

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

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In re : Chapter 11
CANO HEALTH, INC., *et al.*, : Case No. 24-10164 (KBO)
Debtors.¹ : (Jointly Administered)
: Obj Deadline: May 14, 2024 at 4:00 p.m. (ET)
: Hearing Date: June 4, 2024 at 1:00 p.m. (ET)
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THIRD OMNIBUS MOTION OF DEBTORS PURSUANT TO
11 U.S.C. §§ 105(a), 365(a), AND 554(a) AND FED. R. BANKR. P. 6006
AND 6007 (I) AUTHORIZING THE DEBTORS TO (A) REJECT CERTAIN
EXECUTORY CONTRACTS AND UNEXPIRED LEASES OF NONRESIDENTIAL
REAL PROPERTY, AND (B) ABANDON *DE MINIMIS* PROPERTY IN
CONNECTION THEREWITH, AND (II) GRANTING RELATED RELIEF

THIS MOTION SEEKS TO REJECT CERTAIN EXECUTORY CONTRACTS AND UNEXPIRED LEASES. COUNTERPARTIES TO EXECUTORY CONTRACTS RECEIVING THIS MOTION SHOULD LOCATE THEIR NAMES AND THEIR CONTRACTS LISTED ON SCHEDULE 1 TO THE PROPOSED ORDER ATTACHED AS EXHIBIT A HERETO TO DETERMINE IF THIS MOTION AFFECTS THEIR RIGHTS. COUNTERPARTIES TO UNEXPIRED LEASES RECEIVING THIS MOTION SHOULD LOCATE THEIR NAMES AND LEASES LISTED ON SCHEDULE 2 TO THE PROPOSED ORDER TO DETERMINE IF THIS MOTION AFFECTS THEIR RIGHTS.

Cano Health, Inc. and certain of its subsidiaries, as debtors and debtors in possession (collectively, the “**Debtors**”) in the above-captioned chapter 11 cases, respectfully represent as follows:

¹ The last four digits of Cano Health, Inc.’s tax identification number are 4224. A complete list of the Debtors in the chapter 11 cases may be obtained on the website of the Debtors’ claims and noticing agent at <https://www.kccllc.net/CanoHealth>. The Debtors’ mailing address is 9725 NW 117th Avenue, Miami, Florida 33178.



Relief Requested

1. By this motion (the “**Motion**”), pursuant to sections 105(a), 365(a), and 554(a) of title 11 of the United States Code (the “**Bankruptcy Code**”) and Rules 6006 and 6007 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), the Debtors request entry of an order (i) authorizing the Debtors to (a) reject the Contracts, and Leases (each as defined below and, collectively, including any amendments, supplements or modifications thereto, the “**Contracts and Leases**”) set forth on **Schedule 1** and **Schedule 2** to the Proposed Order (as defined below), respectively, in each case effective as of the dates set forth on such schedule (the “**Rejection Date**”), and (b) abandon any Remaining Property (as defined below) and (ii) granting related relief.

2. A proposed form of order granting the relief requested herein is annexed hereto as **Exhibit A** (the “**Proposed Order**”). In support of the Motion, the Debtors submit the declaration of Clayton Gring, filed contemporaneously hereto (the “**Gring Declaration**”).

Background

3. Beginning on February 4, 2024 (the “**Petition Date**”), the Debtors each commenced with the Court a voluntary case under chapter 11 of the Bankruptcy Code. The Debtors are authorized to continue to operate their business and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed in these chapter 11 cases.

4. The Debtors’ chapter 11 cases are being jointly administered for procedural purposes only pursuant to Bankruptcy Rule 1015(b) and Rule 1015-1 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “**Local Bankruptcy Rules**”).

5. On February 21, 2024, the United States Trustee for Region 3 (the “**U.S. Trustee**”) appointed the Official Committee of Unsecured Creditors (the “**Creditors’ Committee**”).

