

Judge: Christopher M. Alston
Chapter 11
Hearing Date: April 20, 2017
Hearing Location:
U.S. Bankruptcy Court
700 Stewart St, #7206
Seattle, WA 98101
Hearing Time: 9:30 am

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF WASHINGTON

In Re:

PMO CARE, PLLC

Debtor-in-Possession.

IN CHAPTER 11 PROCEEDING
NO. 17-11606-CMA

MOTION FOR ORDER (1) MAINTAIN
EXISTING BANK ACCOUNTS (2) PAY
PRE-PETITION PRIORITY PAYROLL,
VENDORS & UTILITIES (3) SETTING A
FINAL HEARING

PMO Care, PLLC, Debtor-in-Possession herein ("Debtor"), moves the Court for an order authorizing it to continue the use of its existing bank accounts. This Motion is based upon the files and records herein and supported by the accompanying Declaration of Jill G. Franskousky (Franskousky Declaration).

FACTUAL BACKGROUND AND REQUESTED RELIEF

On April 7, 2017, the Debtor commenced this case by filing a voluntary petition for relief under chapter 11 of the title 11 of the United States Bankruptcy Code, 11 U.S.C. §§1101-1330, as amended (the "Bankruptcy Code").

No trustee or examiner has been appointed in the Debtor's Chapter 11 case, and no committees have been appointed or designated.

MTN FOR (1) MAINTAIN EXISTING BANK ACCOUNTS (2) PAY
PRE-PETITION PRIORITY PAYROLL, VENDORS & UTILITIES
AND (3) SETTING A FINAL HEARING - Page 1 of 4

LAW OFFICES OF TUELLA O. SYKES
600 STEWART ST, SUITE 1300
SEATTLE, WA 98101

1 The Debtor is operating its business and managing its affairs as a debtor-in-possession
2 under 11 U.S.C. §§ 1107 and 1108. A complete summary of the Debtor's operations are set
3 forth in the Balance Sheet and Profit and Loss Statements (see Franskousky Declaration.) At the
4 time of filing in these bankruptcy proceedings, the debtor is an ongoing operating business,
5 doing approximately \$1,500,000.00 business per year. The Debtor employs 11 employees. The
6 Debtor has assets of about \$2,000,000.00 per its latest balance sheet, with said assets, including
7 its accounts receivables.
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9 Prior to the commencement of this Chapter 11 case, the Debtor maintained the following
10 bank accounts:
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| Bank | Account No. | Purpose of Account |
|-----------------|-------------|--------------------|
| Banner Bank | 4656 | \$10,227.89 |
| Banner Bank | 4330 | \$3.86 |
| US Bank | 3862 | \$10,414.29 |
| US Bank | 3664 | \$5,000.00 |
| HomeStreet Bank | 2582 | 0.00 |

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20 The Debtor requests that it be authorized to use its prepetition accounts and prepetition checks
21 and checking account without placing the label "debtor-in-possession" on each check. The
22 parties with which the Debtor transacts business will be aware of its status as debtor-in-
23 possession. Use of existing accounts and checks will ensure that there is a smooth transition into
24 Chapter 11 and minimal disruption of the Debtor's operations.
25

1 The Debtor is requesting that it be authorization to pay the following pre-petition debts
2 which include: Tax, Utilities, Payroll, Vendors. The Debtor listed projected accounts receivables
3 in excess of approximately 744,933.63, which represent outstanding payments from private
4 insurance, private pay, Medicare and Medicaid reimbursements. Most of which are paid on a
5 monthly basis and are generally current and paid timely. However, on or before January 2017 the
6 Medicare and Medicaid reimbursements have been paid to the debtor-in-possession on a 40-50-
7 day schedule rather than the 30+ day reimbursement prior to January 2017.

9 The Debtor has prepared a six-month proposed budget showing the Debtor's monthly
10 expenses. A copy of the Debtor's budget is attached as Exhibit A. At the time of filing the
11 Debtor had a total of four secured creditors with an approximate total amount of \$2,400,000.00
12 as noted on the Debtor's Schedules. Attached as Exhibit B is the Proposed Interim Cash
13 Collateral Order.

15 Debtor is requesting authorization to pay the following pre-petition priority debts. At the
16 Petition date the Debtor had pre-petition payroll that is currently due and owing in the amount of
17 \$2500.00 to her employees and payroll taxes in the amount of \$625.00. The Debtor is in the
18 business of opioid addiction clinic and has an unpaid balance for the following unsecured
19 creditors: CNA Insurance in the amount of \$431.00, Northern Investors Company in the
20 amount of \$1,497.24 as well as leased payments for lab equipment to LCA in the amount of
21 \$2,125.44. Debtor also has no pre-petition Washington State Department of Revenue sales tax
22 currently due. The Debtor is also requesting to pay pre-petition utilities, leased payments and
23 insurance debts used in the regular course of Debtor's business.
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1
2 **CONCLUSION**

3 Therefore, for the reasons stated above, the Debtor requests that the Court enter an order
4 authorizing it to use its existing pre -petition bank accounts and checks.

