

Below is the Order of the Court.



Christopher M. Alston
U.S. Bankruptcy Judge

(Dated as of Entered on Docket date above)

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF WASHINGTON

In Re:

PMO CARE, PLLC

Debtor-in-Possession.

IN CHAPTER 11 PROCEEDING
NO. 17-11606-CMA

INTERIM ORDER:

- (a) AUTHORIZING THE DEBTOR'S USE OF CASH COLLATERAL;
- (b) GRANTING ADEQUATE PROTECTION; and
- (c) SCHEDULING A FINAL HEARING

THIS MATTER having come before the Court on the Debtor's Emergency Motion for Interim Order: (1) Authorizing Use of Cash Collateral and Granting Adequate Protection (2) Pay Pre-petition Priority Payroll, Vendors & Utilities (3) Setting a Final Hearing, Dkt. #27 (the "Motion").

Having reviewed the Motion, the Debtor's Declaration and the entire record in this case, the Court finds and concludes that: (i) it has jurisdiction over the matters raised in the Motion under 28 U.S.C. §§157 and 1334; (ii) venue is proper under U.S.C. §§1408 and 1409; (iii) this matter is a core proceeding under 28 U.S.C. §157(b)(2); (iv) the relief requested in the Motion is in the best interests of the Debtor, their estate, their creditors, and other parties in interest; (v) adequate and proper notice of the Motion and the hearing on it has been given and no other or further notice is necessary; and the hearing on it has been given and no other or further notice is

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1 necessary; and (vi) good and sufficient cause exists for granting the relief requested in the
2 Motion as set forth in this Order.

3 **IT IS HEREBY ORDERED THAT:**

4 1. The Motion is granted on an interim basis.

5 2. The Debtor is authorized to use Cash Collateral to pay costs and expenses
6 incurred by Debtor in the ordinary course of its business, but only until the Termination Date (as
7 defined below) and only in accordance with the terms of this Order and the budget attached
8 hereto as Exhibit A (the "Budget").

9 3. The Debtor's authority to use Cash Collateral is limited to the amounts set forth in
10 the Budget. The Debtor shall be in compliance with its obligations related to the Budget so long
11 as the actual expenditures paid with Cash Collateral on a monthly basis do not exceed the
12 corresponding expense line item set forth in the Budget by more than ten percent (10%), and the
13 total amount of Cash Collateral used does not exceed the lesser of (i) the total amount set forth in
14 the Budget for monthly expenses by more than five percent (5%), or (ii) the sum of the Debtor's
15 cash receipts and accrued billings during the monthly period. The Debtor may exceed such
16 variances only with the prior written consent of HomeStreet Bank or by subsequently entered
17 order of this Court.

18 4. The Debtor's authority to use Cash Collateral hereunder shall automatically
19 expire upon the earlier of (a) June 30, 2017, or (b) the failure by the Debtor to comply with any
20 provision of this Order (such failure being an "Event of Default") (the earlier of such dates, the
21 "Termination Date"). Upon the Termination Date, the Debtor's authority to use or spend any
22 further Cash Collateral shall automatically terminate unless and until the Debtor obtains either
23 the written consent of HomeStreet Bank or a further order of this Court, issued after notice and
24 an opportunity for a hearing.

25 4.1 For each of the months of April, May, and June 2017, if the sum of
26 Debtor's cash, cash collections, and accounts receivable decreases by more than 5% from the
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1 prior month's total of such assets, HomeStreet shall be entitled to seek the termination of this
2 Order, or additional adequate protection, upon at least seven(7) days' notice to the following
3 parties (1) Counsel to the Debtor, (2) Martin Shultz or his Counsel, (3) United States Trustee,
4 Members of the Unsecured Committee & its Counsel, (4) if there is no Committee then the 20
5 Largest Creditors are entitled to receive notice of the Motion.

6 5. As adequate protection for any Cash Collateral used by the Debtor, HomeStreet
7 Bank is hereby granted, pursuant to sections 361(1) and 363(e) of the Bankruptcy Code, security
8 interests in and liens against all property of the estate of the same kind, type and nature as the
9 "Prepetition Collateral" (defined below) that is acquired after the Petition Date (the "Post-
10 petition Collateral") and all proceeds of the Post-petition Collateral (collectively, the
11 "Replacement Liens"). For purposes of this Order, "Prepetition Collateral" means any and all
12 assets pledged by Debtor to secured Debtor's obligations to HomeStreet Bank, including without
13 limitation those assets identified as "Collateral" in that certain Commercial Security Agreement
14 dated May 16, 2016, and perfected by that certain UCC-1 on file with the Washington
15 Department of Licensing as Instrument #2015-364-6979-2 (including amendments thereto). The
16 Replacement Liens shall have the same respective priority positions as existed in Prepetition
17 Collateral prior to the Petition Date and shall be valid and enforceable as of the Petition Date.
18 The Replacement Liens are granted hereby for the sole purpose of securing an amount of the
19 Prepetition Indebtedness, if any, that is equal to the diminution in value of the Prepetition
20 Collateral (the "Diminution") by reason of the use of Cash Collateral authorized herein, whether
21 as a result of physical deterioration, consumption, shrinkage or otherwise. Granting this security
22 interest to HomeStreet Bank is for the purpose of providing adequate protection to HomeStreet
23 Bank to protect its allowed secured claim on the Petition Date and is not intended, nor shall it be
24 deemed, to improve the Collateral position of HomeStreet Bank as of the Petition Date.
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26 6. The Replacement Liens shall be in addition to all other security interests and liens
27 that secure the Prepetition Indebtedness as of the Petition Date. Additionally, nothing in this
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1 Order shall abridge or limit HomeStreet Bank' security interest in proceeds, profits, fees,
2 charges, accounts or other payments for the use or occupancy of the Prepetition Collateral as
3 provided under sections 552(b)(1) and (b)(2) of the Bankruptcy Code.

