

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

In re:

GULF COAST HEALTH CARE, LLC, *et al.*,¹

Debtors.

Chapter 11

Case No. 21-11336 (KBO)

Jointly Administered

**LIMITED OMNIBUS OBJECTION OF THE OFFICIAL COMMITTEE OF
UNSECURED CREDITORS TO THE DEBTORS': (I) BAR DATE MOTION;
(II) SCHEDULES EXTENSION MOTION; AND (III) WAGES MOTION**

The Official Committee of Unsecured Creditors (the “Committee”) of Gulf Coast Health Care, LLC and its affiliated debtors and debtors-in-possession (the “Debtors”) files this limited omnibus objection (this “Limited Objection”) to the: (i) *Motion of Debtors for Entry of Order (I) Extending Time to File Schedules of Assets and Liabilities and Statements of Financial Affairs and (II) Granted Related Relief* [D.I. 106] (the “Schedules Extension Motion”); (ii) *Motion of Debtors for Entry of Order Pursuant to Bankruptcy Code Sections 105(a), 501, 502, 503 and 1111(a), Bankruptcy Rules 2002 and 3003(c)(3), and Local Rules 1009-2 and 2002-1(e) (I) Establishing Bar Dates for Filing Claims Against the Debtors and (II) Approving Form and Manner of Notice Thereof* [D.I. 109] (the “Bar Date Motion”); and (iii) *Motion of Debtors for Entry of Interim and Final Orders Authorizing Debtors to (I) Pay Prepetition Wages, Compensation, and Employee Benefits, (II) Continue Certain Employee Benefit Programs in the Ordinary Course, and (III) Granting Related Relief* [D.I. 9] (the “Wages Motion”), and respectfully states as follows:

¹ There are 62 Debtors in these chapter 11 cases (the “Chapter 11 Cases”). A complete list of the Debtors and the last four digits of their federal tax identification numbers can be found on the website of the Debtors’ claims and noticing agent at <https://dm.epiq11.com/GulfCoastHealthCare>. The Debtors’ corporate headquarters and service address is 9511 Holsberry Lane, Suite B11, Pensacola, FL 32534.

PRELIMINARY STATEMENT

1. The Debtors have proposed an aggressive and expedited timeline for these Chapter 11 Cases that imposes burdensome deadlines on the creditors, including a quick bar date for filing proofs of claim. Yet, when it comes to deadlines that apply to themselves (e.g., filing Schedules and Statements (as defined below)) they seek to provide themselves a significant amount of time.

2. The Bar Date Motion, if granted, will create an extremely short deadline for filing proofs of claim. The Debtors' proposed General Bar Date (as defined below) only provides creditors approximately twenty-five (25) days to file proofs of claim, without factoring mailing time for notices to reach all of the Debtors' creditors and without factoring in the effects of the Thanksgiving holiday. This is insufficient and will only serve to chill creditors' ability to timely submit proofs of claim.

3. The Schedules Extension Motion, if granted, will permit the Debtors to file their Schedules and Statements only two (2) days prior to the hearing on the adequacy of the Debtors' disclosure statement and potentially after the Court approves the transfer of substantially all of the Debtors' assets in connection with the Debtors' motion to approve management and operations transfers [D.I. 166] (the "MOTA Motion"). The MOTA Motion is set for hearing on November 23, 2021. In addition, the requested extension of the deadline to file Schedules and Statements would afford creditors only ten (10) days to review the Schedules and Statements and then assess whether to file a proof of claim in the Chapter 11 Cases.

4. If the Debtors intend to run the Chapter 11 Cases on an expedited basis, they must also bear some of the burden. They should provide creditors with the Schedules and Statements of Financial Affairs with sufficient time to review prior to any major event in the case, including

the transfer of substantially all of their assets. In addition, they should provide the creditors sufficient time to file proofs of claim.

5. Separately, under the Wages Motion, the Debtors are proposing to make certain payments to third-party employment agencies. The Debtors should be required to satisfy their burden of proof to justify such payments at this time. Accordingly, the Committee reserves all rights to raise any additional objections at the final hearing on the Wages Motion.

