

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

In re:

PIONEER HEALTH SYSTEMS LLC, *et al.*¹

Debtors.

Case No. 24-10279 (JKS)

Chapter 11 (Subchapter V)

(Jointly Administered)

**DECLARATION OF COLIN CHENAULT IN
SUPPORT OF DEBTORS' OPPOSITION TO MEDPORT
BILLING, LLC AND MSC HOLDING, LLC D/B/A
SYNDEOCARE'S MOTION TO REMOVE DEBTOR
AS DEBTOR IN POSSESSION AND TO APPOINT SUBCHAPTER V
TRUSTEE AS OPERATING TRUSTEE PURSUANT TO 11 U.S.C. § 1185(a)**

I, Colin Chenault, hereby declare that the following is true and correct to the best of my knowledge, information, and belief:

1. I am the Chief Financial Officer of DOC Corporate Group LLC located at 3300 Dallas Parkway, Suite 200, Plano, TX 75093.

2. I make this declaration in support of confirmation of the *Debtors' Opposition to Medport Billing, LLC and MSC Holding, LLC d/b/a Syndeocare's Motion for Order Shortening the Notice Period for Consideration of the Motion to Remove Debtor as Debtor in Possession and to Appoint Subchapter V Trustee as Operating Trustee Pursuant to 11 U.S.C. § 1185(a)* (the “Opposition”).²

¹ The Debtors in these Chapter 11 Cases, along with the last four digits of their respective tax identification numbers, are as follows: Pioneer Health Systems LLC (4107), DOC LLC (0729), DOCTX3 PLLC (2604), PAS Services PLLC (8928), and DOC Corporate Group LLC (0970). The address of the Debtors' corporate headquarters is 3300 Dallas Pkwy, Suite 200, Plano, TX 75093.

² Capitalized terms used herein but not otherwise defined shall have the meanings ascribed to them in the Plan.

3. I am over the age of 18 and authorized to submit this declaration on the Debtors' behalf, and, if called upon to testify, I could and would testify competently to the facts set forth herein.

4. I am familiar with the information in the Opposition filed concurrently with this declaration. I have reviewed the Opposition.

5. The Debtors operate and manage full-service orthopedic clinics in Texas and, prior to the petition date, also operated in Oklahoma and California.

6. Many of the Debtors' equity holders are also employees of the Debtors whose work will yield the disposable income that will fund distributions under the Debtors' *Second Amended Subchapter V Plan of Reorganization* [Docket No 230] (as may be further modified, amended or supplemented from time to time, the "Plan").

7. Shortly after the Petition Date, the Debtors took numerous steps to implement their restructuring. The Debtors filed various motions seeking first-day relief, as more particularly described in section 1.9 of the Plan, including a the *Motion of the Debtors for Entry of Interim and Final Orders Pursuant to 11 U.S.C. §§ 105, 361, 362, 363, 364, 503, and 507 (I) Authorizing the Debtors to Obtain Senior Secured Superpriority Postpetition Financing; (II) Granting Liens and Superpriority Administrative Expense Claims; (III) Authorizing Use of Cash Collateral; (IV) Modifying the Automatic Stay; (V) Scheduling a Final Hearing; and (VI) Granting Related Relief* (the "DIP Motion") [Docket No. 18] to provide necessary short-term liquidity for the Debtors' operations. The Court entered an order approving the relief requested in the DIP Motion on March 28, 2024 (the "Final DIP Order") [Docket No. 100].

8. Thereafter, the Debtors filed their Motion of Debtors for Entry of an Order Authorizing (I) Rejection of Certain Unexpired Leases of Nonresidential Real Property and (II)

Abandonment of Any Remaining Property Located at Leased Premises (the “Lease Rejection Motion”) [Docket No. 62] to reject various leases for real property that were burdensome to their estates. On March 28, 2024, the Court entered an order granting the Lease Rejection Motion and approved rejection of the leases mentioned therein effective as of the Petition Date (the “Lease Rejection Order”) [Docket No. 101].

9. The Debtors also filed their *Motion of Debtors for Entry of an Order Authorizing Assumption of Certain Unexpired Lease of Nonresidential Real Property* (the “Lease Assumption Motion”) [Docket No. 89] which sought assumption of those leases related to the locations which the Debtors intended to continue using for their operations. The Court approved the Lease Assumption Motion by order entered on April 16, 2024 (the “Lease Assumption Order”) [Docket No. 140].