4 7. The Replacement Lien granted to HomeStreet Bank by this Order shall be
5 perfected and enforceable by operation of law upon execution and entry of this Order by the
6 court without regard to whether such security interests and liens are perfected under applicable
7 non-bankruptcy law. Notwithstanding the foregoing, HomeStreet Bank is hereby granted relief
8 from the automatic stay to perfect the Replacement Lien under applicable non-bankruptcy law if
9 it elects to do so.

10 8. In addition to the Replacement Lien, Debtor shall pay HomeStreet Bank as
11 adequate protection those amounts reflected in the Budget, which shall be applied in accordance
12 with the Debtor's loan documents. The April 2017 payment shall be due upon the entry of this
13 Order, and subsequent payments shall be due on the first day of each calendar month.

14 9. To the extent the Replacement Lien and the monthly payments prove to be
15 inadequate as adequate protection for the Diminution, as further partial adequate protection,
16 HomeStreet Bank shall hold and retain all rights pursuant to section 507(b) of the Bankruptcy
17 Code.

18 10. The Debtor shall at all times keep its properties free and clear of all other liens,
19 encumbrances and security interests, other than those in existence on the Petition Date.

20 11. The Debtor shall maintain insurance against loss, theft, destruction and damage to
21 its properties for the full insurable value thereof. The Debtor shall deliver such policies or copies
22 thereof to HomeStreet Bank with loss-payable endorsements naming HomeStreet Bank as loss
23 payee.

24 12. The Debtor shall: (a) provide to HomeStreet Bank, within five business days of
25 the end of the calendar month, financial information showing income and expenses for the
26 month, and Debtor's performance relative to the Budget; (b) provide to HomeStreet Bank such
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1 other financial and business information as HomeStreet Bank may reasonably request; and (c)
2 provide access to Debtor's officers and/or managers for purposes of discussing Debtor's business
3 affairs, financial performance, and future plans.

4 13. Intentionally omitted.

5 14. The provisions hereof and the effect of any actions taken hereunder shall survive
6 issuance and entry of any order converting this case to one under chapter 7 of the Bankruptcy
7 Code or dismissing this chapter 11 case. Nothing contained in this Order shall (a) waive any of
8 HomeStreet Bank' rights and remedies in this case or any superseding case under the Bankruptcy
9 Code, including the right to seek conversion or dismissal, or (b) commit, or be deemed to
10 commit, HomeStreet Bank to support any plan of reorganization which may be proposed in this
11 case.

12 15. A final hearing on Debtor' Motion for Order Authorizing Use of Cash Collateral
13 shall be held by the Court on June 30, 2017, at 9:30 a.m. or as soon thereafter as counsel may be
14 heard. Within three (3) business days after the entry hereof, Debtor shall mail or otherwise serve
15 a copy of this Order, together with a notice of the final hearing and copies of all the pleadings
16 related to the Motion on all parties in interest in this case.

17 16. The Court retains jurisdiction with respect to all matters arising from or related to
18 the implementation of this Interim Order.

19 17. All relief sought in the Motion not expressly granted herein is denied.

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22 **////END OF ORDER////**
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1 Presented by:

2 LAW OFFICE OF TUELLA O. SYKES, PLLC

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4
5 By/s/ Tuella O. Sykes

6 Tuella O. Sykes, WSBA #36179
7 Attorney for Debtor-in-Possession

8 Approved for entry:

9 /s/ Brad Goergen

10 Brad Goergen, WSBA #41611
11 Attorney for Creditor HomeStreet Bank

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	0	0	0	0	0	0
Refunds to Patients or Payers	136,000	163,622	192,288	200,170	186,934	200,722
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	131	131	131	131	131	131
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	4,500	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	0	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						

PMO Care, PLLC, dba Integre Health
Income Statement
Internally Prepared; Modified Accrual

	Apr 2017	May 2017	Jun 2017	Jul 2017	Aug 2017	Sep 2017
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 - Bellevue	16,694	15,915	15,915	15,915	11,693	11,693
Rent - Medical Office Facility Leases - Tigard	6,235	6,235	6,235	6,235	6,235	6,235
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	144,535	167,588	187,680	194,426	185,849	182,468
Net Operating Income	(8,535)	(3,966)	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	(10,182)	(5,613)	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	(8,535)	(3,966)	4,608	744	1,085	8,254