BACKGROUND

6. On October 14, 2021 (the “Petition Date”), the Debtors each filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”). Pursuant to sections 1107 and 1108 of the Bankruptcy Code, the Debtors continue to operate their businesses as debtors-in-possession. No trustee or examiner has been appointed in these cases.

7. The Debtors filed the Wages Motion on the Petition Date, seeking a final order authorizing the Debtors to, among other things, pay up to \$4 million in prepetition obligations owed to certain third-party employment agencies (the “Employment Agencies”).

8. The Debtors filed the Schedules Extension Motion on October 22, 2021 seeking entry of an order extending the deadline to file their (a) schedules of assets and liabilities, (b) schedules of executory contracts and unexpired leases, (c) schedules of current income and expenditures, and (d) statements of financial affairs (collectively, the “Schedules and Statements”) through and including November 30, 2021.

9. The Debtors also filed the Bar Date Motion on October 22, 2021 seeking, among other things, entry of an order establishing December 10, 2021 at 5:00 p.m. (Prevailing Eastern Time) (the “General Bar Date”) as the deadline for all persons and entities, other than

governmental units, holding a claim against the Debtors arising (or deemed to arise) on or before the Petition Date to file proofs of claim in the Chapter 11 Cases.

10. On October 25, 2021, the United States Trustee for Region 3 appointed the Committee. [D.I. 111]. On October 27, 2021, the Committee selected Greenberg Traurig, LLP as proposed counsel. On October 28, 2021, the Committee selected FTI Consulting as its proposed financial advisor.

OBJECTION TO SCHEDULES EXTENSION MOTION

11. The Schedules and Statements play a critical role in the bankruptcy process. *See Matter of Laser Land Leveling, Inc.*, 185 F.3d 867, 867 (9th Cir. 1998) (“The financial information provided in bankruptcy schedules is integral to a bankruptcy proceeding because detailed financial information is necessary to liquidate or reorganize a debtor or to adjust the debtor’s debts. Providing this information is not merely an ancillary administrative task”). The timeline created by the Schedules Extension Motion reduces the utility of the Schedules and Statements. As discussed above, the proposed deadline to file the Schedules and Statements is only two (2) days before the Debtors’ proposed disclosure statement hearing and will potentially occur after the Court approves the transfer of substantially all of the Debtors’ assets in connection with the MOTA Motion.

OBJECTION TO BAR DATE MOTION

12. The proposed General Bar Date only gives creditors approximately twenty-five (25) days to file claims and only ten (10) days to review the Schedules and Statements before having to comply with the proposed General Bar Date. This proposed timeline is insufficient for notice purposes and will only serve to chill the timely submissions of proofs of claim.

OBJECTION TO THE WAGES MOTION

13. The Debtors rely on the “doctrine of necessity” to justify payment to the Employment Agencies, which permits a debtor to pay a pre-petition creditor when such creditor “will not supply services or material essential to the conduct of the business until [its] pre-reorganization claims shall have been paid.” *In re Lehigh & N.E.R. Co.*, 657 F.2d 570, 581 (3d Cir. 1981); *In re Newpage Corp.*, 555 B.R. 444, 452 (Bankr. D. Del. 2016) (recognizing same). The Debtors should be required to put on evidence to support this requested relief. Accordingly, the Committee reserves all rights to further object to this requested relief at the final hearing on the Wages Motion.

RESERVATION OF RIGHTS

14. The Committee reserves all rights to supplement and/or amend this Limited Objection prior to or at any hearing thereon, in the event the Committee’s objections raised herein are not resolved; or to further address the Wages Motion, the Schedules Extension Motion, and the Bar Date Motion. In addition, nothing set forth in this Limited Objection, or in any resolution(s) with respect to such objection, should be deemed a waiver of any objections or arguments that the Committee may have with respect to any other motion filed by the Debtors.

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CONCLUSION

WHEREFORE, for the reasons set forth herein, the Committee respectfully requests that this Court (i) sustain this Limited Objection and (ii) grant such other and further relief as the Court deems just and equitable.

Dated: November 9, 2021

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