permanent injunction prohibiting the collection of Claims in any manner other than as provided for in the Plan. All Holders of Claims shall be prohibited from asserting against the Debtors or any of its assets or properties, any other or further Claim based upon any act or omission, transaction or other activity of any kind or nature that occurred prior to the Confirmation Date, whether or not such Holder filed a Proof of Claim. Such prohibition shall apply whether or not (a) a proof of Claim based upon such debt is filed or deemed filed under Section 501 of the Bankruptcy Code; (b) a Claim based upon such debt is allowed under Section 502 of the Bankruptcy Code; or (c) the Holder of a Claim based upon such debt has accepted the Plan. "Claims" shall include, but not be limited to, all direct claims of creditors and equity interest holders against the Debtor, claims derivative of the Debtors, shareholder claims against the Debtor, and all claims that are common to all creditors or equity holders[10].**

12.6 Preservation of Setoff and Recoupment Rights. In the event that the Debtors have a Claim of any nature whatsoever against the Holders of Claims, the Debtors may, but is not required to setoff or recoup against the Claim (and any payments or other distributions to be made in respect of such Claim hereunder), subject to the provisions of Section 553 of the Bankruptcy Code. Neither the failure to setoff nor the allowance of any Claim under the Plan shall constitute a waiver or release by the Debtors of any claim that the Debtors have against the Holder of Claims. Neither this provision nor the injunctive provision of the Confirmation Order shall impair the existence of any right of setoff or recoupment that may be held by a Creditor herein; provided that the exercise of such right shall not be permitted unless the Creditor provides the Debtors with written notice of the intent to effect such setoff or recoupment within thirty (30) days of the Effective Date. Failure by a Creditor to assert the right to setoff or recoupment against the Debtor(s) within this thirty (30) period shall result in a permanent waiver of the right to setoff or recoupment by the Creditor and the claim will no longer be enforceable

[10] If the HFG-CAP Plan Election to receive Plan Shares is exercised, then the Trading Injunction detailed in Article IV of the HFG-CAP Supplement will also be added to the Confirmation Order in addition.

against the Debtor(s). If the Debtors or Grantor Trustee, as applicable, object in writing within twenty (20) business days following the receipt of such notice, such exercise shall only be allowed upon order of the Bankruptcy Court. In the absence of timely objection, the Creditor may implement the proposed setoff or recoupment against the claim held by the Bankruptcy Estate.

12.7 Releases. On the Effective Date and pursuant to Section 1123(b)(3)(A) of the Bankruptcy Code, the Debtors, and to the maximum extent provided by law, its agents, release and forever discharge all claims, including acts taken or omitted to be taken in connection with or related to the formulation, preparation, dissemination, implementation, confirmation or consummation of the Plan, the Disclosure Statement or any contract, instrument, release or other agreement or document created or entered into or any other act taken or entitled to be taken in connection with the Plan or this case against the following, whether known or unknown:

12.7.1 Victory Medical Center Mid-Cities, LP, Victory Medical Center Mid-Cities GP, LLC, Victory Medical Center Plano, LP, Victory Medical Center Plano GP, LLC, Victory Medical Center Craig Ranch, LP, Victory Medical Center Craig Ranch GP, LLC, Victory Medical Center Landmark, LP, Victory Medical Center Landmark GP, LLC, Victory Medical Center Southcross, LP, Victory Medical Center Southcross GP, LLC and Victory Parent Company, LLC, Robert Helms, Jr, H. D. Patel, Devils Canyon Ranch, LLC, DSLR, LP, LSRD, LLC and J. Patrick Magill (collectively the "Insider Released Parties") in connection with any and all claims and causes of action arising on or before the Confirmation Date that may be asserted by or on behalf of the Debtors or the Bankruptcy Estates, except as otherwise provided in Article 4 herein.

12.7.2 The release of these Insider Released Parties shall be conditioned upon the occurrence of the Effective Date and shall expressly include any claim related to the HPRH DIP Loan, any aspect of HPRH Consolidated Debt and/or the acquisition of such debt, any liens or security interests securing the HPRH Consolidated Debt, and any claim that any portion of the HPRH Consolidated Debt shall be subordinated in any manner.

12.7.3 The Debtors' Professionals and the Committee's Professionals will be released from any and all claims and liabilities other than gross negligence and willful misconduct or except as otherwise provided under the Professional Code of Responsibility.

12.7.4 The members of the Committee will be released from any and all claims and liabilities other than gross negligence and willful misconduct.

12.7.5 **IberiaBank, Prosperity Bank, and HPRH Investments, LLC, including its representatives and professionals, in connection with any and all claims and causes of action arising on or before the Confirmation Date that may be asserted by or on behalf of the Debtors or the Bankruptcy Estates and/or on account of the Debtors' Cases.**

12.7.6 Exculpation. None of the Debtors, the Insider Released Parties, the Committee, nor any of their respective present members, officers, directors, employees or professionals shall have or incur any liability to any holder of a Claim or an Interest, or any other party in interest, or any of their respective agents, employees, representatives, advisors,

attorneys, or affiliates, or any of their successors or assigns, for any act or omission in connection with, relating to, or arising out of the Chapter 11 Case, the formulation, negotiation, or implementation of the Plan, the solicitation of acceptances of the Plan, the pursuit of Confirmation of the Plan, the Confirmation of the Plan, the consummation of the Plan, or the administration of the Plan or the property to be distributed under the Plan, except for acts or omissions which are the result of fraud, gross negligence, or willful misconduct, and in all respects shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities under the Plan.

12.8 Lawsuits. On the Effective Date, all lawsuits, litigations, administrative actions or other proceedings, judicial or administrative, in connection with the assertion of Claims against any of the Debtors except Proofs of Claim and/or objections thereto pending in the Bankruptcy Court shall be dismissed as to each of the Debtors. Such dismissal shall be with prejudice to the assertion of such Claim in any manner other than as prescribed by the Plan. **All parties to any such action shall be enjoined by the Bankruptcy Court by the Confirmation Order from taking any action to impede the immediate and unconditional dismissal of such actions.** All lawsuits, litigations, administrative actions or other proceedings, judicial or administrative, in connection with the assertion of a claim(s) by the Debtors or any entity proceeding in the name of or for the benefit of the Debtors against a person shall remain in place only with respect to the claim(s) asserted by the Debtors or such other entity, and shall become property of the Post-Confirmation Debtor(s) to prosecute, settle or dismiss as it sees fit.

12.9 Insurance. Confirmation and consummation of the Plan shall have no effect on insurance policies of the Debtors in which the Debtors or any of the Debtors' representatives or agents is or was the insured party; the Debtors shall become the insured party under any such policies without the need of further documentation other than the Plan and entry of the Confirmation Order. Each insurance company is prohibited from denying, refusing, altering or delaying coverage on any basis regarding or related to the Debtors' bankruptcy, the Plan or any provision within the Plan.

12.10 U.S. Trustee Fees. The Grantor Trustee shall timely pay post-confirmation quarterly fees assessed pursuant to 28 U.S.C. § 1930(a)(6) until such time as the Bankruptcy Court enters a final decree closing each Chapter 11 case, or enters an order either converting this case to a case under Chapter 7 or dismisses the case. After confirmation, the Grantor Trustee shall file with the Bankruptcy Court and shall transmit to the United States Trustee a true and correct statement of all disbursements made by the Grantor Trustee for each month or portion thereof, that these Chapter 11 cases remain open in a format prescribed by the United States Trustee.

12.11 Abandoned Property. If Collection Agent determines that an account receivable is no longer financially feasible to collect, it shall notify Grantor Trustee of its intent to abandon the collection of the same. The Grantor Trustee may, in its discretion, abandon property of the Debtors. Any and all property whose abandonment is or has been approved by the Court pursuant to the Bankruptcy Code shall remain abandoned forever; shall not thereafter be deemed to be property of the Debtors or of any successor to the Debtors; shall not at any time re-vest in the Debtors, and shall not otherwise, whether by conveyance or otherwise, ever become the property of the Debtors.

12.12 Term of Stays. Except as otherwise provided in the Plan, the stay provided for in this case pursuant to Bankruptcy Code Section 362 shall remain in full force and effect until the Effective Date.

12.13 Government Licenses. A governmental unit may not deny, revoke, suspend, or refuse to renew a license, permit, charter, franchise, or other similar grant to, condition such a grant to, or discriminate with respect to such a grant against, the Debtors, or another Person with whom the Debtors have been or is associated or affiliated, solely because of the commencement, continuation, or termination of the case or because of any provision of the Plan or the legal effect of the Plan, and the Confirmation Order will constitute an express injunction against any such discriminatory treatment by a governmental unit. Moreover, a governmental unit may not deny, revoke, suspend, or refuse to renew a license, permit, charter, franchise, or other similar grant to the Debtors based upon any requirement that the Debtors place a bond or other surety obligation with such governmental unit as a condition of receipt of such a license, permit, charter, franchise, or other similar grant to the Debtors. All licenses, permits, charters, franchises, or other similar grants to the Debtors are hereby retained by (which retention is without the assumption of any liabilities arising prior to the Effective Date which liabilities arise out of such license, permit, charter, franchise or similar grant) the Debtors without the need for further application or approval by any governmental unit.

ARTICLE 13
MISCELLANEOUS PROVISIONS

13.1 Corporate Authority. All actions and transactions contemplated under the Plan shall be authorized upon confirmation of the Plan without the need of further approval, notice or meetings, that might otherwise be required under applicable state law or otherwise, other than the notice provided by serving this Plan on all known Creditors of the Debtors, all Interest Holders, and all current directors of the Debtors.

13.2 Documentation. The Debtors, all Creditors and other parties in interest required to execute releases, termination statements, deeds, bills of sale or other documents required by the Plan, shall be ordered and directed to execute such documents as are necessary in order to effectuate the terms of this Plan. The Bankruptcy Court may determine that the failure of any party to execute a required document shall constitute contempt of the Bankruptcy Court's Confirmation Order, which shall require such documents to be executed in accordance with the terms of the Plan and the Confirmation Order. On the Effective Date, all documents and instruments contemplated by the Plan not requiring execution and delivery prior to the Confirmation Date shall be executed and delivered by the Debtors, and Creditors, as the case may be. All Documents shall be consistent with the terms of the Plan and shall otherwise be subject to approval as to form by all respective counsel.

13.3 Integration Clause. This Plan is a complete, whole, and integrated statement of the binding agreement between the Debtors, Creditors, Equity Interests and the parties-in-interest upon the matters herein. Parol evidence shall not be admissible in an action regarding this Plan or any of its provisions.

13.4 Primacy of the Plan and Confirmation Order. To the extent of any conflict or inconsistency between the provisions of the Plan on the one hand, and the Confirmation Order on the other hand, the provisions of the Confirmation Order shall govern and control.

13.5 Severability. If any term or provision of the Plan, including the HFG-CAP Supplement, is determined the Bankruptcy Court to be invalid, void or unenforceable, such determination shall in no way limit or affect the enforceability or operative effect of any other provision of the Plan except that the following requirements may not be severed: (i) HPRH Investments purchase of the IberiaBank Notes and (ii) releases of IberiaBank, Prosperity Bank and HPRH. If any term or provision of the Plan is of such a character as to deny Confirmation, the Proponents reserve the right to strike such provisions from the Plan and seek Confirmation of the Plan as modified subject to the terms stated herein. Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired or invalidated by such holding, alteration or interpretation. The Confirmation Order will constitute a judicial determination and will provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

13.6 No Admission. Neither the filing of the Plan, nor Disclosure Statement, nor any statement or provision contained herein, nor the taking by the Debtors of any action with respect to the Plan shall (i) be or be deemed to be an admission against interest and (ii) until the Effective Date, be or be deemed to be a waiver of any rights which the Debtors may possess against any other party. In the event that the Effective Date does not occur, neither the Plan, Disclosure Statement nor any statement contained herein may be used or relied upon in any manner in any suit, action, proceeding or controversy within or outside of the Debtors' case.

13.7 Bankruptcy Restrictions. From and after the Effective Date, the Debtors shall no longer be subject to the restrictions and controls provided by the Bankruptcy Code or Rules (e.g., section 363, section 364, rule 9019), the Bankruptcy Court, or the United States Trustee's guidelines. The Grantor Trustee may, on behalf of the Debtors, compromise Claims and/or controversies post-Effective Date without the need of notice or Bankruptcy Court approval. No monthly operating reports will be filed after the Effective Date; however, the Grantor Trustee shall provide the U.S. Trustee such financial reports as provided above and as the U.S. Trustee may reasonably request until the entry of a final decree.

13.8 Governing Law. Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules) or the law of the jurisdiction of organization of any entity, the internal laws of the State of Texas shall govern the construction and implementation of the Plan and any agreements, documents and instruments executed in connection with the Plan or the Chapter 11 case, including the documents executed pursuant to the Plan.

13.9 Closing of Case. As soon as the Debtors have performed their obligations under the Plan they shall seek the entry of an Order of the Court closing the case[11].

13.10 Successors and Assigns. The rights, benefits and obligations of any entity named or referred to in the Plan shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, successor or assign of such entity.

13.11 Notices. All notices or requests in connection with the Plan shall be in writing and given by mail addressed to:

Robert Helms, Jr.
HPRH Investments LLC.
2201 Timberloch, Suite 200
The Woodlands, TX 77370

with copies to:

EDWARD L. ROTHBERG
HOOVER SLOVACEK LLP
5051 Westheimer, Suite 1200
Galleria Tower II
Houston, Texas 77056

All notices and requests to Persons holding any Claim or Interest in any Class shall be sent to them at their last known address or to the last known address of their attorney of record in the case. Any such holder of Claim or Interest may designate in writing any other address for purposes of this section, which designation will be effective upon receipt by the Debtors.

13.12 Validity and Enforceability. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms. Should any provision in this Plan be determined by the Court or any appellate court to be unenforceable following the Effective Date, such determination shall in no way limit the enforceability and operative effect of any and all other provisions of this Plan.

13.13 Plan Supplement. Any and all exhibits or schedules not filed with the Plan (other than the HFG-CAP Supplement) shall be contained in a Plan Supplement to be filed within ten (10) days of the Confirmation Hearing.

[11] If the HFG-CAP Supplement becomes operative, applicable provisions of the HFG-CAP Supplement and the Confirmation Order shall address the reopening of any specific case as may be required to address the granting of a discharge to the specific Post Confirmation Debtor by means of filing a Certificate of Completion regarding a merger, combination or acquisition with a successor to that Debtor. See also Section 11.2.14 of this Plan.

