

**UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:)	Case No. 22-90291 (MI)
)	(Chapter 11)
PIPELINE HEALTH SYSTEMS, LLC,)	
et al.)	
)	

**OBJECTION OF PACIFIC MEDICAL IMAGING, INC. TO DEBTORS'
ASSUMPTION OF EXECUTORY CONTRACTS IF DEFAULTED
PAYMENTS UNDER THE CONTRACT ARE NOT CURED PROMPTLY**

COMES NOW Creditor PACIFIC MEDICAL IMAGING, INC. ("Pacific") and makes this objection to the Assumption of its Executory Contracts with four Debtor entities upon the grounds that each of those Debtor entities is in default of obligations to pay Pacific for services rendered both pre-petition and post-petition.

In order to assume executory contracts under Section 365(b)(1), each debtor must:

(A) cure, or provides adequate assurance that a cure will promptly cure such default under the executory contract;

(B) compensates, or provides adequate assurance of prompt compensation for actual pecuniary loss resulting from default; and

(C) provides adequate assurance of future performance under such contract.¹

¹ The foregoing was a summary of the statute. Section 365(b)(1) states: "The foregoing was a summary of Section 365(b)(1). That statute provides:

As shown by the Declaration of Carol Scholte, Pacific's Director of Accounting and Human Resources, the following amounts are owed by the Debtor entities to Pacific:

	Pre-Peittion	Post-Petition ²	Total
Avanti Hospital ³			
Gardena Hospital	\$63,399.00	\$19,909.00	\$83,308.00
CPH Hospital Management	\$22,867.00	\$6,828.00	\$29,695.00
CHHP Management	\$71,197.00	\$37,276.50	\$108,473.50

(1) If there has been a default in an executory contract or unexpired lease of the debtor, the trustee may not assume such contract or lease unless, at the time of assumption of such contract or lease, the trustee-

(A) cures, or provides adequate assurance that the trustee will promptly cure, such default other than a default that is a breach of a provision relating to the satisfaction of any provision (other than a penalty rate or penalty provision) relating to a default arising from any failure to perform nonmonetary obligations under an unexpired lease of real property, if it is impossible for the trustee to cure such default by performing nonmonetary acts at and after the time of assumption, except that if such default arises from a failure to operate in accordance with a nonresidential real property lease, then such default shall be cured by performance at and after the time of assumption in accordance with such lease, and pecuniary losses resulting from such default shall be compensated in accordance with the provisions of this paragraph;

(B) compensates, or provides adequate assurance that the trustee will promptly compensate, a party other than the debtor to such contract or lease, for any actual pecuniary loss to such party resulting from such default; and

(C) provides adequate assurance of future performance under such contract or lease.

²There may be additional amounts incurred after December 8, 2022 which are unpaid.

³Pacific believes that Avanti Hospital changed its name to Pipeline Health Systems. The Debtor believes that all Nuclear Medicine Services Agreements were with the individual hospital entities.

ELADH, LLP	\$23,320.00	\$11,183.00	\$34,503.00
Total			\$255,979.50

Each Debtors' default must be cured upon the assumption of each contract, or must provide sufficient evidence at this time, and at the time of assumption, that each default will be cured promptly thereafter. If the Plan is modified to provide for each cure, Pacific's objection will be satisfied.

DATED: December 12, 2022

/s/ Richard T. Baum

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DECLARATION OF CAROL SCHOLTE

I, CAROL SCHOLTE, declare:

1. I am the Director of Accounting and Human Resources of Pacific Medical Imaging, Inc. ("Pacific") I am one of the custodians of the books, records and files of Movant that pertain to loans and extensions of credit given to Debtor concerning the Property. I have personally worked on the books, records and files, and as to the following facts, I know them to be true of my own knowledge or I have gained knowledge of them from the business records of Movant on behalf of Movant. These books, records and files were made at or about the time of the events recorded, and which are maintained in the ordinary course of Movant's business at or near the time of the actions, conditions or events to which they relate. Any such document was prepared in the ordinary course of business of Movant by a person who had personal knowledge of the event being recorded and had or has a business duty to record accurately such event. The business records are available for inspection and copies can be submitted to the court if required.

2. Pacific Medical Imaging provides nuclear medicine services to four of the Debtor hospitals under a Nuclear Medicine Services Agreement which the Debtors call a Master Services Agreement. Pacific's books and records show that the following Debtors are in default of their agreements to make payment to Pacific. The following are the amounts owed by each of the Debtor hospitals, both pre-petition and post-petition. Post-Petition claims were preserved by the filing of Administrative Proofs of Claim on December 9, 2022. The amounts in default are as follows:

	Pre-Petition	Post-Petition ⁴	Total
Avanti Hospital ⁵			
Gardena Hospital	\$63,399.00	\$19,909.00	\$83,308.00
CPH Hospital Management	\$22,867.00	\$6,828.00	\$29,695.00
CHHP Management	\$71,197.00	\$37,276.50	\$108,473.50
ELADH, LLP	\$23,320.00	\$11,183.00	\$34,503.00
Total			\$255,979.50

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Executed this 12th day of December 2022 at Los Angeles, California.

Carol Scholte

 CAROL SCHOLTE

⁴There may be additional amounts incurred after December 8, 2022 which are unpaid.

⁵ Based upon Pacific's records, I believe that Avanti Hospital changed its name to Pipeline Health Systems. The Debtor believes that all Nuclear Medicine Services Agreements were with the individual hospital entities