5 Dated this 18th day of April 2017.

6
7 /s/ Tuella O. Sykes
8 Tuella O. Sykes, WSBA# 36179
9 Attorney for Debtor-in-Possession
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PMO Care, PLLC, dba Integre Health
Income Statement
Internally Prepared; Modified Accrual

| | Apr 2017 | May 2017 | Jun 2017 | Jul 2017 | Aug 2017 | Sep 2017 |
|--|-----------------|----------------|----------------|----------------|----------------|----------------|
| Income | | | | | | |
| Medical Services Revenue | | | | | | |
| Refunds to Patients or Payers | 0 | 0 | 0 | 0 | 0 | 0 |
| Revenues Collected | 136,000 | 163,622 | 192,288 | 200,170 | 186,934 | 200,722 |
| Total Medical Services Revenues Collected | 136,000 | 163,622 | 192,288 | 200,170 | 186,934 | 200,722 |
| Other Revenue | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Revenue | 136,000 | 163,622 | 192,288 | 200,170 | 186,934 | 200,722 |
| Expenses | | | | | | |
| Advertising | 2,018 | 2,018 | 2,018 | 2,018 | 2,018 | 2,018 |
| Advertising/Promotional | 486 | 486 | 486 | 486 | 486 | 486 |
| Bank Charges | | | | | | |
| Bank Charges | 131 | 131 | 131 | 131 | 131 | 131 |
| Credit Card Processing Fees | 110 | 110 | 110 | 110 | 110 | 110 |
| NSF Fees from patient chargebacks | 21 | 21 | 21 | 21 | 21 | 21 |
| Payroll Processing Fees | 254 | 254 | 254 | 254 | 254 | 254 |
| Total Bank Charges | 515 | 515 | 515 | 515 | 515 | 515 |
| Commissions & Fees | 0 | 0 | 0 | 0 | 0 | 0 |
| Computer/IT/EHR | 2,584 | 2,584 | 3,584 | 3,584 | 3,584 | 3,584 |
| Consulting - Martin B Shultz | 0 | 0 | 0 | 0 | 0 | 0 |
| Continuing Education / Conferences | 68 | 368 | 68 | 68 | 68 | 68 |
| Disposal Fees | 40 | 40 | 40 | 40 | 40 | 40 |
| Dues & Subscriptions | 33 | 33 | 33 | 33 | 33 | 33 |
| Equipment purchase | 0 | 0 | 0 | 0 | 0 | 0 |
| Equipment Rental | 331 | 331 | 331 | 331 | 331 | 331 |
| Insurance | | | | | | |
| Insurance - Liability | 718 | 718 | 718 | 718 | 718 | 718 |
| Insurance - Life | 720 | 720 | 720 | 720 | 720 | 720 |
| Insurance - Malpractice | 1,996 | 1,996 | 1,996 | 1,996 | 1,996 | 1,996 |
| Total Insurance | 3,435 | 3,435 | 3,435 | 3,435 | 3,435 | 3,435 |
| Loan Payments - Homestreet Bank | 2,250 | 0 | 4,500 | 4,500 | 4,500 | 4,500 |
| Laboratory Costs | | | | | | |
| Consulting - Select Laboratory Partners | 0 | 0 | 0 | 0 | 0 | 0 |
| Equipment Loan Payments - Laboratory | 7,311 | 7,311 | 7,311 | 7,311 | 7,311 | 7,311 |
| Laboratory Information System | 0 | 0 | 0 | 0 | 0 | 0 |
| Processing Fee - Select Lab Partners | 0 | 0 | 0 | 0 | 0 | 0 |
| Supplies - Laboratory | 4,597 | 1,870 | 2,166 | 2,555 | 2,702 | 2,528 |
| Total Laboratory Costs | 11,909 | 9,182 | 9,477 | 9,867 | 10,014 | 9,840 |
| Legal & Professional Fees | 1,500 | 0 | 0 | 5,000 | 5,000 | 5,000 |
| License Expense | 173 | 173 | 6,008 | 173 | 173 | 173 |
| Meals and Entertainment | 0 | 0 | 0 | 0 | 0 | 0 |
| Office Expenses (misc supplies) | 112 | 112 | 112 | 112 | 112 | 112 |
| Other Miscellaneous Service Cost | 0 | 0 | 0 | 0 | 0 | 0 |
| Personnel Expenses | | | | | | |
| Administrative Personnel | | | | | | |
| Contract Labor - Administrative | 3,500 | 4,500 | 5,000 | 5,500 | 6,000 | 6,000 |