Respectfully submitted February 12, 2016:

VICTORY MEDICAL CENTER MID-CITIES, LP
By: VICTORY MEDICAL CENTER MID-CITIES GP, LLC, its General Partner

J. Patrick Magill with permission by /s/ Melissa A. Haselden
By:_____
J. Patrick Magill, Chief Restructuring Officer

VICTORY MEDICAL CENTER MID-CITIES GP, LLC

J. Patrick Magill with permission by /s/ Melissa A. Haselden
By:_____
J. Patrick Magill, Chief Restructuring Officer

VICTORY MEDICAL CENTER PLANO, LP
By: VICTORY MEDICAL CENTER PLANO GP, LLC, its General Partner

J. Patrick Magill with permission by /s/ Melissa A. Haselden
By:_____
J. Patrick Magill, Chief Restructuring Officer

VICTORY MEDICAL CENTER MEDICAL PLANO GP, LLC

J. Patrick Magill with permission by /s/ Melissa A. Haselden
By:_____
J. Patrick Magill, Chief Restructuring Officer

VICTORY MEDICAL CENTER CRAIG RANCH, LP
By: VICTORY MEDICAL CENTER CRAIG RANCH GP, LLC, its General Partner

J. Patrick Magill with permission by /s/ Melissa A. Haselden
By:_____
J. Patrick Magill, Chief Restructuring Officer

VICTORY MEDICAL CENTER MEDICAL CRAIG RANCH GP, LLC

J. Patrick Magill with permission by /s/ Melissa A. Haselden
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J. Patrick Magill, Chief Restructuring Officer

VICTORY MEDICAL CENTER LANDMARK, LP
By: VICTORY MEDICAL CENTER LANDMARK GP, LLC, its General Partner

J. Patrick Magill with permission by /s/ Melissa A. Haselden
By:_____
J. Patrick Magill, Chief Restructuring Officer

VICTORY MEDICAL CENTER MEDICAL LANDMARK GP, LLC

J. Patrick Magill with permission by /s/ Melissa A. Haselden
By:_____
J. Patrick Magill, Chief Restructuring Officer

VICTORY PARENT COMPANY, LLC

J. Patrick Magill with permission by /s/ Melissa A. Haselden
By:_____
J. Patrick Magill, Chief Restructuring Officer

VICTORY MEDICAL CENTER SOUTHCROSS, LP
By: VICTORY MEDICAL CENTER SOUTHCROSS GP, LLC, its General Partner

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ATTORNEYS FOR DEBTORS

EXHIBIT 1

Reserved Litigation Claims

(TO BE SUPPLEMENTED PRIOR TO HEARING ON APPROVAL OF DISCLOUSRE STATEMENT)

EXHIBIT 1.52

HFG-CAP SUPPLEMENT

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION

IN RE:	§	**Chapter 11**
	§	
VICTORY MEDICAL CENTER MID-CITIES, LP et al.,[1]	§	**CASE NO.: 15-42373-rfn-11**
	§	
	§	**Jointly Administered**
	§	

HFG-CAP SUPPLEMENT TO FIRST AMENDED JOINT CHAPTER 11 PLAN

PROVIDED THAT HFG CAPITAL INVESTMENTS, LLC ("**HFG-CAP**") executes and files the HFG-CAP Plan Election as to a specific Debtor or Debtors and the First Amended Joint Chapter 11 Plan (the "**Plan**"), as it may be modified as of the entry of the Confirmation Order, and the Plan is confirmed, then the following terms shall become applicable for the benefit of holders of Allowed General Unsecured Claims in all of the eleven (11) Chapter 11 cases referenced in the above case style that secure the entry of a Confirmation Order and shall, among other things, govern the rights and requirements as to the applicable Post Confirmation Debtors.

GENERAL DESCRIPTION OF THE HFG-CAP SUPPLEMENT

The HFG-CAP Supplement is intended to augment the recovery to holders of Class 5 Allowed General Unsecured Claims in as many of the eleven (11) Chapter 11 cases as secure the entry of a Confirmation Order by having all of the assets of any kind or character of each Debtor entity transferred to an appropriate liquidating Grantor Trust otherwise established pursuant to the Debtors' Joint Plan, save for $1,000 per entity, so that each such Debtor can become a Post Confirmation Debtor, which may then be utilized, per the requirements and restrictions set forth in the HFG-CAP Supplement, as a merger, combination or acquisition vehicle for an operating, solvent entity (including such operating, solvent entity being a successor to an applicable Debtor per Section 1145 of the Code). Such Post Confirmation Debtors will be attractive to private entities that desire to have the benefits of having a significant number of holders of shares that, pursuant to Section 1145(c) of the Bankruptcy Code, are publicly tradeable, and offer opportunities to such private entities after a merger, combination or acquisition (again, oftentimes becoming the successor to the applicable pre-petition Debtor) to be placed on an applicable public market (subject to all applicable rules and regulations applicable to such public entity). All holders of Class 5 Allowed General Unsecured Creditor's Claims in all cases will

[1]The Debtors in these cases, along with the last four digits of their respective taxpayer ID numbers, are Victory Medical Center Mid-Cities, LP (2023) and Victory Medical Center Mid-Cities GP, LLC (4580), Victory Medical Center Plano, LP (4334), Victory Medical Center Plano GP, LLC (3670), Victory Medical Center Craig Ranch, LP (9340), Victory Medical Center Craig Ranch GP, LLC (2223), Victory Medical Center Landmark, LP (9689), Victory Medical Center Landmark GP, LLC (9597), Victory Parent Company, LLC (3191), Victory Medical Center Southcross, LP (8427) and Victory Medical Center Southcross GP, LLC (3460).

become shareholders in each successor to an applicable Debtor when a Post Confirmation Debtor becomes a Post Confirmation Debtor on account of the merger, combination or acquisition with the heretofore referenced private operating business.

Holders of Allowed General Unsecured Creditors are urged to review the HFG-CAP Supplement to the Disclosure Statement for more detailed information necessary for such holders to make an informed decision with regard to their voting on whether or not to support the confirmation of those plans to which their claim entitles them to vote.

DEFINED TERMS

All defined terms set forth in the Plan apply to this HFG-CAP Supplement; all terms otherwise defined in the Bankruptcy Code apply to the HFG-CAP Supplement. The following defined terms will apply in either the HFG-CAP Supplement or in the Plan and Disclosure Statement when utilized.

Certificate of Completion means the filing which a Post Confirmation Debtor makes with the Bankruptcy Court certifying that a specific Post Confirmation Debtor, in conjunction with another operating entity that will be the successor to pre-petition Debtor, has met the requirements to close a merger, combination or acquisition on or before that specific Post Confirmation Debtor's Consummation of the Plan Date. If any Certificate of Completion is filed after a final decree is entered and the corresponding Chapter 11 Case is closed, then the filing of the Certificate of Completion shall be deemed, pursuant to § 350(b) and Bankruptcy Rule 5010, to be an allowed reopening of the Chapter 11 Case of that Debtor and no fee will be required for filing the Certificate of Completion under 28 U.S.C. § 1930(b).

Consummation of the Plan means when the requirements of the Plan for a specific Post Confirmation Debtor to enter into a merger, combination or acquisition with a successor to a Debtor are met. Consummation of the Plan for each Post Confirmation Debtor occurs after Substantial Consummation of the Plan, but must occur before the deadline set forth as the Consummation of the Plan Date as to such Post Confirmation Debtor.

Consummation of the Plan Date means the date on which a merger, combination or acquisition with the successor to a specific Post Confirmation Debtor must be completed:

For the corresponding Post Confirmation Debtor:	**The Consummation of the Plan Date shall be not later than:**
Victory Medical Center Mid-Cities, LP	4 months after the Effective Date
Victory Medical Center Mid-Cities GP, LLC	8 months after the Effective Date
Victory Medical Center Plano, LP	12 months after the Effective Date
Victory Medical Center Plano GP, LLC	16 months after the Effective Date
Victory Medical Center Craig Ranch, LP	20 months after the Effective Date
Victory Medical Center Craig Ranch GP, LLC	24 months after the Effective Date
Victory Medical Center Landmark, LP	28 months after the Effective Date
Victory Medical Center Landmark GP, LLC	32 months after the Effective Date

Victory Parent Company, LLC	36 months after the Effective Date
Victory Medical Center Southcross, LP	40 months after the Effective Date
Victory Medical Center Southcross GP, LLC	44 months after the Effective Date

HFG-CAP means HFG-CAP Capital Investments, LLC, a Texas limited liability company.

HFG-CAP Plan Election means the determination of HFG-CAP as to what treatment it will select as to a Debtor as set forth in Section 1.1(a) that is to be filed with the Bankruptcy Court per the time frame detailed therein.

HFG-CAP Supplement means this HFG-CAP Supplement to the Plan.

Plan Shares means either: (i) the shares of common stock of each Post Confirmation Debtor issued pursuant to § 1145 and Article III of the HFG-CAP Supplement, or (ii) the shares of common stock of any private corporate entity that are issued in any transaction where such private corporate entity becomes the successor to a Post Confirmation Debtor pursuant to § 1145 (also in compliance with Article III of the HFG-CAP Supplement). Plan Shares may be certificated or uncertificated, as those terms are utilized in Article 8 of the Uniform Commercial Code as the board of directors of each Post Confirmation Debtor or those of the successor to the Debtor determines is necessary to fulfill the purpose of the Plan while minimizing costs and delays.

Post Confirmation Debtors means, individually or collectively, the Debtors on and after the Effective Date of the Plan. Each Post Confirmation Debtor is a successor of the corresponding Debtor for purposes of §§ 1123 and 1145. Upon becoming a Post Confirmation Debtor, each pre-confirmation Debtor shall be authorized by the confirmation of the Plan to: a) convert its organization from either a limited partnership or a limited liability company to a "C" corporation; and b) assume the following corporate names, as applicable:

Pre Confirmation Debtor	Post Confirmation Debtor
Victory Medical Center Mid-Cities, LP	VMC I Acquisition Corp.
Victory Medical Center Mid-Cities GP, LLC	VMC II Acquisition Corp.
Victory Medical Center Plano, LP	VMC III Acquisition Corp.
Victory Medical Center Plano GP, LLC	VMC IV Acquisition Corp.
Victory Medical Center Craig Ranch, LP	VMC V Acquisition Corp.
Victory Medical Center Craig Ranch GP, LLC	VMC VI Acquisition Corp.
Victory Medical Center Landmark, LP	VMC VII Acquisition Corp.
Victory Medical Center Landmark GP, LLC	VMC VIII Acquisition Corp.
Victory Parent Company, LLC	VMC IX Acquisition Corp.
Victory Medical Center Southcross, LP	VMC X Acquisition Corp.
Victory Medical Center Southcross GP, LLC	VMC XI Acquisition Corp.

Ratable Proportion means, with reference to any distribution of Plan Shares on account of an Allowed Claim in Class 5, a distribution equal in amount to the ratio (expressed as a

percentage) that the amount of such Allowed Claim bears to the aggregate amount of all Allowed Claims in the multiple Class 5's as to all Debtors.

Transition Assets means $1,000 as to each Post Confirmation Debtor, which will remain with each Post Confirmation Debtor, provided that HFG-CAP elects to take Plan Shares in exchange for its Administrative Claim.

ARTICLE I
PROVISIONS FOR PAYMENT OF ADMINISTRATIVE EXPENSES AND PRIORITY TAX CLAIMS

Section 1.1 ***Treatment of Allowed Administrative Expense of HFG-CAP.***

(a) Notwithstanding any definition to the contrary in the Plan, either of the following, at the election of HFG-CAP, shall be the Treatment for HFG-CAP's Allowed Administrative Claim: (i) the Allowed Administrative Expense of HFG-CAP against each pre-confirmation Debtor will be paid according to the terms set forth in the promissory note evidencing such Administrative Expense as set forth in the order approving the motion to allow the borrowing which generated the claim, or (ii) HFG-CAP will receive 70% of the Plan Shares issued by each of the Post Confirmation Debtors or issued by a successor to an applicable Debtor, in full satisfaction of its Allowed Administrative Expense as to each such Debtor. HFG-CAP shall file a notice of such election as to the treatment of such Allowed Administrative Expenses of HFG-CAP with the Bankruptcy Court no later than three (3) business days prior to the Confirmation Hearing as to all Debtors; provided that such election shall become final and binding only upon entry of the Confirmation Order.

ARTICLE II
AUGMENTED TREATMENT OF CLAIMS IN CLASS 5 AS TO EACH DEBTOR

Section 2.1 ***Augmented Treatment of Allowed Class 5 Claims (General Unsecured).***

In addition to the treatment provided to holders of Allowed Class 5 Claims as detailed in the Plan, holders of Allowed General Unsecured Claims may receive Plan Shares in each of the Post Confirmation Debtors. The HFG-CAP Supplement sets forth additional terms and conditions governing the issuance of Plan Shares. If HFG-CAP elects to receive Plan Shares in exchange for its Allowed Administrative Expense, then the holders of Class 5 Allowed General Unsecured Claims in all cases that achieve confirmation of their applicable Plan shall be entitled to receive Plan Shares in each of the Post Confirmation Debtors or their successor as referenced in Section 1145 of the Code, as follows:

(a) Each holder of an Allowed Class 5 General Unsecured Claim against a Debtor shall receive a right to a Ratable Proportion of Plan Shares in all Post Confirmation Debtors that were formerly Debtors. The Ratable Proportion shall be determined by cumulating each holder's non- repetitive Allowed General Unsecured

Claims against the Debtors[2] and treating them as a claim against a single entity. Each holder's cumulative claim amount shall then be entitled to receive a Distribution of Plan Shares from each Post Confirmation Debtor or its successor that was formerly a Debtor on a pro rata basis with all other holders of Allowed General Unsecured Claims against all of the Debtors.[3]

ARTICLE III

PLAN IMPLEMENTATION PROVISIONS

If HFG-CAP Elects to Receive Plan Shares

If HFG-CAP elects to receive Plan Shares under the Plan in lieu of payment of its Allowed Administrative Expenses, then the following Sections of the HFG-CAP Supplement Plan shall apply.

Section 3.1 ***Conversion of Post Confirmation Debtors to a Corporate Entity.***

(a) George Diamond, as the Plan appointed agent with authority to act for each of the Post Confirmation Debtors, shall be authorized by the Confirmation Order to execute and file any documents required to effectuate each conversion of an applicable Debtor to a corporate entity. No additional authorization shall be required, as the Confirmation Order will be the equivalent of any necessary approval by the managers and members, partners whether general or limited, or the shareholders, officers and directors, as applicable, of each of the Debtors, to so act. Bylaws consistent with the HFG-CAP Supplement will be adopted under such authority as to each Post Confirmation Debtor, as well.

(b) Each Post Confirmation Debtor's existence shall continue post Confirmation as necessary to effect a merger, combination or acquisition or to be subsumed by a successor to such Post Confirmation Debtor until that Post Confirmation Debtor's Consummation of the Plan Date. The state of converted incorporation of each Post Confirmation Debtor may, at the Post Confirmation Debtor's discretion exercised solely by its board of directors, be changed from its state of incorporation to the State of Delaware or the State of Nevada by means of a merger with and into a Delaware or Nevada corporation formed for the purpose of effecting such reincorporation merger. After the Effective Date and after any necessary

[2] As to each Debtor Couplet (a general partner entity and a limited partnership entity) Allowed Class 5 General Unsecured Claims are presumed to be wholly repetitive, such that only one claim is generated instead of two, for purposes of this HFG-CAP Supplement.