10. After the filings of the Debtors’ original plan of reorganization [Docket No. 181] and their first amended plan [Docket No. 185], the Debtors received two unsolicited offers to purchase the Debtors or their assets from two parties.

11. As of today’s date, none of the parties who made the offers have demonstrated proof of funds to close their proposed transactions.

12. Given the unsolicited offers, the Debtors began working on a marketing process in consultation with the Subchapter V Trustee to market test the value of their business, while being mindful of the Debtors’ need to emerge with a confirmed plan by August 2024 to be able to access exit financing for the additional liquidity needed for their operations to continue. Such marketing process (the “Sale Process”) is filed as Exhibit I to the Plan.

13. The Debtors have also recently received an expression of interest to purchase the Debtors' assets from another party, furthering the need for a robust marketing process and market test. Such party has expressed its unwillingness to participate in a 363 sale process.

14. Cognizant of their cash needs throughout the Bankruptcy Cases, the Debtors have timed confirmation of the Plan to permit them to access additional working capital through exit financing, which the Debtors have secured. Currently, the Debtors project the need to draw on exit financing as early as August 12, 2024. The DIP budget [Docket No. 100-2] was never designed to accommodate a 363-sale process. The 13-week budget supported the Debtors' goal from day one to shed unprofitable leases, streamline payments to creditors, and reorganize with a focus on profitability. The Plan is consistent with the course the Debtors set out for these Bankruptcy Cases, but reflects the developments that occurred after the filing of the First Plan.

15. The Debtors were involved in prepetition state court litigation in Nevada (the "State Court Litigation") with the Movants relating to payments stemming from a series of account receivables factoring agreement. *See* PAS Stmt. of Fin. Affairs, Part 3 [Docket No. 103]. The Movants reference the Movants' Objection with respect to their contention of the Debtors' "mismanagement" through the conduct of the Debtors' principal, David Hassinger, accusing him of nonpayment and of his "misappropriation" of certain receivables PAS sold to the Movants without providing any further support or details in their Motion beyond their two sentences. Such arguments align with the Movants' arguments made in the State Court Litigation, which the Debtors firmly disputes.

16. As reflected in PAS's bankruptcy schedules and statement of financial affairs, those allegations relate only to dealings between MSC and PAS and are disputed by PAS. The Debtors

and the Movants disagree about amounts owed by MSC to PAS and the Debtors were entitled to an offset.

17. When the Debtors initially experienced difficulty in obtaining DIP financing, Dr. Hassinger stepped in to provide the necessary funds to administer the Bankruptcy Cases. In recognition of the reality that Mr. Hassinger's position as DIP lender could give rise to conflicts in decision making regarding the bankruptcy cases, the Debtors authorized me to make decisions in connection with the bankruptcy cases. The board resolutions for each debtor, filed with the voluntary petitions, designate me as the person responsible for bankruptcy decisions. I have and continue to make decisions regarding the Debtors' Bankruptcy Cases without influence from Dr. Hassinger.

18. The Debtors believe changes implemented during these Bankruptcy Cases, namely shedding unprofitable leases and improving operations at remaining locations will continue to increase their value post-confirmation.

19. In addition to my role with the Debtors, I am the Chief Financial Officer of Keeping It Real Estate LLC ("KIRE"), an entity which holds a note issued by the Debtors. I, or those employees of KIRE under my supervision, am generally familiar with KIRE's day-to-day operations, business and financial affairs, and books and records. Except as otherwise indicated, all facts set forth in this and the following paragraph are based upon my personal knowledge of KIRE's operations and finances, information learned from my review of relevant documents, information supplied to me by other members of KIRE's management, or my opinion based on my experience, knowledge, and information concerning KIRE's operations and financial condition.

20. KIRE is a limited liability company whose equity is held by six individuals. The identity and percentage of ownership interest in KIRE's equity is as follows:

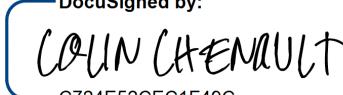
Name	Percentage Interest
David Hassinger	19.00%
Sean Hassinger	19.00%
Merritt Pember	19.00%
Michael Manderson	19.00%
Jim Griffin	19.00%
Colin Chenault	5.00%
Total	100%

CONCLUSION

Based on the foregoing, I believe that the Movants' motion should be denied.

Pursuant to 28 U.S.C. § 1756, I declare under penalty of perjury that the foregoing is true and correct.

Dated: July 23, 2024

DocuSigned by:

COLIN CHENAULT
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Colin Chenault
DOC Corporate Group LLC
Chief Financial Officer