| Wages - Administrative | 12,905 | 20,220 | 23,108 | 25,390 | 25,922 | 26,454 |
| Taxes - Administrative | 1,391 | 1,530 | 1,560 | 1,677 | 1,685 | 1,692 |
| Total Administrative Personnel | 17,796 | 26,249 | 29,668 | 32,567 | 33,607 | 34,146 |
| Clinical Personnel - Nurses, MA's | | | | | | |
| Contract Labor - Clinical | 5,596 | 6,915 | 6,915 | 6,915 | 6,915 | 6,915 |
| Wages - Clinical | 9,139 | 12,141 | 15,471 | 14,535 | 15,003 | 15,471 |
| Taxes - Clinical | 989 | 897 | 1,046 | 960 | 975 | 989 |
| Total Clinical Personnel | 15,723 | 19,953 | 23,432 | 22,410 | 22,893 | 23,375 |
| Clinical Personnel - Lab | | | | | | |
| Contract Labor - Clinical Lab | 5,808 | 5,808 | 6,072 | 5,544 | 5,808 | 6,072 |
| Wages - Clinical Lab | 429 | 377 | 377 | 377 | 377 | 377 |
| Taxes - Clinical Lab | 46 | 29 | 25 | 25 | 24 | 24 |
| Total Clinical Personnel - Laboratory | 6,283 | 6,214 | 6,474 | 5,946 | 6,209 | 6,473 |
| Clinical - Medical Providers (MD, DO, ARNP) | | | | | | |
| Contract Labor - Medical Director | 0 | 0 | 0 | 0 | 0 | 0 |
| Contract Labor - Medical Providers | 27,250 | 37,253 | 40,916 | 47,408 | 42,660 | 36,462 |
| Wages - Medical Providers | 18,379 | 20,250 | 20,250 | 20,250 | 20,250 | 20,250 |
| Taxes - Medical Providers | 1,979 | 1,545 | 1,368 | 1,338 | 1,316 | 1,295 |
| Total Clinical - Medical Providers | 47,608 | 59,048 | 62,535 | 68,996 | 64,226 | 58,007 |
| Personnel Benefits | | | | | | |
| Medical Insurance | 2,400 | 2,400 | 2,400 | 2,400 | 2,400 | 2,400 |
| Total Personnel Benefits | 2,400 | 2,400 | 2,400 | 2,400 | 2,400 | 2,400 |
| Total Personnel Expenses | 89,810 | 113,864 | 124,508 | 132,319 | 129,335 | 124,401 |
| Postal fee - US Postage | 404 | 404 | 404 | 404 | 404 | 404 |
| Rent - Medical Office Facility Leases | 22,930 | 22,150 | 22,150 | 22,150 | 17,928 | 17,928 |
| Repair & Maintenance | 0 | 0 | 0 | 0 | 0 | 0 |
| Supplies - Office and Miscellaneous | 2,518 | 2,018 | 3,318 | 3,318 | 2,018 | 3,518 |
| Supplies - Medical | 711 | 711 | 1,556 | 806 | 806 | 806 |
| Taxes & Licenses | 2,263 | 2,718 | 3,191 | 3,321 | 3,103 | 3,331 |
| Telephone/Internet | 1,762 | 1,762 | 1,762 | 1,762 | 1,762 | 1,762 |
| Travel - non-owner travel reimbursements | 184 | 184 | 184 | 184 | 184 | 184 |
| Uncategorized Expense | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Expenses | 146,035 | 163,088 | 187,680 | 194,426 | 185,849 | 182,468 |
| Net Operating Income | (10,035) | 534 | 4,608 | 5,744 | 1,085 | 18,254 |
| Depreciation | 1,647 | 1,647 | 1,647 | 1,647 | 1,647 | 1,647 |
| Write off purchased Accounts Receivable, & PASF | 0 | 0 | 0 | 0 | 0 | 0 |
| Miscellaneous Penalties | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Other Expenses | 1,647 | 1,647 | 1,647 | 1,647 | 1,647 | 1,647 |
| Net Other Income | (1,647) | (1,647) | (1,647) | (1,647) | (1,647) | (1,647) |
| Net Income | (11,682) | (1,113) | 2,960 | 4,096 | (562) | 16,607 |
| Payments to Owner | 0 | 0 | 0 | (5,000) | 0 | (10,000) |
| Add back depreciation (non-cash) | 1,647 | 1,647 | 1,647 | 1,647 | 1,647 | 1,647 |
| Net Cash Flow | (10,035) | 534 | 4,608 | 744 | 1,085 | 8,254 |