[3] By way of example, if total Allowed General Unsecured Claims against all of the Debtors accumulates to $5,000,000, then a Creditor holding an Allowed Claim against one Debtor in the amount of $50,000 would receive 1.0% of the Plan Shares available for distribution to the holders of Class 5 Allowed General Unsecured Claims with regard to each Post Confirmation Debtor or its successor.

conversion of entity type, the Post Confirmation Debtors shall be known by the names set forth in the HFG-CAP Supplement. In the case of a reincorporation merger, each Post Confirmation Debtor will continue its subsequent corporate existence as either: i) a Delaware corporation governed by the General Corporation Law of Delaware, its Delaware Certificate and its Delaware Bylaws; or ii) a Nevada corporation governed by the Corporation Law of Nevada, its Nevada Articles and its Nevada Bylaws. Except as provided in the Plan, each Post Confirmation Debtor shall be responsible for any and all costs or liabilities that it incurs from and after the Effective Date.

(c) Each Post Confirmation Debtor will have 100,000,000 authorized shares of common stock, inclusive of the Plan Shares able to be issued and distributed as to each Post Confirmation Debtor under the Plan, where applicable. Each Post Confirmation Debtor may, as the exigencies of a prospective merger, combination or acquisition or other transaction with a successor to that Debtor dictate, modify this capital structure, but in no way shall such modification affect any obligations of HFG-CAP hereunder nor affect the ratio of Plan Shares issued to HFG-CAP and the holders of Allowed Class 5 General Unsecured Claims as to any transaction contemplated herein as to the Post Confirmation Debtors. Copies of the form of the proposed Bylaws and Charter will be supplied by HFG-CAP to the Creditors' Committee and the Debtors at least (5) five days prior to the hearing on confirmation and may be obtained by contacting the attorney for the Debtors or HFG-CAP. The new officer of each Post Confirmation Debtor will take all corporate action necessary to adopt either the Delaware Certificate or the Nevada Articles following the Confirmation Date, if the reincorporation merger option is taken as to that Post Confirmation Debtor.

(d) The entry of the Confirmation Order will also be deemed to meet all necessary member or partner (whether general or limited) approval requirements under any applicable law of the respective states of incorporation or of origin of each Debtor and Delaware and Nevada law necessary to complete the reincorporation mergers, if such procedure is utilized or to amend an entities organizing documentation as necessary to meet the requirements of the Plan. The restrictions set forth in § 1123(a)(6) as to preferred stock and non-voting equity will be incorporated into each Post Confirmation Debtor's post conversion charter. Each officer or agent noted herein of each Post Confirmation Debtor will be authorized to file all necessary documentation to effectuate the transactions contemplated by the Plan.

(e) In addition to meeting any shareholder approval requirements set forth in applicable state law, any amendments, modifications, restatements or other changes with respect to the entity conversion, the charter or articles of incorporation of any Post Confirmation Debtor following the Effective Date and prior to the completion of the merger, consolidation or acquisition transactions, including any common stock splits, shall be approved by a majority of the Plan Shares. However, any modifications to any Post Confirmation Debtor's charter or articles of incorporation during such period, required to effectuate a merger, consolidation or acquisition, shall not require approval pursuant to state law, other than board of directors approval, so long as such modification to effectuate the merger, consolidation or acquisition does not change the

distribution percentage of Plan Shares between HFG-CAP and the Class 5 Allowed General Unsecured Creditors of the Debtors pursuant to this Plan or otherwise affect any obligation or requirement set forth in this Plan.

(f) George Diamond, a Member and Manager of HFG-CAP, will serve as the initial sole director and officer of each Post Confirmation Debtor.

(g) All costs and expenses associated with or related to the conversion of any of the Post Confirmation Debtors, any subsequent mergers, combinations or acquisitions which require the issuance of the Plan Shares by either the applicable Post Confirmation Debtor or its successor per Section 1145 of the Code and any other filings or actions with regard thereto, shall be borne solely by HFG-CAP. The only amount to be paid by the Debtors will be any tax existing on the Confirmation Date which must be paid in order to continue the entity existence of a Debtor, which payment terms and the rights of the payee regarding same are otherwise controlled by the Plan.

Section 3.2 ***Corporate Governance of the Post Confirmation Debtors.*** On the Effective Date automatically and without further action, (i) each existing party or entity which had the capacity to direct and control a Debtor pre-confirmation will resign or be terminated by the terms of the Plan and this HFG-CAP Supplement, and (ii) George Diamond shall be deemed the sole party which has the capacity to direct and control a Post Confirmation Debtor regarding its compliance with the provisions of the HFG-CAP Supplement.

Section 3.3 ***The Merger, Combination or Acquisition.***

(a) Although none of the Post Confirmation Debtors will have any significant assets other than the Transition Assets, or operations, they will each possess a shareholder base which may make them attractive acquisition, combination or merger candidates to operating privately held corporations seeking to become publicly held. HFG-CAP shall have the right to consummate any kind of business combination, including a stock exchange or merger, as well as an asset acquisition, and furthermore a business combination shall be deemed to specifically include any transaction wherein an operating privately held corporation would be a successor to a Debtor under Section 1145 of the Code, all of which is intended to benefit the shareholders of a Post Confirmation Debtor by allowing them to own an interest in a viable, operating business enterprise. Any intermediate steps, such as issuance of uncertificated Plan Shares of a Post Confirmation Debtor in conjunction with the necessary documentation of a direct merger wherein the Plan Shares issued are those of a successor, are also authorized under § 1145.

(b) Each Post Confirmation Debtor shall complete a merger or acquisition transaction by its applicable Consummation of the Plan Date if an opportunity to do so exists which is acceptable to such Post Confirmation Debtor in its reasonable business judgment.

(c) In the event a Post Confirmation Debtor does not complete a merger, consolidation or acquisition transaction by its applicable Consummation of the Plan Date, then any Plan Shares issued under the HFG-CAP Supplement as to such

Post Confirmation Debtor shall be deemed cancelled and void. The Consummation of the Plan Date(s) may be extended, in the manner set forth in Section 3.4(e) if the Grantor Trustee does not meet the requirements set forth in Section 3.4 (d) within the time periods referenced in those Sections as to the Post Confirmation Debtor involved.

(d) As to each Post Confirmation Debtor, the terms and conditions of the proposed merger, consolidation or acquisition transaction, specifically including any transaction wherein an operating privately held corporation would be a successor to a Debtor under Section 1145 of the Code, shall be approved by the majority of the members of the board of directors of such Post Confirmation Debtor. No vote by the shareholders of such Post Confirmation Debtor shall be required. Except as otherwise set forth in the Plan, any matters presented to the shareholders of any Post Confirmation Debtor prior to the completion of a merger, combination or acquisition, including any transaction wherein an operating privately held corporation would be a successor to a Debtor under Section 1145 of the Code, shall be approved by shareholders in a manner consistent with applicable law.

Section 3.4 ***Distribution of the Plan Shares*****.**

(a) Each merger, consolidation or acquisition, including any transaction wherein an operating privately held corporation would be a successor to a Debtor under Section 1145 of the Code, as to a Post Confirmation Debtor will include the ability to issue a sufficient number of Plan Shares to meet the requirements of the HFG-CAP Supplement. Such number is estimated to be approximately 500,000 Plan Shares relative to each Post Confirmation Debtor, but the exigencies of a prospective merger, combination or acquisition dictate, may modify this capital structure, but in no way shall such modification affect any obligations of HFG-CAP hereunder nor affect the ratio of Plan Shares issued to HFG-CAP and the holders of Allowed Class 5 General Unsecured Claims against any Debtor. The Plan Shares shall all be of the same class.

(b) The Plan Shares will be issued relative to each Post Confirmation Debtor as soon as practicable after the Grantor Trustee has (i) determined all Allowed Class 5 General Unsecured Claims as to the Debtors and (ii) delivered to HFG-CAP the list described in Section 3.4(c) below with regard to the applicable claimants who are to be the recipients of same. Seventy percent (70%) of the Plan Shares issued relative to each Post Confirmation Debtor will be issued to HFG-CAP in exchange for the release of its rights to an Administrative Claim and for the performance of certain services and the payment of certain fees related to the anticipated merger, combination or acquisition transactions described in this HFG-CAP Supplement. The remaining thirty percent (30%) of the Plan Shares relative to each Post Confirmation Debtor's transaction will be issued to holders of Allowed Class 5 Unsecured Claims as to the Debtors. Plan Shares will be issued, if at all, in addition to any Cash or other property distributed pursuant to these holders of Allowed Claims.

(c) The number of Plan Shares each holder of a Class 5 Allowed General Unsecured Claim shall receive in each Post Confirmation Debtor will be determined in accordance with the requirements of Section 2.1(a) of this HFG-CAP Supplement.

(d) Each Post Confirmation Debtor or its successor in compliance with Section 1145 of the Code, in its sole discretion, may issue or cause to be issued by an applicable successor, Plan Shares in multiple phases prior to the completion of the claims allowance process, upon receipt of the following information to be delivered by the Grantor Trustee to the Post Confirmation Debtors no later than ninety (90) days after the Effective Date: (i) a listing of the non-repetitive holders of Allowed Class 5 General Unsecured Claims against the Debtors; (ii) a listing of those holders of Class 5 General Unsecured Claims against any of the Debtors subject to objection and the amounts of their asserted Claims and the amount of recovery sought in any Avoidance Action as to such holder. Such information will enable the Grantor Trustee and each Post Confirmation Debtor to properly take into account all asserted claims.

(e) Failure of the Grantor Trustee to deliver the required information within ninety days of the Effective Date shall cause all Consummation of the Plan Dates to be extended for the number of days past the 90th day that it takes the Grantor Trustee to deliver the required information.

(f) Once a Post Confirmation Debtor has elected to issue the Plan Shares in multiple phases, the Grantor Trustee and such Post Confirmation Debtor will determine (i) the number of Plan Shares to be issued to holders of Allowed Class 5 General Unsecured Claims against any of the Debtors not subject to, or likely to be subject to, an objection or an Avoidance Action and (ii) the approximate number of Plan Shares to be allocated for future issuance to holders of Class 5 General Unsecured Claims against any of the Debtors subject to, or likely to be subject to, an objection or an Avoidance Action. As soon as practicable after the Grantor Trustee has made such determination, the Post Confirmation Debtor or its successor, as may be applicable, will issue the Plan Shares to the holders of Allowed Class 5 General Unsecured Claims against any of the Debtors not subject to, or likely to be subject to, an objection or an Avoidance Action. Holders of Class 5 General Unsecured Claims against any of the Debtors subject to, or likely to be subject to, an objection or an Avoidance Action will each receive a Ratable Proportion of the Plan Shares allocated for future issuance as soon as practicable after resolution of the objection or Avoidance Action. The approximate number of Plan Shares allocated for future issuance to the holders of Class 5 General Unsecured Claims against any of the Debtors subject to or likely to be subject to, an objection or an Avoidance Action is an estimate only and the number of Plan Shares actually received by such holder may differ from such number. Any portion of the Plan Shares allocated but not issued to a holder of a Class 5 General Unsecured Claim against any of the Debtors that is subject to, or likely to be subject to, an objection or an Avoidance Action, upon a determination of the actual amount of the Allowed Class 5 Unsecured Claim against any of the Debtors will be accumulated and issued ratably, as applicable, to all Allowed Class 5 Allowed General Unsecured Claim against any of the Debtors once all of the objections and Avoidance Actions are resolved either by written agreement by and between the claimant and the Grantor Trustee or by a Final Order.

(g) In the event that any Post Confirmation Debtor, or its applicable successor, shall at any time prior to the issuance of all of the Plan Shares (i) declare a dividend on

its outstanding common stock in shares of its capital stock, (ii) subdivide its outstanding common stock, (iii) combine its outstanding common stock into a smaller number of shares, or (iv) issue any shares of its capital stock by reclassification of its common stock (including any such reclassification in connection with an acquisition, combination or merger in which the Post Confirmation Debtor is the continuing corporation), then, in such case, the number of allocated but unissued Plan Shares shall be proportionately adjusted so that the holders of Allowed Class 5 General Unsecured Claims against any of the Debtors, as may be applicable to the Post Confirmation Debtor at issue, who have not yet received a Ratable Proportion of the Plan Shares shall each be entitled to receive the aggregate number of Plan Shares which, if such holder had owned such shares immediately prior to the record date of such dividend, subdivision, combination or reclassification, such holder would be entitled to receive or own by virtue of such dividend, subdivision, combination or reclassification.

(h) Notwithstanding anything contained in the Plan to the contrary, holders of Allowed Class 5 General Unsecured Claims against any Debtor that are subject to unresolved objections as of the date when any matter is presented to the Plan Shareholders for a vote by a Post Confirmation Debtor, including the approval of a merger, combination or acquisition, after the Effective Date, shall not be entitled to vote thereon.

(i) The Plan Shares will be issued, if at all, only to holders of Class 5 Allowed General Unsecured Claims and to HFG-CAP pursuant to § 1145(a)(1)(A). The Plan Shares issued are not subject to any statutory restrictions on transferability, except those set forth in § 1145 or otherwise applicable federal law. However, prior to the completion of a merger, combination or acquisition and certain required filings with the appropriate regulatory or other authorities to be made thereafter, there will be no established trading market for any such issued Plan Shares. Moreover, to avoid application of § 1141(d)(3) and to secure a discharge under § 1141(d)(1), the holders of the Plan Shares issued to holders of Allowed Class 5 General Unsecured Claims against any Debtor shall be enjoined by the Confirmation Order from trading Plan Shares or rights to Plan Shares until the completion of a merger, combination or acquisition prior to the applicable Consummation of the Plan Date. To further assure that all applicable laws are otherwise complied with, the Confirmation Order will enjoin the trading, selling or assigning of Allowed Class 5 General Unsecured Claims against any Debtor from and after the Confirmation Date of the Plan up to the date of the issuance of Plan Shares of each of the Post Confirmation Debtors to specific creditors. HFG-CAP, however, may transfer a portion of its Plan Shares prior to a merger, combination or acquisition in a private transaction without any restriction in a manner consistent with all applicable state and federal securities laws to a single transferee or group of transferees under common control. HFG-CAP may also transfer a portion of its Plan Shares or rights to Plan Shares prior to a merger, combination or acquisition in a private transaction without any restriction in a manner consistent with all state and federal securities laws to its employees and representatives. Any such transferee or group of transferees shall be subject to the same restrictions under the HFG-CAP Supplement as HFG-CAP. In any event, HFG-CAP may not transfer its responsibility to find a merger, combination or acquisition candidate and complete the tasks set forth

in the HFG-CAP Supplement pertaining thereto. Any such transfer by HFG-CAP that does not comply with this section will be void. If the form of the transaction requires the exchange of Plan Shares, such transaction would be registered, if so required by the Securities Act of 1933, as amended.

(j) HFG-CAP shall be responsible for assisting each Post Confirmation Debtor in identifying a potential merger, combination or acquisition candidate. HFG-CAP shall be responsible for and pay each Post Confirmation Debtor's costs and expenses associated with the merger, combination or acquisition transactions. HFG-CAP shall provide consulting services in connection therewith at its own cost, which may include: (i) preparing proposals involving the structure of the transactions; (ii) preparing the merger or stock exchange agreements; and (iii) preparing necessary documents to obtain the Plan Share holder approval described herein.

Section 3.5 ***Post Confirmation Date Reporting.*** The president of each Post Confirmation Debtor shall:

(a) upon completion of a merger, consolidation or acquisition prior to the Consummation of the Plan Date automatic expiration period for a specific Debtor, file a Certificate of Completion regarding the consummated transaction.

(b) forward to each Plan Share holder written confirmation of the completion of a merger, consolidation or acquisition transaction within 15 days after such completion; and

(c) forward to each Plan Share holder written notice of the per share market value of the Plan Shares within 15 days of the first trading date on a public market.

Section 3.6 ***Filing of Returns and Effect on Consummation of the Plan Date.*** The Grantor Trustee shall be responsible for preparing and filing on behalf of each Debtor and Post Confirmation Debtor any necessary federal, state or local tax returns for year 2015, any stub year prior to the Confirmation Date and any preceding years to the extent such tax returns have not been filed. The Grantor Trustee shall use his reasonable judgment in determining which tax returns are necessary; provided however, that in the event that said returns are not filed within ninety (90) days after the Effective Date, then the Consummation of the Plan Date as to the applicable Post Confirmation Debtor shall be extended by the number of days required to file such tax returns beyond such 90-day period. The Grantor Trustee shall be authorized to execute and file on behalf of the Debtors all state and federal tax returns required to be filed under applicable law and to pay any taxes due in connection with such returns. The Grantor Trustee shall be authorized to file any action pursuant to § 505 regarding the determination of any tax alleged to be due and owing by the Debtors.

ARTICLE IV

EFFECTS OF PLAN CONFIRMATION

Section 4.1 ***Trading Injunction.*** **Except as otherwise provided in the Plan, the**

Confirmation Order shall provide, among other things, that all Entities who have held, hold or may hold Claims against or Interests in a Debtor are, with respect to any such Claims or Interests, <u>permanently enjoined</u> from and after the Confirmation Date from: (a) transferring any rights which an Allowed Class 5 General Unsecured Claim has against a Debtor from and after the Effective Date to receive Plan Shares on account of such claim as to the Post Confirmation Debtors (the right to payment from the applicable Grantor Trust on that claim may be transferred, but not the right to Plan Shares); and (b) subsequently transferring any the Plan Shares with regard to a Post Confirmation Debtor until such Post Confirmation Debtor has completed its merger, combination or acquisition by filing a Certificate of Completion prior to that Post Confirmation Debtor's Consummation of the Plan Date. Any transfer of Plan Shares or the right to receive Plan Shares prior to the filing of a timely Certificate of Completion as to a Post Confirmation Debtor is void.

EXHIBIT 2

FORM OF COLLECTION AGREEMENT

COLLECTION AGREEMENT

This Collection Agreement (this "Agreement"), to be effective as of the Effective Date stated in Section 6.9 below, by and between the Liquidation Trustee (the "Trustee") [or Plan Agent depending upon final Plan terms] for the respective Liquidation Trusts of Victory Medical Center Plano, L.P., Victory Medical Center Mid-Cities, L.P., Victory Medical Center Landmark, L.P., Victory Medical Center Southcross, L.P. and Victory Medical Center Craig Ranch, L.P. (collectively, the "Trusts"), on the one hand, and Helms-Patel, LLC d/b/a Torch Recovery Services ("Collection Agent"), on the other hand. The Trusts and Collection Agent are sometimes referred to herein collectively as the "Parties" and individually as a "Party."

RECITALS OF FACT

A. The Trusts have been established pursuant to the provisions of Debtors' confirmed Joint Chapter 11 Plan of Liquidation (the "Confirmed Plan"), in jointly administered bankruptcy case Victory Medical Center Mid-Cities, LP; Case No. 15-42373-rfn-11; In the United States Bankruptcy Court for the Northern District of Texas, Fort Worth Division (the "Bankruptcy Court").

B. The Trusts are owners of certain accounts, health care insurance receivables, and instruments related thereto, and proceeds thereof (as each of such terms is defined in Section 9.102 of the Uniform Commercial Code as in effect in the State of Texas) (collectively, the "Designated Receivables").

C. Collection Agent has agreed to accept an appointment on an exclusive basis, except as set forth herein, as the collection agent for Designated Receivables and to distribute collections of such Designated Receivables in accordance with the terms of this Collection Agreement.

D. The Trusts are owners of certain other accounts, health care insurance receivables, and instruments related thereto, and proceeds thereof (as each of such terms is defined in Section 9.102 of the Uniform Commercial Code as in effect in the State of Texas), as set forth on Exhibit A hereto (collectively, the "Additional Receivables"). The Additional Receivables are subject to a Claims Recovery Service Agreement (the "CRSA") between Jin Zhou, d.b.a. ERISAclaim.com ("Zhou") and the Trustee, as successor-in-interest to Victory Parent Company, LLC ("Victory Parent"). [this may be revised to take into account actual process for determining those accounts subject to the CRSA. The CRSA may require changes as well]

E. Collection Agent has agreed to accept delegation of the duties of Victory Parent under the CRSA with respect to the Additional Receivables. For the avoidance of doubt, the CRSA is not being assigned to Collection Agent.

In consideration of the premises and mutual covenants herein contained, the Parties agree

as follows:

ARTICLE I
SERVICES

1.1. Nature of Services.

(a) Collection Agent is hereby engaged on an exclusive basis (except as set forth herein) and agrees to use its best efforts to maximize the amount of Designated Receivables collected and to enforce the Designated Receivables against the obligors thereunder, consistent with applicable law and with best practices in the collection of similar receivables. Collection Agent will monitor, document, and receive all proceeds of the Designated Receivables on behalf of the Trusts. On a monthly basis, Collection Agent shall remit to the Trustee all proceeds of the Designated Receivables and Additional Receivables less the Contingent Fee or other compensation to which Collection Agent is entitled pursuant to Article II hereof.

(b) In the event a law firm is engaged to collect and enforce the Designated Receivables pursuant to Section 1.6 below, Collection Agent agrees to use its best efforts to assist such law firm in doing so.

(c) Collection Agent will use its best efforts to fulfill the duties of Victory Parent with respect to the Additional Receivables under the CRSA, consistent with applicable law and with best practices in the collection of similar receivables. If the CRSA is terminated, upon such termination, the Additional Receivables shall be deemed to be Designated Receivables subject to the applicable provisions of this Agreement. If either Party believes that it would be in the best interests of the various bankruptcy estates for Victory Parent to terminate the CRSA, such Party shall consult with the other and if both Parties agree, Victory Parent shall be authorized to terminate the CRSA. However, if the Parties cannot agree on the termination of the CRSA, the Parties agree to submit the issue to the Referee under the Confirmed Plan for determination, which determination shall be binding upon the Parties unless overturned by the Bankruptcy Court. If either Party disagrees with the Referee's determination, it shall be free to file an expedited motion with the Bankruptcy Court requesting that the Referee's determination be overturned. If such a motion is filed, it shall be the movant's burden to demonstrate to the Bankruptcy Court that the Referee's determination is against the best interests of the various bankruptcy estates.

1.2. Compliance with Applicable Laws. In performing its duties, Collection Agent shall comply with the federal Fair Debt Collection Practices Act and any and all similar or comparable state or local statutes and the rules and regulations promulgated thereunder from time to time.

1.3. Authority to Compromise Receivables. As the collection agent for the Receivables, subject to its obligations hereunder, Collection Agent shall have the authority and discretion to settle and compromise on the amount due under any Designated Receivable; *provided*, *however*, that the Collection Agent must obtain the prior consent of the Trustee, which consent shall not be withheld unreasonably, with respect to any proposed compromise of an

account receivable in the face amount of $100,000 or more by more than 20% of the stated balance. For the avoidance of doubt, the Collection Agent shall have full authority to compromise an account receivable without the consent of the Trustee if such account receivable is less than $100,000 or if the discount provided is less than 20% of the stated balance.

1.4. Reporting. On a monthly basis, Collection Agent shall provide to Trustee a written report detailing the status of each account or group of like accounts on which Collection Agent is working, in a format to be agreed by the Collection Agent and Trustee. This reporting shall also be provided to any party that holds a lien or security interest in or to any of the Designated and/or Additional Receivables. [Reporting Format still to be determined.]

1.5. Confidentiality. Collection Agent shall treat all claims data and other records furnished by Trustee as confidential. All claims data is the property of Trustee and shall be held in strictest confidence by Collection Agent. At no time shall Collection Agent communicate, disclose, furnish or use for the benefit of itself or any other person, firm, trust, partnership, corporation or other entity, in any way, or anywhere, other than Trustee's authorized use pursuant to the terms of this Agreement, any claims data. Collection Agent and Trustee intend to comply in all respects with the provisions of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") and all regulations promulgated thereunder. The parties further agree to comply with the Standards for Privacy of Individually Identifiable Health Information, hereinafter "Privacy Regulations," including the "Business Associate" provisions stated therein.

1.6. Use of outside Law Firm to aid in Collections. In the event either the Trustee or the Collection Agent believe in good faith that it is necessary or advisable for an outside law firm to be engaged to collect and enforce the Designated Receivables or any portion thereof, the Parties shall confer in good faith to attempt to reach a resolution as to whether and to what extent a law firm should be so engaged and the terms of such engagement. If the Parties are able to reach an agreement on these issues, then the Trustee and Collection Agent shall enter into an agreement with the agreed upon law firm on terms and conditions agreed by the Parties hereto and the law firm selected. During the first twelve (12) months of this Agreement, a law firm may not be engaged to collect and enforce any of the Designated Receivables unless both the Trustee and Collection Agent agree, which agreement shall not be withheld unreasonably by either Party; *provided, however,* that if a statute of limitations, statute of repose or other time bar will run within three (3) months with respect to one or more Designated Receivables, such Designated Receivable(s) shall immediately be turned over to an agreed upon law firm for collection and enforcement. If, at any time after the first twelve (12) months of this Agreement, the Parties are unable to reach an agreement concerning the use of a law firm or the terms and conditions of such engagement, the Parties agree to submit the issues in dispute to the Referee under the Confirmed Plan for determination, which determination shall be binding upon the Parties unless overturned by the Bankruptcy Court. If either party disagrees with the Referee's determination, it shall be free to file an expedited motion with the Bankruptcy Court requesting that the Referee's determination be overturned. If such a motion is filed, it shall be the movant's burden to demonstrate to the Bankruptcy Court that the Referee's determination is against the best interests of the various bankruptcy estates.

ARTICLE II
COMPENSATION

2.1. Compensation.

(a) In consideration of its services under this Agreement with respect to the Designated Receivables, Collection Agent shall receive a fee equal to twenty-five percent (25%) of the proceeds of the Designated Receivables collected (the "Contingent Fee") plus a bonus of up to an additional five percent (5%) of the Designated Receivables collected without the use of an outside law firm (the "Bonus"). Collection Agent shall be responsible for paying all its costs and expenses of collection out of the Contingent fee subject to subsections (c) and (d) below. Collection Agent, after consultation with the Trustee, may engage and/or terminate the services of third parties to assist in the collection of the Designated Receivables, and the fees of such third parties will be paid out of the Contingent Fee except with respect to any fee payable to a law firm as provided in subsection (c) below. All records and reports generated by third parties related to the collection of Designated Receivables shall be made available, upon request, to the Trustee and any party that holds a lien or security interest in or to any of the Designated and/or Additional Receivables.

(b) Based on the level of collections of Designated Receivables and Additional Receivables, the Collection Agent shall be entitled to earn and receive a Bonus of up to five percent (5%) of the Designated Receivables collected during the initial twenty-four (24) month term of this Agreement as follows:

(i) five percent (5%) of collected Designated Receivables if the gross, cumulative collected Designated Receivables and Additional Receivables exceed $20 million;

(ii) four percent (4%) of collected Designated Receivables if the gross, cumulative collected Designated Receivables and Additional Receivables exceed $19 million;

(iii) three percent (3%) of collected Designated Receivables if the gross, cumulative collected Designated Receivables and Additional Receivables exceed $18 million;

(iv) two percent (2%) of collected Designated Receivables if the gross, cumulative collected Designated Receivables and Additional Receivables exceed $17 million; and

(v) one percent (1%) of collected Designated Receivables if the gross, cumulative Designated Receivables and Additional Receivables exceed $16 million.

The Collection Agent shall remit to the Trustee five percent (5%) of the collected Designated Receivables to be held in escrow by the Trustee pending determination of the Collection Agent's entitlement to the Bonus and the amount of such Bonus. Any monies held by the Trustee in escrow pursuant to this provision that are not

payable to the Collection Agent as a Bonus shall be distributed fifty percent (50%) to the secured lender (if any) and the remainder to the Trustee for the benefit of the unsecured creditors/beneficiaries of the Trusts on a pro-rata basis.

(c) Notwithstanding anything herein to the contrary, in the event a law firm is engaged to collect and enforce the Designated Receivables pursuant to section 1.6 above, such law firm may receive a fee of up to, but not exceeding, twenty-five percent (25%) of the proceeds of the Designated Receivables collected by the law firm unless the Collection Agreement and Trustee agree otherwise in writing. Collection Agent shall receive a fee equal to ten percent (10%) of the proceeds of the Designated Receivables collected by the law firm in addition to the fee payable to the law firm.

(d) In consideration of its services under this Agreement with respect to the Additional Receivables, Collection Agent shall receive a fee equal to ten percent (10%) of the collected gross, cumulative Additional Receivables in addition to the fee payable to Dr. Zhou.

2.2. Remittance Schedule. The Collection Agent shall remit collections net of its applicable Contingent Fee to the Trustee on or before the tenth (10^{th}) day of each month. In addition, five percent (5%) of the Designated Receivables collected shall be remitted to the Trustee on or before the tenth (10^{th}) day of each month to be held in escrow in accordance with subsection 2.1(b) above.

ARTICLE III
TERM OF AGREEMENT - TERMINATION

3.1. Term. The term of this Agreement shall be twenty-four (24) months commencing on the effective date of this Agreement. The term of this Agreement shall be extended automatically for an additional twelve (12) month period if the gross cumulative collected Designated Receivables and Additional Receivables exceed $20,000,000 during the initial twenty-four (24) month term. During such additional twelve (12) month period, the provisions of this Agreement shall apply as applicable except the Contingent Fee the Collection Agent shall receive shall be equal to thirty percent (30%) of the proceeds of the Designated Receivables collected unless a different fee arrangement is agreed to in writing by the Collection Agent and Trustee.

3.2. Termination for Cause. In the event of a material breach of this Agreement which continues uncured for thirty (30) days following the date of written notice of breach sent by the aggrieved party to the breaching party, the aggrieved party may terminate the Agreement by subsequent written notice. The notice of breach shall plainly describe the alleged material breach with detail sufficient for the breaching party to ascertain the nature of the breach and cure the same. The notice of termination shall declare the Agreement terminated and specify a date certain upon which the Agreement is formally terminated, such date being ten (10) days or more following the date of the written notice of termination. If there is a dispute concerning the existence of a material default or whether a cure was adequate, the Party disputing the material breach or existence/adequacy of a cure shall be entitled to request that the Referee determine the issues in dispute, and the Referee's determination shall be binding upon the Parties unless

overturned by the Bankruptcy Court. If either party disagrees with the Referee's determination, it shall be free to file a motion with the Bankruptcy Court requesting that the Referee's determination be overturned. The Bankruptcy Court's review of the Referee's determination shall be on a *de novo* basis.

3.3. Effect of Termination. Upon the expiration or termination of this Agreement for any reason:

(a) Collection Agent shall be entitled to any compensation then due and owing hereunder.

(b) Subject to subsection (c), Collection Agent shall promptly return to Trustee all original and copies of claims data and confidential client information. Subject to subsection (c) below, Collection Agent shall not retain copies of any claims data or confidential client information, either for Collection Agent's own use or otherwise; provided, however, Collection Agent shall be entitled to maintain copies of all reports it has provided to the Trustee hereunder and such additional data as is sufficient for the Collection Agent to determine if it is entitled to any additional compensation pursuant to subsection (c) below.

(c) Collection Agent shall be entitled to the following additional compensation upon termination of the Agreement:

(i) twenty-five percent (25%) of the proceeds of Designated Receivables (collected without the use of an outside law firm) collected within thirty (30) days of the effective date of termination;

(ii) twenty percent (20%) of the proceeds of Designated Receivables (collected without the use of an outside law firm) collected between thirty-one (31) and sixty (60) days of the effective date of termination;

(iii) fifteen percent (15%) of the proceeds of Designated Receivables (collected without the use of an outside law firm) collected between sixty-one (61) and ninety (90) days of the effective date of termination; and

(iv) ten percent (10%) of the proceeds of the Designated Receivables (collected without the use of an outside law firm) collected between ninety-one (91) and one-hundred twenty (120) days of the effective date of termination; and

(v) ten percent (10%) of the proceeds of Additional Receivables and Designated Receivables (collected with the use of an outside law firm) collected within one-hundred twenty (120) days of the effective date of termination.

ARTICLE IV
LIABILITY

4.1. Limitation of Liability. Except as otherwise expressly set forth herein, Collection Agent shall have no liability or obligation with respect to its duties as described herein except for its willful misconduct or gross negligence. In no event shall Collection Agent be liable for incidental, indirect, special, consequential or punitive damages except in case of willful misconduct. Collection Agent shall have no implied duties or obligations and shall not be charged with knowledge or notice of any fact or circumstance not specifically set forth herein. Collection Agent may rely upon any instrument, not only as to its due execution, validity and effectiveness, but also as to the truth and accuracy of any information contained therein, which Collection Agent shall in good faith believe to be genuine, to have been signed or presented by the person or parties purporting to sign the same and to conform to the provisions of this Collection Agreement.

ARTICLE V
DISPUTE RESOLUTION

5.1. Jury Waiver. THE PARTIES HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVE ANY RIGHT ANY OF THEM MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY LITIGATION RELATED TO OR ARISING OUT OF OR UNDER OR BROUGHT TO ENFORCE THIS AGREEMENT OR WITH RESPECT TO ANY MATTER RELATED TO THIS AGREEMENT AND THE COLLECTION AGENT'S SERVICES HEREUNDER.

5.2. Bankruptcy Court-Retained Jurisdiction and Authority. UNLESS OTHERWISE SPECIFIED HEREIN, THE PARTIES AGREE THAT ANY AND ALL DISPUTES, CONTROVERSIES, CLAIMS OR DEMANDS, ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY PROVISION OF THIS AGREEMENT, THE SERVICES PROVIDED BY THE COLLECTION AGENT, OR IN ANY WAY RELATING TO THE RELATIONSHIP BETWEEN THE COLLECTION AGENT AND THE TRUSTEE SHALL BE RESOLVED SOLELY AND EXCLUSIVELY BY THE BANKRUPTCY COURT PURSUANT TO THE PROPER PROCEDURAL MECHANISM (THE "DISPUTES"). THE PARTIES AGREE THAT THIS COLLECTION AGREEMENT IS AN INTEGRAL PART OF THE CONFIRMED PLAN AND THE IMPLEMENTATION THEREOF. THE PARTIES AGREE THAT THE BANKRUPTCY COURT HAS JURISDICTION TO DETERMINE THE DISPUTES AND THE AUTHORITY TO ENTER FINAL ORDERS AND/OR JUDGMENTS AS NECESSARY TO ADJUDICATE ANY OF THE DISPUTES.

5.3. Attorneys' Fees. THE PREVAILING PARTY SHALL BE ENTITLED TO RECOVER ITS REASONABLE ATTORNEYS' FEES AND COSTS, AS WELL AS ALL COSTS AND EXPENSES RELATED TO THE DISPUTE.

ARTICLE VI
MISCELLANEOUS

6.1. Governing Law. This Agreement shall be construed in accordance with the laws of the State of Texas.

6.2. Notices. In the event any notice is required to be given to any Party pursuant to the terms of this Agreement, said notice shall be sent via Certified Mail, return receipt requested and email transmission to the following:

Collection Agent - Helms-Patel, LLC
d/b/a Torch Recovery Services
Attn: Robert N. Helms, Jr.
2201 Timberloch Place, Suite 200
The Woodlands, Texas 77380

With a copy to:

Walter J. Cicack
HAWASH MEADE GASTON NEESE & CICACK LLP
2118 Smith Street
Houston, Texas 77002
wcicack@hmgnc.com

The Trustee - _____
_____
_____
_____
_____
_____

With a copy to:

Deborah Kovsky-Apap
PEPPER HAMILTON LLP
4000 Town Center, Suite 1800
Southfield, Michigan 48075-1505
kovskyd@pepperlaw.com

Notice shall be effective only upon actual receipt by the person or entity to be notified.

6.3. No Waiver. The failure of either party to enforce any provision of this Agreement shall not be construed as a waiver or limitation of that party's rights to subsequently enforce and compel strict compliance with every provision of this Agreement.

6.4. Assignment. Neither party may assign or transfer this Agreement without the prior written consent of the non-assigning party.

6.5. Severability. If any provision of this Agreement will be held to be invalid or unenforceable for any reason, the remaining provisions will continue to be valid and enforceable. If a court finds that any provision of this Agreement is invalid or unenforceable, but that by limiting such provision it would become valid and enforceable, then such provision will be deemed to be written, construed, and enforced as so limited.

6.6. Drafting. The drafting and negotiation of this Agreement have been done by each of the Parties and their respective counsel, and for all purposes this Agreement shall be deemed to have been drafted jointly by each of the Parties. No ambiguity shall be resolved against any Party based upon authorship.

6.7. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be an original, but all of which together shall constitute one and the same instrument.

6.8. Final Agreement. This Agreement, along with certain provisions of the Confirmed Plan that apply to this Agreement, represent the final and complete embodiment of the agreement between the parties and may be modified, altered, amended, cancelled or terminated only with written agreement executed by the parties hereto.

6.9. Effective Date. The Effective Date of this Agreement shall be the date on which the Confirmed Plan becomes a final order, whether or not it is appealed.

6.10. The Referee. The Referee agrees to the terms of this Collection Agreement in so far as the Referee's involvement is necessary pursuant to the terms hereof or the Confirmed Plan.

IN WITNESS WHEREOF, the parties hereto have caused this Collection Agreement to be executed on the day and year first above written.

Exhibit B

FILED
6/13/2014 4:46:04 PM
Donna Kay McKinney
Bexar County District Clerk
Accepted By: Marissa Ugarte

2 CITS SAC1

CAUSE NO. 2014CI09508

Pedro Valdez M.D. INDIVIDUALLY	§	IN THE DISTRICT COURT OF
V.	§	BEXAR COUNTY
INNOVA SA MGMT CO, LLC GEN. PARTNER; VICTORY MEDICAL CENTER SOUTHCROSS, LP DBA VICTORY MEDICAL CENTER SAN ANTONIO	§	
and MR. ALEX GARCIA CEO	§	_____ JUDICIAL DISTICT

PLAINTIFF'S ORIGINAL PETITION

TO THE HONORABLE JUDGE OF SAID COURT:

COMES NOW, MR. PEDRO VALDEZ, M.D. Plaintiff in the above-entitled and numbered cause, and hereby file this Original Petition and would respectfully show unto the Court the following:

1.

DISCOVERY LEVEL

1.1 Plaintiffs believe that it will be necessary to conduct discovery under Level 3.

2.

PARTIES

2.1 Plaintiff, Pedro Valdez, M. D., ("Mr. Valdez"), is an individual who is a resident of San Antonio, Bexar County Texas.

2.2 **INNOVA SA MGMT CO, LLC** is the General Partner of **VICTORY MEDICAL CENTER SOUTHCROSS, LP DBA VICTORY MEDICAL CENTER SAN ANTONIO** d/b/a LAREDO"). This Defendant shall be called "VMC" throughout this pleading. VMC may be served with process by serving its Registered Agent Mr. Paul Ballard at 4243 East Southcross Blvd San Antonio Texas 78222.

2.4 Mr. Alex Garcia is the CEO of VMC and an be served at his principal place of business Victory Medical Center Landmark 5330 N. Loop 1604 West San Antonio Texas 78249.

3.

JURISDICTION AND VENUE

3.1 Venue is proper in Bexar County as this case is subject to the venue provisions of Texas Health & Safety Code 161.134.

3.2 The subject matter and amount in controversy are within the jurisdictional limits of this Court.

4.

FACTS SUPPORTING RELIEF

4.1 Mr. Valdez is a medical doctor and worked for VMC and the safety officer.

4.2 Mr. Valdez has the education training and experience to perform the serious and demanding functions of safety officer including ensuring that VMC comply with state, federal and accreditation standards.

4.4 Throughout Mr. valdez' tenure as safety officer he had occasion to notify his superior Mr. Alex Garcia of imminent threats to patient safety that Mr. Valdez had discovered.

4.5 On or about August 2013 Mr. Valdez reported violations of law to include OSHA and Life Safety standards mandated by Texas Hospital Licensing Laws to Mr. Garcia including but not limited to: lack of a backup generator, lack of a fire alarm as well as no air quality testing in the operating room suites at the Landmark location of VMC.

4.6 On or about August 26, 2013 Mr. Valdez reported that the instruments used to perform surgeries were not being sterilized and that the instruments were not safe to use in operations as they had residue on them and posed a risk of infection and death.

4.7 Mr. Valdez continued to report his safety and legal concerns to not only Mr. Garcia but to the corporate compliance officers of VMC in Houston Texas to include Ginger and Belinda as well as Bob Helms.

4.8 Mr. Gacia became furious at Mr. Valdez' persistence in demanding that the violations of law be cured.

4.9 Ultimately, Mr. Garcia terminated the employment of Mr. Valdez in violation of the Texas Health & Safety Code 161.134. .

4.10 All conditions precedent to filing suit have been met.

5.

FIRST CAUSE OF ACTION
RETALIATION IN VIOLATION OF THE TEXAS HEALTH & SAFETY CODE 161.134
BROUGHT AGAINST VMC

5.1 Plaintiff hereby incorporates all previous averments of fact, as if repeated herein verbatim.

5.2 This claim is brought on behalf of Mr. Valdez as an employee of VMC.

5.3 Mr. Valdez was placed in the position of being forced to .

5.4 Mr Valdez reported, in writing and verbally, his good faith belief that he was being pressured to act in an illegal manner and that the action of VMC in insisting that Mr. Valdez ignore the Texas Hospital licensing laws and the ongoing violation of state and federal laws by VMC. Mr. Valdez had a good faith belief that the violations recited in the Facts of this position were against State and Federal law as well as accrediting and licensing standards.

5.5 Mr. Valdez made these report to the administrator of the hospital, and to the corporate compliance department of VMC .

5.6 Mr. Valdez suffered an adverse action in the form of being terminated from his employment with VMC.

5.7 But for Mr. Valdez' report of this activity, he would be employed by VMC

5.9 Mr. Valdez was damaged as a result of the actions of VMC for which he now sues.

5.10 Mr. Valdez has suffered emotional distress and mental anguish.

5.11 Mr. Valdez was required to hire the services of attorneys in order to prosecute these claims.

5.12 Mr. Valdez has incurred reasonable and necessary attorney's fees and costs in the prosecution of this claim, for which he now sues.

5.13 The actions of VMC were willful and with reckless disregard of the rights of Mr. Valdez.

5.14 Mr. Valdez is entitled to punitive damages in an amount decided by the trier of fact, for which he now sues.

5.15 The CEO of the hospital Mr. Garcia was a vice principals of the limited partnership and acted in a dual capacity as CEO of both the limited and general partners with the authority to bind the partnership.

PRAYER

Mr. Valdez, respectfully pray that defendants be required to appear in court and that upon trial of the case that Plaintiffs be awarded damages as appropriate for the following categories:

a. Actual and economic damages,

b. Mental anguish and emotional distress;

c. Pre-judgment interest in an amount permitted by law;

d. Post-judgment interest in an amount permitted by law;

e. Reasonable and necessary attorney's fees in an amount determined by the finder of fact;

f. Costs of court and expenses as permitted by law;

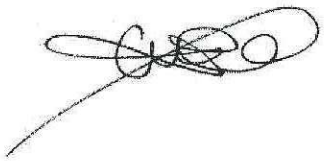
g. Equitable relief determined appropriate by the court;

h. Exemplary and/or punitive damages; and,

i. Such other and further relief to which plaintiff shows himself entitled under law and equity.

Respectfully submitted,

HIGGINBOTHAM & ASSOCIATES LLC



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ATTORNEY FOR PLAINTIFFS

OF COUNSEL:

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Fax: 713-664-2049
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Exhibit C

CAUSE NO. 2014CI09508

Pedro Valdez M.D. INDIVIDUALLY	§	**IN THE DISTRICT COURT OF**
V.	§	**BEXAR COUNTY**
INNOVA SA MGMT CO, LLC GEN. PARTNER; VICTORY MEDICAL CENTER SOUTHCROSS, LP DBA VICTORY MEDICAL CENTER SAN ANTONIO	§	
and MR. ALEX GARCIA CEO	§	**JUDICIAL DISTRICT**

PLAINTIFF'S RESPONSE TO DEFENDANTS' MOTION FOR NO EVIDENCE SUMMARY JUDGMENT

TO THE HONORABLE JUDGE OF SAID COURT:

COMES NOW, MR. PEDRO VALDEZ, M.D. Plaintiff in the above-entitled and numbered cause, and files his Response to Defendants' Motion for No-Evidence Summary Judgment.

THE LAWSUIT

1. Plaintiff filed his lawsuit on June 13, 2014.
2. Defendant Victory Medical Center Southcross GP, LLC and Alex Garcia filed an Answers in the case.
3. The parties attempted informal settlement negotiations and began to exchange discovery.

DISCOVERY---Plaintiff's VERFIED and FULL AND COMPLETE answers

4. Plaintiff fully responded to Defendants' discovery requests on April 13, 2015. (Exhibit "A")

5. In response to Plaintiff's discovery requests, Defendants asked for an extension to respond to discovery until August 5, 2015 "due to some pending issues that we are currently facing we need additional time in which to prepare the Defendants' Disclosures in response to your request". (Exhibit "C")

6. Plaintiff agreed to the request, completely unaware that the Defendants were seeking the protection of the Bankruptcy Court beginning on June 12, 2015. (Exhibit C-1 pages 3-7). As a result, Plaintiff never even got the first answer to Disclosures that would have allowed him to amend his pleadings and name the proper Defendants.

7. TRCP 166 a(i) states that sufficient time for discovery should elapse before a No-Evidence Motion is considered. *See Brewer v. Pritchard, P.C. v. Johnson,* 167 S.W.3d 460, 468 (Tex. App.—Houston [14th Dist] 2005, pet. denied).

BANKRUPTCY STAY

8. Defendants gave the Bexar County Court official Notice of the Stay to Plaintiff on July 23, 2015[1] (Exhibit "D") and invoked the Automatic Stay as protection against the continued prosecution of the lawsuit against either the Hospital or Mr. Garcia citing the Regulations of Innova San Antonio Management Company LLC 5.12 as providing indemnification of Mr. Garcia as a "Manager" of the Company.

9. On August 3, 2015 Counsel for Defendants responded that "Defendants will not serve responses to request for disclosures as previously scheduled. Defendants will resume activities regarding this litigation if and when the Stay is lifted". (Exhibit E).

10. Despite the Automatic Stay and Defendants' reliance on same, On November 23, 2015 Counsel for Defendants wrote a letter demanding that Plaintiff voluntarily

[1] *Cf* Case 15-04078 Doc 37 page 9 para 45 and 46 re: Southcross LP filed July 10, 2015; Southcross GP filed July 16, 2015.

dismiss his claim against Mr. Garcia and advising "if he does not voluntarily dismiss this claim, we will move to have it dismissed as soon as the stay is lifted and seek to recover all costs associated with preparing and supporting Mr. Garcia's Motion to Dismiss". (Exhibit "F").

11. Unbeknownst to Plaintiff, Defendant and their counterparts (hereinafter the hospital companies) had taken the affirmative action of removing litigation (hereinafter the L-2 matters) to be pursued in the Bankruptcy court. (9/10/2015 Case No. 15-04078-DOC 1: Notice of Removal of Case No 15-05250 in the 68th Judicial District of Dallas County filed against the Hospital Companies on May 12, 2015).

12. The L-2 litigation was driven by the owners and investors of L-2 (Exhibit H) for sums owed in excess of ten million dollars.

13. The first Bankruptcy filing date occurred less than one month after the L-2 litigation was filed. (Exhibit C-1 pages)

14. On September 25, 2015 the Hospital Companies including the named Defendant in the instant case filed counterclaims which it alleged to be "core proceedings" against the L-2 plaintiffs as well as against other companies who provided services, surgical products, surgical implants and biologics as vendors to the Hospital Companies. (Exhibit I).

15. On February 3, 2016 the Hospital Companies amended their counterclaims against the L-2 Plaintiffs and other vendors alleging that the vendors perpetrated fraud on the hospitals with regard to illegal marketing schemes, kickbacks and other improper practices related to "80% of the surgical procedures performed at the Victory San Antonio location" (Exhibit J page 14 para 91).

DISCLOSURE OF LAWSUIT AS CONTINGENT DISPUTED UNLIQUIDATED BALLOT

16. As Mr. Valdez was disclosed as a creditor in the Hospital Companies Bankruptcy proceedings in the class of general unsecured contingent creditors (subclass F), he was provided with a ballot to vote on the Amended Plan of Bankruptcy which he declined to use (Exhibit K).

17. Mr. Valdez was also listed as a creditor to whom a certified copy of the Plan was mailed on April 5, 2016 (Exhibit L Case 15-42373-rfn-11 DOC 1020 page 25).

18. On April 29, 2016 in a 251 page pleading[2] the Hospital Companies clarified their pleadings of fraud with regard to the operations of the hospitals in San Antonio that employed Mr. Valdez (Southcross and Landmark) that Mr. Valdez worked for and in particular, added pages and pages of allegations all prefaced with words like "unbeknownst to Victory" and then reciting Mr. Valdez' specific complaints told to the CEO/"Manager" of Victory Mr. Garcia regarding the fraudulent and illegal activities he was observing regarding vendors and the Chief of Staff, Dr. Cyr. (see Plaintiff's discovery responses Exhibit B page 10 paragraph 3).

19. On May 6, 2016 Counsel for Defendants again demanded that Plaintiff dismiss his claims against Mr. Garcia, and explaining that "as of the effective date" Mr. Valdez' claims against the hospital will be dismissed "unless he has secured requisite rights through the bankruptcy proceedings". Counsel again demands that Mr. Valdez dismiss his "remaining claim" against Mr. Garcia. (Exhibit N).

20. On May 12, 2016 Notice of the effective date of the Hospital Companies' Plan being

[2] Case 15-040708 DOC 60 pages 35-58; 239-251

May 11, 2016 was published. (Exhibit O Case 15-42373-rfn-11 DOC 1081).

21. On May 27, 2016 the Hospital Companies moved to substitute the Trustee of the Grantor Trusts as the proper party in the Adversary Proceeding. (Exhibit P).

22. On August 4, 2016, Dr. Cyr filed a Motion to Dismiss the Claims against him under FRCP 12 (b)(6). (Exhibit Q).

23. On August 5, 2016 The Trustee filed a Motion to Extend the Deadline to object to Claims deadline from September 8, 2016 until December 8, 2016 in order for the Grantor trusts to receive enough funds to make a distribution. (Exhibit R page 5 paragraph 17).

24. On August 11, 2016 the Hon Russell Nelms conducted a hearing on L-2 surgical's partial motion to dismiss and denied the Motion. (Case 15-04078 Doc 105 entered 08/25/2016).

25. On August 19, 2016 Defendants in the instant case filed a No Evidence Motion for Summary Judgment with regard to one of Plaintiff's claims. (Exhibit S).

26. On the same date Defendants gave Notice of Hearing for that Motion to be held in Presiding Court in Bexar County. (Exhibit T).

27. On August 19, 2016 Defendants in the instant case filed a Motion to Lift Stay and Dismiss with regard to the entirety of Plaintiff's claims and attached the Adoption fo the Amended Plan. (Exhibit V).

28. On the same date Defendants gave Notice of Hearing for that Motion to be held in Presiding Court in Bexar County. (Exhibit U).

29. On August 25, 2016 the L-2 Defendants admitted that Dr. Cyr owned a 25% equity interest in Vertelogic and that he received distributions from entities that he owned an

interest in. (Exhibit W).

30. On August 25, 2016 the Trustee and Hospital Companies filed an Answer to Dr. Cyr's Motion to Dismiss whereby they essentially admitted all of the claims that Plaintiff Mr. Valdez has made concerning the fraud that Mr. Garcia and Victory management knew all about. (Exhibit X).

31. On August 30, 2016 the HFG CAP filed a Notice of Change to the Consummation Date of the Joint Bankryptcy Plan for the Hospital Companies to be September 28, 2016. (Exhibit Y).

32. On September 2, 2016 the Bankruptcy Court extended the date for Claim Objections to December 7, 2016. (Exhibit Z).

DEFENDANT'S MOTION FOR NO EVIDENCE SUMMARY JUDGMENT

33. As a threshold matter, there has been no discovery conducted by Plaintiff ***yet*** as a result of Defendants invocation of the protection of an Automatic Stay. The Bankruptcy has been confirmed, but not consummated as of the date of this pleading.

34. Moreover, Plaintiff has not had the luxury of amending his pleadings in order to refine them as a result of being prohibited from doing discovery so his pleadings are as follows (emphasis added):

4.7 Mr. Valdez continued to report his *safety and legal concerns* to not only Mr. Garcia but to the corporate compliance officers of VMC in Houston Texas to include Ginger and Belinda as well as Bob Helms.

4.8 Mr. Garcia became furious at Mr. Valdez' persistence in demanding that the violations of law be cured.

4.9 Ultimately, Mr. Garcia terminated the employment of Mr. Valdez in

violation of the Texas Health & Safety Code 161.134. .

4.10 All conditions precedent to filing suit have been met.

FIRST CAUSE OF ACTION
RETALIATION IN VIOLATION OF THE TEXAS HEALTH & SAFETY CODE 161.134
BROUGHT AGAINST VMC

5.1 Plaintiff hereby incorporates all previous averments of fact, as if repeated herein verbatim.

5.2 This claim is brought on behalf of Mr. Valdez as an employee of VMC.

5.3 Mr. Valdez was placed in the position of being forced to .

5.4 Mr Valdez reported, in writing and verbally, his good faith belief that he was being pressured to act in an illegal manner and that the action of VMC in insisting that Mr. Valdez ignore the Texas Hospital licensing laws and the ongoing violation of state and federal laws by VMC. Mr. Valdez had a good faith belief that the violations recited in the Facts of this position were against State and Federal law as well as accrediting and licensing standards.

5.5 Mr. Valdez made these report to the administrator of the hospital, and to the corporate compliance department of VMC .

5.6 Mr. Valdez suffered an adverse action in the form of being terminated from his employment with VMC.

5.7 But for Mr. Valdez' report of this activity, he would be employed by VMC

5.9 Mr. Valdez was damaged as a result of the actions of VMC for which he now sues.

5.10 Mr. Valdez has suffered emotional distress and mental anguish.

5.11 Mr. Valdez was required to hire the services of attorneys in order to prosecute these claims.

5.12 Mr. Valdez has incurred reasonable and necessary attorney's fees and costs in the prosecution of this claim, for which he now sues.

5.13 The actions of VMC were willful and with reckless disregard of the rights of Mr. Valdez.

5.14 Mr. Valdez is entitled to punitive damages in an amount decided by the trier of fact, for which he now sues.

5.15 *The CEO of the hospital Mr. Garcia was a vice principals of the limited partnership and acted in a dual capacity as CEO of both the limited and general partners with the authority to bind the partnership.*

34. Mr. Valdez in his initial but yet to be amended pleadings has adequately pleaded a claim for retaliation under § 3730(h) of the FCA because he has alleged that: (1) he engaged in protected activity; (2) defendants had knowledge of his protected activities; and, (3) defendants took retaliatory actions as a result of his protected activities. Congress designed the FCA to "discourage fraud against the federal government.'" *Huang v. Rector and Visitors of Univ. of Virginia*, 896 F.Supp.2d 524, 547 (W.D. Va. 2012) (citing *Mann v. Heckler & Koch Def, Inc.*, 630 F.3d 338, 342 (4th Cir. 2010)). The FCA's anti-retaliation statute in § 3730(h) shields a whistleblower who may be considering exposing fraud by affording protection from retaliatory acts when he or she investigates or pursues action under the statute. *Id.* at 547-48 (citing *Mann*, 630 F.3d at 343; 31 U.S.C. § 3730(h)(1)).
35. The anti-retaliation provision allows employees, contractors, or agents of an employer to receive relief if such person is "discharged, demoted, suspended, threatened, harassed, or in any other manner discriminated against in the terms and conditions of employment" for lawful acts done by that person or an associated person in furtherance of an action under the FCA. 31 U.S.C. § 3730(h)(1). There is no need for

a qui tam action to be filed, although one already has been with regard to some allegations[3]. Valdez alleges entitlement to FCA relief because, after he complained about improper relationship, insider status and billing practices, his employers and the Defendants discriminated against him.

36. Valdez has adequately alleged that he engaged in protected activity. Protected activity includes acts in furtherance of a claim filed *or to be filed* under the FCA. *Huang,* 896 F.Supp. at 548 (quoting §3730(h)). Thus, § 3730(h) protects "employees while they are collecting information about a possible fraud, before they have put all the pieces of the puzzle together." *Id.* (quoting *United States ex rel. Yesudian v. Howard Univ.*, 153 F.3d 731, 740 (D.C. Cir. 1998)). Fitzsimmons contends that he objected, more than once within CAF, and outside of it, to improper Medicare billing practices utilized at CAF. Such activities more than plausibly suggest protected activity because they voiced concerns "in furtherance" of an action alleging Medicare fraud against the federal government.
37. Second, Valdez has adequately pleaded that the Hospital and Garcia knew of his protected activities. His discovery reveals that he objected to the practices regarding Dr. Cyr and the vendors to plausibly demonstrate that the Defendants knew that he had engaged in objections to and reports of fraud with regard to Dr. Cyr. Accordingly, he has adequately pleaded Defendants' knowledge of his protected activities.
38. Valdez sufficiently alleges discrimination as a result of his protected activities. He alleges that the Defendants fired him as a result of his protected activities. Accordingly, because Valdez has alleged sufficient facts to meet each element of an anti-retaliation claim and the Defendants have judicially admitted that there was fraud regarding Dr. Cyr and his companies, there is more than a scintilla of evidence, even without discovery to retain Valdez' case.
39. The Supreme Court of the United States has held that Title VII's anti-retaliation provision contemplates recovery for post-termination retaliatory acts. *Burlington N. & Santa Fe Ry. Co. v. White,* 548 U.S. 53, 64 (2006). One has no further to look in

[3] Case 3:13-cv-00701-P voluntarily dismissed on 1/26/2015

this case than the literal alphabet of exhibits to see that the retaliation against Mr. Valdez continues.

40. The availability of funds to satisfy all or part of any judgment are, according to the Trustee, being collected and may very well include the implantable tissues and or products that the agent appointed for all medical reimbursement is now pursuing.
41. Plaintiff's ability to collect a judgment or any other relief is subject to what funds are recovered by the Trustee in the Bankruptcy Court.
42. Plaintiff's pre-petition claims are dealt with in the amended plan. Plaintiff's claims were listed in Defendant's Statement of Financial Affairs. Case 15-42384-rfn Doc 26 Filed 01-08-2016 pages 15 and 17.
43. Plaintiff's claims as now pled or as amended should not be avoided for the same reason that Defendants proclaim in their pleadings of avoidance as to Dr. Cyr: FRAUD.

THE BASIS FOR AN FRCP 60 (b)(3) MOTION IS ALIGNED WITH PLAINTIFF'S ANSWER TO DEFENDANTS' MOTIONS IN THIS CASE AND IS MORE THAN A SCINTILLA TO DEFEAT THE NO EVIDENCE SUMMARY JUDGMENT MOTION

44. In relevant part, Federal Rule of Civil Procedure 60(b) states:

> On motion and upon such terms as are just, the court may relieve a party … from a final judgment, order, or proceeding for the following reasons: … (3) fraud (whether heretofore denominated intrinsic or extrinsic), misrepresentation, or other misconduct of an adverse party….

45. Fed.R.Civ.P. 60(b) (3) and *Anderson v. Cryovac, Inc.*, 862 F.2d 910, 928-930 (1st Cir. 1988) warrant an inquiry into whether the Defendants intentionally or inadvertently suppressed evidence. *Anderson v. Cryovac, Inc.*, 862 F.2d 910, 928-930 (1st Cir. 1988), was part of the appeal in the environmental contamination / toxic torts case that was the subject of *A Civil Action*. In that

case, at trial, the plaintiffs won against some defendants, lost against others, and then discovered an expert report commissioned about the contamination which could have buttressed their claims against the winning defendants. The expert report should have been disclosed to the plaintiffs before trial but was not. The plaintiffs thus moved, under Rule 60(b), to have the judgment vacated and have the whole matter remanded for a new trial.

Plaintiff has not exhausted any remedy under FRCP 60(b)(3)

46. In a 60 (b)(3) context, failure to disclose or produce materials requested in discovery can constitute "misconduct" within the purview of this subsection. *See Rozier v. Ford Motor Co.,*573 F.2d 1332, 1339 (5th Cir.1978). "Misconduct" does not demand proof of nefarious intent or purpose as a prerequisite to redress. For the term to have meaning in the Rule 60(b)(3) context, it must differ from both "fraud" and "misrepresentation." Definition of this difference requires us to take an expansive view of "misconduct." The term can cover even accidental omissions — elsewise it would be pleonastic, because "fraud" and "misrepresentation" would likely subsume it. *Cf. United States v. One Douglas A-26B Aircraft,* 662 F.2d 1372, 1374-75 n. 6 (11th Cir.1981) (to avoid redundancy, "misrepresentation" in Rule 60(b)(3) must encompass more than false statements made with intent to deceive). …

47. In this proceeding, the Defendants had Plaintiff's discovery responses complete with 327 pages of supporting pages of evidence, some of which is directly from Defendants' business records including email, governing body minutes, quality assurance data and the like. Plaintiff executed proper verification of those

discovery answers in accordance with the Civil Practice and Remedies Code. Defendants had the evidence on April 17, 2015 before they filed for Bankruptcy protection, much less any affirmative pleadings in the Adversary proceeding decrying their innocence "unbeknownst to Debtor….".

48. The same evidence to support a proceeding to vacate the Confirmation of the Amended Plan under the misconduct prong of Rule 60(b)(3) is obvious in this case and is recited in Defendants' own pleadings in the Bankruptcy Adversary proceeding—the very same proceeding that they removed to the Bankruptcy Court and labeled a core proceeding, and filed multiple affirmative pleadings in. Defendants seek to avoid the claims made by their accomplices to fraud (L-2; Dr. Cyr et. al. and the other "insiders" managing their hospital operations) with regard the conduct of its managers and investors. Plaintiff has not been able to determine any additional facts aside from what he had knowledge of and produced himself in discovery, *until the affirmative pleadings of Defendants were filed on August 25, 2016*. The pleadings of the Trustee and Hospital Companies should be considered as no less than clear and convincing evidence of misconduct.

49. It is clear by the chronology of events recited in this pleading at paragraphs Defendants not only want to avoid their debts and own culpability, they are now attempting to destroy the witness to all of that that misconduct by virtue of these proceedings in the District Court. In the words of Hon. Russell Nelms, "there is a whole lot of smoke here, and where there's smoke there's fire….." (Case 15-04078-rfn Doc 56 page 3 lines 24-25).

50. This proceeding beginning with Defendants' benign request for a delay in discovery followed by the surrepticious tactics that followed and continue are properly before this Court.

51. There is no Stay in the Bankruptcy Court to lift. This case must be tried to a jury as is Plaintiff's right.

WHEREFORE PREMISES CONSIDERED, PLAINTIFF PRAYS That this Honorable Court DENY Defendants' Motion for No Evidence Summary Judgment and their Motion to Dismiss his claims based on continuing violation and post termination retaliation and for such other and further relief to which he may show himself entitled at law or in equity.

HIGGINBOTHAM & ASSOCIATES LLC

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Bellaire, Texas 77401
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Fax: 713-664-2049
Email: tpadgettlaw@gmail.com

CERTIFICATE OF SERVICE

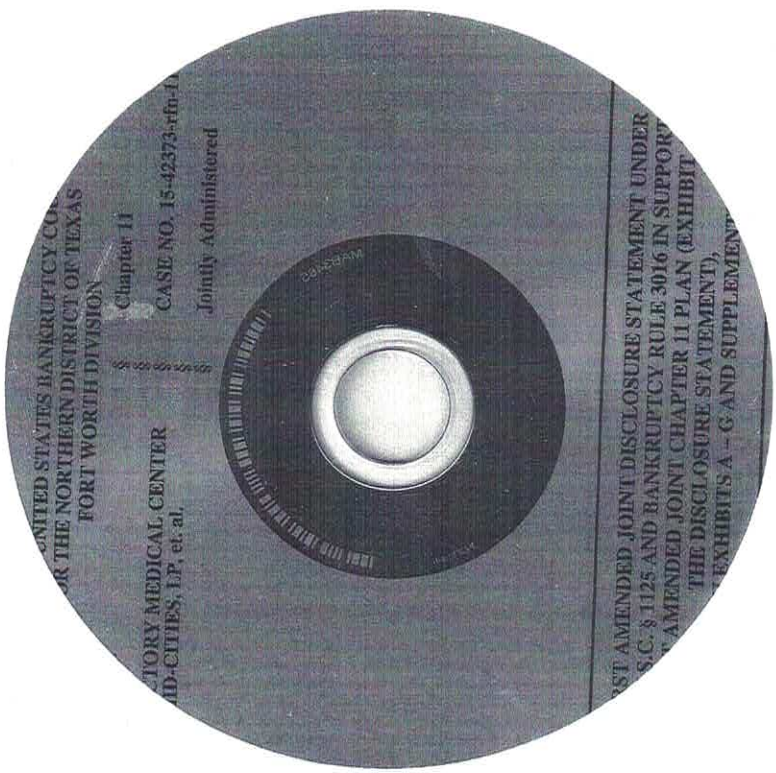
This is to certify that a true and correct copy of the foregoing instrument has been forwarded to Mr. Kevin Troutman by First Class Mail and electronic filing.

ELIZABETH L. HIGGINBOTHAM, RN, JD

Exhibit D

BAR(23) MAIL ID *** 000104204830 ***
VPC SOLIC 02-19-2016 (CREDITOR,CREDNUM) ***1000001827***

PEDRO VALDEZ, MD
C/O ELIZABETH L. HIGGINBOTHAM, ESQ.
HIGGINBOTHAM & ASSOCIATES, L.L.C.
1100 NORTH WEST LOOP 410, SUITE 700
SAN ANTONIO, TX 78213



IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION

IN RE:	§	**Chapter 11**
	§	
VICTORY MEDICAL CENTER MID-CITIES, LP et al.,[1]	§	**CASE NO.: 15-42373-rfn-11**
	§	
	§	**Jointly Administered**
	§	

BALLOT FOR ACCEPTING or REJECTING PLAN

On February 12, 2016, the Debtor filed its First Amended Joint Chapter 11 Plan [Docket #776] (the "Plan"). The Court has entered an Order approving the First Amended Joint Disclosure Statement [Docket #777] (the "Disclosure Statement") with respect to the Plan. The Disclosure Statement provides information to assist you in deciding how to vote your ballot. If you do not have a Disclosure Statement, you may obtain a copy from Melissa A. Haselden, Hoover Slovacek LLP, Galleria Tower II, 5051 Westheimer, Suite 1200, Houston, Texas 77056, whose telephone number is (713) 977-8686 and whose telecopy number is (713) 977-5395. Court approval of the Disclosure Statement does not indicate approval of the Plan by the Court.

You should review the Disclosure Statement and the Plan before you vote. You may wish to seek legal advice concerning treatment under the Plan. If your ballot is not received by Melissa A. Haselden, Hoover Slovacek LLP, Galleria Tower II, 5051 Westheimer, Suite 1200, Houston, Texas 77056 (facsimile 713-977-5395) or by electronic mail at ballot@hooverslovacek.com on or before March 18, 2016, at 5:00 p.m. (CST), your vote will not count as either an acceptance or rejection of the Plan. If the Plan is confirmed by the Bankruptcy Court it will be binding on you whether or not you vote.

PLEASE INDICATE BELOW IN WHICH DEBTOR'S CASE YOUR BALLOT IS CAST. YOU MUST SUBMIT A SEPARATE BALLOT FOR EACH CASE IN WHICH YOU HOLD AN ALLOWED CLAIM. YOUR BALLOT WILL NOT BE VALID IF MORE THAN ONE DEBTOR IS SELECTED PER SINGLE BALLOT.

[1]The Debtors in these cases, along with the last four digits of their respective taxpayer ID numbers, are Victory Medical Center Mid-Cities, LP (2023) and Victory Medical Center Mid-Cities GP, LLC (4580), Victory Medical Center Plano, LP (4334), Victory Medical Center Plano GP, LLC (3670), Victory Medical Center Craig Ranch, LP (9340), Victory Medical Center Craig Ranch GP, LLC (2223), Victory Medical Center Landmark, LP (9689), Victory Medical Center Landmark GP, LLC (9597), Victory Parent Company, LLC (3191), Victory Medical Center Southcross, LP (8427) and Victory Medical Center Southcross GP, LLC (3460).

	Plan Subclass	Debtor(s)
☐	A	Victory Parent Company, LLC
☐	B	Victory Medical Center Mid-Cities, LP and Victory Medical Center Mid-Cities GP, LLC
☐	C	Victory Medical Center Plano, LP and Victory Medical Center Plano GP, LLC
☐	D	Victory Medical Center Craig Ranch, LP and Victory Medical Center Craig Ranch GP, LLC
☐	E	Victory Medical Center Landmark, LP and Victory Medical Center Landmark GP, LLC
☐	F	Victory Medical Center Southcross, LP and Victory Medical Center Southcross GP, LLC

ACCEPTANCE OR REJECTION OF PLAN

The undersigned, an **secured creditor [Class 1- Allowed Secured Claim of HPRH Investments]** in the unpaid principal amount of $_____,

[Check One]
☐ accepts the Plan. ☐ rejects the Plan.

The undersigned, an **secured creditor [Class 2- Allowed Other Secured Claims]** in the unpaid principal amount of $_____,

[Check One]
☐ accepts the Plan. ☐ rejects the Plan.

The undersigned, a **priority tax creditor [Class 3- Allowed Pre-Petition Priority Tax Claims]** in the unpaid principal amount of $_____,

[Check One]
☐ accepts the Plan ☐ rejects the Plan.

The undersigned, a **priority creditor [Class 4- Allowed Pre-Petition Non-Tax Priority Claims]** in the unpaid principal amount of $_____,

[Check One]
☐ accepts the Plan ☐ rejects the Plan.

The undersigned, an unsecured **creditor [Class 5- Allowed General Unsecured Claims]** in the unpaid principal amount of $_____,

[Check One]
☐ accepts the Plan. ☐ rejects the Plan.

The undersigned, an **unsecured creditor [Class 6- Allowed Claims of Affiliates]** in the unpaid principal amount of $_____,

[Check One]
☐ accepts the Plan. ☐ rejects the Plan.

The undersigned, **an equity interest holder [Class 7- Allowed Interests of Equity Holders]**.

[Check One]
☐ accepts the Plan. ☐ rejects the Plan.

DATED: _____, 2016

Company Name:_____

Signature:_____

Print or type Name:_____

Title:_____

Address:_____

_____

TO HAVE YOUR VOTE UNDER THE CHAPTER 11 PLAN COUNT, YOU MUST FILL OUT AND MAIL, EMAIL OR FAX A COPY OF THE BALLOT TO COUNSEL FOR THE DEBTOR, MELISSA A. HASELDEN c/o HOOVER SLOVACEK LLP, GALLERIA TOWER II, 5051 WESTHEIMER, SUITE 1200, HOUSTON, TEXAS 77056, FAX NO. 713-977-5395 OR BY ELECTRONIC MAIL TO BALLOT@HOOVERSLOVACEK.COM. IF YOUR BALLOT IS NOT RECEIVED BY DEBTOR'S COUNSEL ON OR BEFORE MARCH 18, 2016, AT 5:00 P.M. (CST), YOUR BALLOT WILL NOT BE COUNTED AS A VOTE UNDER THE PLAN. IF YOUR CLAIM IS NOT IMPAIRED UNDER THE PLAN, YOU ARE NOT ELIGIBLE TO VOTE AND YOUR VOTE WILL NOT BE COUNTED.

Epiq Bankruptcy Solutions, LLC
PO Box 4470
Beaverton, OR 97076

Legal Documents Enclosed -
Please direct to the attention
of the Addressee,
Legal Department or President

Address Service Requested
1,978

VPC CONF NTC 03-11-2016 (MERGE2,TXNUM2)
******4000005645****** BAR(23) MAIL ID *** 000104282775 ***

PEDRO VALDEZ MD
HIGGENBOTHAM & ASSOCIATES
1100 N.W. LOOP 410, SUITE 700
SAN ANTONIO TX 78213

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Exhibit E

From: Troutman, Kevin
Sent: Tuesday, May 17, 2016 4:30 PM
To: Elizabeth Higginbotham
Cc: Thomas Padgett
Subject: RE: Valdez Status
Attachments: #1 Voluntary Petition Southcross GP, LLC (15-42863) (00981914xBF97D).pdf; #1 Voluntary Petition of Southcross, LP (Case No. 15-42818) (00980754xBF....pdf; #969 Findings of Fact, Conclusions of Law and Order Confirming First Ame....pdf; #1081 Notice of Occurrence of Plan Effective Date (01054085xBF97D).pdf

Liz:

To be clear, I am NOT asking you to bid against yourselves. For about eight months now, however, I have been attempting to schedule a time to speak with you and Tom about the status of Mr. Valdez's pending case, in view of the corporate bankruptcy proceedings. As mentioned in my last letter, I revived my efforts during the past few weeks and have left messages asking each of you to let me know when we can talk. I would therefore appreciate the courtesy of your cooperation in scheduling a call.

I am obviously not a bankruptcy lawyer, but the attorneys handling the bankruptcy proceeding advised me again last week that Victory Medical Center Southcross GP, LLC fdba Innova San Antonio Management Company, LLC and Victory Medical Center Southcross, LP fdba Innova Hospital San Antonio, LP, are debtors included in the bankruptcy's courts orders. So is Victory Parent Company. The bankruptcy court's orders now require dismissal of all pending lawsuits agains the debtors. (See Section 12.8 of the Plan.) Thus, there is no need for the corporate defendant to respond to Plaintiff's request for disclosures, which is the only pending discovery request of which I am aware in our case. I understand that Mr. Valdez may pursue his claim through the bankruptcy proceedings, if he wishes to do so.

My prior letters have explained why Mr. Valdez should dimiss his claim against Mr. Garcia, as opposed to pursuing discovery regarding a claim that is unsupported by the plain language of the applicable statute. You have not responded to the substance of this request either.

In sum, these are the issues that I would like to discuss with you and Tom. Unfortunately, my schedule through the rest of this week is now very tight. Can we please plan to talk sometime early next week? Doing so, I hope that we can all avoid needlessly incurring additional expenses. Can we please schedule a time to talk?

Thank you.

Kevin

-----Original Message-----
From: Elizabeth Higginbotham [mailto:lizh@texasnurse-law.com]
Sent: Thursday, May 12, 2016 3:35 PM
To: Troutman, Kevin <ktroutman@laborlawyers.com>
Cc: Thomas Padgett <tpadgettlaw@gmail.com>
Subject: Valdez

Dear Kevin
We made a settlement demand and you have not responded. We do not bid against ourselves.

And yes Mr. Valdez did make a claim in the bankruptcy court.
It is Mr. Padgett and it's position that the ball is in your court Remember that you owe us discovery responses once the stay is lifted. I am expecting those on my hands before I can advise my client about the status of his case. I am sure you understand that.
I look forward to hearing from you.

Best regards
Elizabeth Higginbotham RN, J.D.

Sent from my Fire

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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION

IN RE:	**§**	**Chapter 11**
	§	
VICTORY MEDICAL CENTER MID-CITIES, LP et al., [1]	**§**	**CASE NO.: 15-42373-rfn-11**
	§	
	§	**Jointly Administered**
	§	

NOTICE OF OCCURRENCE OF PLAN EFFECTIVE DATE
[Related to Doc##776 & 969]

PLEASE TAKE NOTICE that the Effective Date of the First Amended Joint Chapter 11 Plan for captioned Debtors, occurred on May 11, 2016.

[1]The Debtors in these cases, along with the last four digits of their respective taxpayer ID numbers, are Victory Medical Center Mid-Cities, LP (2023) and Victory Medical Center Mid-Cities GP, LLC (4580), Victory Medical Center Plano, LP (4334), Victory Medical Center Plano GP, LLC (3670), Victory Medical Center Craig Ranch, LP (9340), Victory Medical Center Craig Ranch GP, LLC (2223), Victory Medical Center Landmark, LP (9689), Victory Medical Center Landmark GP, LLC (9597), Victory Parent Company, LLC (3191), Victory Medical Center Southcross, LP (8427), and Victory Medical Center Southcross GP, LLC (3460).

DATED: May 12, 2016

Respectfully submitted,

HOOVER SLOVACEK LLP

/s/ Melissa A. Haselden

By:_____

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CERTIFICATE OF SERVICE

I hereby certify that on May 12, 2016, I sent a true and correct copy of the above and foregoing Notice of Occurrence of Plan Effective Date via the Court's ECF notification system to the parties listed below:

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Exhibit F

CAUSE NO. 2014-CI-09508

PEDRO VALDEZ, M.D.,	§	**IN THE DISTRICT COURT OF**
	§	
Plaintiff,	§	
	§	
VS.	§	
	§	
INNOVA SA MGMT CO, LLC GEN. PARTNER, VICTORY MEDICAL CENTER SOUTHCROSS, LP D/B/A VICTORY MEDICAL CENTER SAN ANTONIO, AND ALEX GARCIA, CEO,	§	**BEXAR COUNTY, TEXAS**
	§	
Defendants.	§	**224TH JUDICIAL DISTRICT COURT**

DEFENDANT'S MOTION TO LIFT STAY AND TO DISMISS

Defendant Victory Medical Center Southcross GP, LLC FDBA Innova San Antonio Management Company, LLC (hereinafter, "Defendant," improperly named in the Petition as Innova SA Mgmt Co., LLC Gen. Partner, Victory Medical Center Southcross, LP D/B/A Victory Medical Center San Antonio), files this Motion to Lift Stay and to Dismiss, pursuant to the Findings of Fact, Conclusions of Law and Order Confirming First Amended Joint Plan of Reorganization (collectively, "the Order"), issued by the United States Bankruptcy Court, Northern District of Texas on March 28, 2016. Copies of the Order (Case No. 15-42373-rfn-11) and the Notice of Occurrence of Plan Effective Date are attached as *Exhibit A*.[1] As explained below, Defendant's Motion should be granted, the stay in this case should be lifted, and all claims against Defendant should be dismissed, with prejudice.

[1] The Order includes and encompasses, among other entities, Victory Medical Center Southcross GP, LLC FDBA Innova San Antonio Management Company, LLC; Victory Medical Center Southcross, LP fdba Innova Hospital San Antonio, LP; and Victory Parent Company. Article 12.8 of the First Amended Joint Chapter 11 Plan, which is included with the Order, requires all lawsuits against the Debtors to be dismissed, with prejudice, as of May 11, 2016.

On July 23, 2015, Defendant filed a Notice of Automatic Stay and this case was stayed. On May 17, 2016, Undersigned Counsel provided a copy of the above-referenced Order to Plaintiff's Counsel. Plaintiff's claims against Defendant have not yet been dismissed.

Defendant is a Debtor identified in the Order. Article 12.8 of the First Amended Joint Plan of Reorganization, which is incorporated in the Order, specifies that, "On the Effective Date, all lawsuits, litigations, administrative actions or other proceedings…shall be dismissed as to each of the Debtors. Such dismissal shall be with prejudice to the assertion of such Claim in any manner other than as prescribed by the Plan. **All parties to any such action shall be enjoined by the Bankruptcy Court by the Confirmation Order from taking any action to impede the immediate and unconditional dismissal of such actions.**" On May 12, 2016, the United States Bankruptcy Court in Northern District of Texas issued a notice that the Effective Date of the First Amended Joint Chapter 11 Plan occurred on May 11, 2016. *See* Exhibit A.

Accordingly, Defendant respectfully requests pursuant to the above-referenced Order, that its Motion be granted, the stay be lifted and all claims against it be dismissed, with prejudice.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on the 19th day of August 2016, I served a true and correct copy of *Defendant's Motion to Lift Stay and to Dismiss*, via electronic mail and/or certified mail, return receipt request, to all parties in interest as listed below:

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Exhibit G

CAUSE NO. 2014-CI-09508

Pedro Valdez M.D. INDIVIDUALLY	§	**IN THE DISTRICT COURT OF**
V.	§	**BEXAR COUNTY**
VICTORY MEDICAL CENTER SOUTHCROSS, LP DBA VICTORY MEDICAL CENTER SAN ANTONIO	§	
and MR. ALEX GARCIA CEO	§	**224th JUDICIAL DISTICT**

PLAINTIFF'S FIRST AMENDED PETITION

TO THE HONORABLE JUDGE OF SAID COURT:

COMES NOW, MR. PEDRO VALDEZ, M.D. Plaintiff in the above-entitled and numbered cause, and hereby file this First Amended Petition and would respectfully show unto the Court the following:

1.

DISCOVERY LEVEL

Plaintiff asserts that it will be necessary to conduct discovery under Level 3.

2.

PARTIES

Plaintiff, Pedro Valdez, M. D., ("Mr. Valdez"), is an individual who is a resident of San Antonio, Bexar County Texas.

Victory Medical Center Southcross LP has appeared and answered in this litigation. Victory Medical Center Southcross LP is owned

Mr. Alex Garcia was the CEO of VMC and has appeared and answered in this case.

3.

JURISDICTION AND VENUE

Venue is proper in Bexar County as all or most of the events that give rise to Plaintiff's cause of action occurred in Bexar County.

The subject matter and amount in controversy are within the jurisdictional limits of this Court.

4.

FACTS SUPPORTING RELIEF

Mr. Valdez is a medical doctor and worked for VMC as the medical safety officer.

Mr. Valdez has the education training and experience to perform the serious and demanding functions of safety officer including ensuring that VMC comply with state, federal and accreditation standards.

Throughout Mr. Valdez' tenure as safety officer he had occasion to notify his superior Mr. Alex Garcia of imminent threats to patient safety and that he discovered.

On or about August 2013 Mr. Valdez reported violations of law to include OSHA and Life Safety standards mandated by Texas Hospital Licensing Laws to Mr. Garcia including but not limited to: lack of a backup generator, lack of a fire alarm as well as no air quality testing in the operating room suites at the Landmark location of VMC.

On or about August 26, 2013 Mr. Valdez reported that the instruments used to perform surgeries were not being sterilized and that the instruments were not safe to use in operations as they had residue on them and posed a risk of infection and death.

Mr. Valdez continued to report his safety and legal concerns to not only Mr. Garcia but to the corporate compliance officers of VMC in Houston, Texas to include Mr. Robert N. Helms.

In response to Mr. Valdez' complaints about patient safety his employment was terminated in violation of the Texas Health & Safety Code 161.134.

FIRST CAUSE OF ACTION
RETALIATION IN VIOLATION OF THE TEXAS HEALTH & SAFETY CODE 161.134
BROUGHT AGAINST VMC

Plaintiff hereby incorporates all previous averments of fact, as if repeated herein verbatim.

This claim is brought on behalf of Mr. Valdez as an employee of VMC.

Mr Valdez reported, in writing and verbally, his good faith belief that he was being pressured to act in an illegal manner and that the action of VMC in insisting that Mr. Valdez ignore the Texas Hospital licensing laws and the ongoing violation of state and federal laws by VM, to include submission of false claims to federally funded insurance companies.

Mr. Valdez had a good faith belief that the violations recited in the Facts of this position were against State and Federal law as well as accrediting and licensing standards.

Mr. Valdez made these report to the administrator of the hospital, and to the corporate compliance department of VMC and to Mr. Robert Helms .

Mr. Valdez suffered an adverse action in the form of being terminated from his employment with VMC.

But for Mr. Valdez' report of this activity, he would be employed by VMC

Mr. Valdez was damaged as a result of the actions of VMC for which he now sues.

Mr. Valdez has suffered emotional distress and mental anguish.

Mr. Valdez was required to hire the services of attorneys in order to prosecute these claims.

Mr. Valdez has incurred reasonable and necessary attorney's fees and costs in the prosecution of this claim, for which he now sues.

The actions of VMC were willful and with reckless disregard of the rights of Mr. Valdez.

Mr. Valdez is entitled to punitive damages in an amount decided by the trier of fact, for which he now sues.

SECOND CAUSE OF ACTION Section 31 U.S.C. § 3731(b)

31 U.S.C. Section 3730(h) is not limited merely to retaliatory discharge, but applies where the employee is "discharged, demoted, suspended, threatened, harassed, or in any other manner discriminated against in the terms and conditions of employment."

Mr. Valdez reported the fraudulent activity to Mr. Alex Garcia and Mr. Robert Helms.

Therefore, the employer had either explicit or implicit notice of his activities.
The employer must not only know about the employee's activity, but must recognize that it is protected activity.

VMC was on notice sufficient to put VMC on notice that he was talking about fraud and "illegalities.

There was a causal connection between the retaliatory action and Mr. Valdez' termination. His termination was directly motivated by having engaged in protected activity.

An action under the statute lies even if no FCA complaint is ever filed by the plaintiff or the government.
If a FCA action is filed, and dismissed or terminated by summary judgment, an action under Section 3730(h) can still be pursued. This is so even if the underlying qui tam action is dismissed, for example, because the relator is not an original source as specified in Section 3730(e)(4).

Plaintiff is entitled to double back pay and interest on back pay Compounded interest is to be calculated before the back pay award is doubled.

Plaintiff is also entitled to compensation for "litigation costs and reasonable attorneys' fees."

Section 11 U.S.C. 502(b)(7)'s Limitation on Claims Under Employment Contracts in Bankruptcy Proceedings Does not Supersede Section 3730(h)

One case has addressed this issue. In re Visiting Nurses Association, 176 B.R. 748 (E.D. Pa. 1995). That Court held that it would be inconsistent with legislative intent to allow Section

502(b)(7) to foreclose claims for damages secured through actions under Section 3730(h) that exceed the bankruptcy code's one-year provision.

THIRD CAUSE OF ACTION TORTIOUS INTERFERENCE WITH EMPLOYMENT RELATIONSHIP

Plaintiff alleges that Garcia tortiously interfered with his existing and prospective business relationship with the hospital. Based on previous business history between himself and VMC there was a reasonable probability of success in future business relationships, and continuation of employment. Mr. Garcia set out on a course to harm, thwart, impede destroy or willfully and intentionally interfere with present and prospective business relationships between Plaintiff and VMC to deprive Plaintiff of such relationships or of the full benefits of such relationships. Such interference was a proximate cause of Plaintiffs' damages for which Plaintiffs herein sue.

Garcia, in an attempt to protect their own economic and pecuniary interests, engaged in a course of conduct to pacify one of their largest sources of revenue, Dr. Steven Cyr. When Mr. Valdez refused to comply with Dr. Cyr's demands regarding vendor access the end result was the firing of Plaintiff.

VMC acting by and through Garcia committed the following underlying torts and statutory violations: retaliated against Plaintiff when Plaintiff complained about violations of the Texas Anti-Kickback Statute Tex. Occupations Code §§ 102.001 *et seq.*(any person). This statutory prohibition is similar to and patterned after the federal laws [1] prohibiting illegal kickbacks. In this case, the evidence shows that Mr. Valdez was pressured to turn a blind eye to Dr. Cyr and the hospital's conduct in order to preserve referrals and income for VMC. The Administrator of

[1] By way of example only, the federal anti-kickback statute, 42 U.S.C. § 1320a-7b(b), prohibits individuals or entities from knowingly and willfully offering, paying, soliciting or receiving remuneration to induce referrals of items or services covered by Medicare, Medicaid or any other federally funded program (except the Federal Employees Health Benefits Program). Some courts have interpreted the law to cover any arrangement in which one purpose of the remuneration is to induce or compensate for program referrals.

VMC made that position very clear when he removed Plaintiff from the Senior Management Meetings. Mr. Valdez reported that violation of Occupations Code 102.001:

Sec. 102.001. 102.001. SOLICITING PATIENTS; OFFENSE. SOLICITING PATIENTS; OFFENSE. (a) A person commits an offense if the person knowingly A person commits an offense if the person knowingly offers to pay or agrees to accept, directly or indirectly, overtly or covertly any remuneration in cash or in kind to or from another for securing or soliciting a patient or patronage for or from a person licensed, certified, or registered by a state health care regulatory agency. (b) Except as provided by Subsection (c), an offense under this section is a Class A misdemeanor. (c) An offense under this section is a felony of the third degree if it is shown on the trial of the offense that the person: (1) has previously been convicted of an offense under this section; or (2) was employed by a federal, state, or local government at the time of the offense. It is important to note that this law, unlike the federal Anti-kickback, is not limited to referrals for services paid by government health programs. It applies much more broadly to all payors. Additionally, it is important to note that the Texas Patient Solicitation Act permits any arrangement permitted by the federal Anti-kickback statute and regulations. See Tex. Occ. Code 102.003 (stating that "Section 102.001 permits any payment, business arrangement, or payment practice permitted by 42 U.S.C. Section 1320a-7b(b) or any regulation adopted under that law.")

Mr. Valdez also reported violations of Stark law related to physicians ordering bone and tissue from vendors they owned an interest in, and specifically with regard to Dr. Cyr. Under Stark, a referral is either (1) a request by a physician that includes the provision of any DHS for which payment may be made under Medicare, the establishment of a plan of care by a physician that includes the provision of such a DHS, or the certifying or recertifying of the need for a DHS; or (2) the request by a physician for, or ordering of, or the certifying or recertifying of the need for, any DHS for which payment may be made under Medicare Part B. This includes a request for a consultation with another physician and any test or procedure ordered by or to be performed by (or under the supervision of) that other physician.

PRAYER

Mr. Valdez respectfully pray that defendants be required to appear in court and that upon trial of the case that Plaintiffs be awarded damages as appropriate for the following categories:

a. Actual and economic damages,

b. Mental anguish and emotional distress;

c. Pre-judgment interest in an amount permitted by law;

d. Post-judgment interest in an amount permitted by law;

e. Reasonable and necessary attorney's fees in an amount determined by the finder of fact;

f. Costs of court and expenses as permitted by law;

g. Equitable relief determined appropriate by the court;

h. Exemplary and/or punitive damages; and,

i. Such other and further relief to which plaintiff shows himself entitled under law and equity.

Respectfully submitted,

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CERTIFICATE OF SERVICE

This is to certify that a true and correct copy of the foregoing instrument has been forwarded to Mr. Kevin Troutman on this the 19th day of September of 2016 by hand delivery and electronic filing.

ELIZABETH L. HIGGINBOTHAM, RN, JD