6. The Debtors, together with their non-debtor affiliates, are one of the largest independent primary care physician groups in the United States. The Debtors commenced their chapter 11 cases on a prearranged basis with the support, pursuant to the terms of a restructuring support agreement (the “**Restructuring Support Agreement**”), of creditors holding approximately 86% of the Debtors’ secured revolving and term loan debt and approximately 92% of the Debtors’ senior unsecured notes (collectively, the “**Consenting Creditors**”). With the support of the Consenting Creditors, the Debtors are seeking to implement a comprehensive restructuring, which may be implemented through a chapter 11 plan or a sale of substantially all of the Debtors’ assets. On March 22, 2024, the Debtors filed their *Joint Chapter 11 Plan of Reorganization of Cano Health, Inc. and its Affiliated Debtors* [Docket No. 498] (as amended on April 22, 2024 [Docket No. 671] and as may be modified, amended, or supplemented from time to time) along with a supporting disclosure statement [Docket No. 499] (as amended on April 22, 2024 [Docket No. 672] and as may be modified, amended, or supplemented from time to time, the “**Proposed Disclosure Statement**”). The hearing to consider the adequacy of the Debtors’ Proposed Disclosure Statement is scheduled for May 9, 2024.

7. Additional information regarding the Debtors’ business, capital structure, and the circumstances leading to the commencement of these chapter 11 cases is set forth in the *Declaration of Mark Kent in Support of Debtors’ Chapter 11 Petitions* [Docket No. 14] (the “**Kent First Day Declaration**”) and the *Declaration of Clayton Gring in Support of the Debtors’ First Day Relief* [Docket No. 15] (the “**Gring First Day Declaration**” and, together with the Kent

Declaration, the “**First Day Declarations**”), each filed on February 5, 2024, and incorporated by reference herein.

Jurisdiction

8. The Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334, and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware, dated February 29, 2012. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before the Court pursuant to 28 U.S.C. §§ 1408 and 1409.

9. Pursuant to Local Bankruptcy Rule 9013-1(f), the Debtors consent to entry of a final order by the Court in connection with this Motion to the extent it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments consistent with Article III of the United States Constitution.

The Contracts and Leases

10. The Debtors have determined in their business judgment that certain executory contracts (the “**Contracts**”) and real property leases associated with their medical center and pharmacy locations that have closed since the Petition Date or never became operational and are currently vacant (the “**Leases**”) are unnecessary and burdensome to the Debtors’ estates and should be rejected. Accordingly, the Debtors seek authority, in the exercise of their sound business judgement, to reject each of the Contracts and Leases as of the proposed Rejection Date. The Contracts and Leases generally fall into the following categories, each of which is described in further detail below: (i) IT Contracts, (ii) Facilities Management Contracts, (iii) Medical Operations Support Contracts, (iv) Medical Equipment and Services Contracts, (v) HR Support

Contracts, (vi) Legal Support Contracts, (vii) Pharmacy Operations Contracts, and (viii) the Leases.

A. The Information Technology Contracts

11. The Debtors are party to certain information technology, software analytics, and managed service provider agreements set forth on **Schedule 1** to the Proposed Order (collectively, the “**IT Contracts**”) with certain information technology and software counterparties (the “**IT Vendors**”). The IT Contracts provide for, among other things, the Debtors’ use of healthcare analytics, patient data management solutions, and technology systems support. In light of the Debtors’ decision to exit certain markets and reassess operations across their remaining portfolio of medical centers, the Debtors have sought to consolidate vendors where feasible, or phase out services that are no longer needed.

12. The Debtors have ceased using the services provided under each of the IT Contracts. The IT Contracts, therefore, no longer confer any benefit to the Debtors or their estates. Accordingly, because any obligations under the IT Contracts impose an unnecessary expense to the Debtors’ estates, the Debtors seek to reject each of the IT Contracts as of the Rejection Date to eliminate further financial burden and postpetition administrative cost to the estates that would otherwise arise from such contracts.

B. The Facilities Management Contracts

13. The Debtors are parties to a waste management agreement, as set forth on **Schedule 1** to the Proposed Order (the “**Facilities Management Contract**”) to provide maintenance and upkeep across their leased medical center locations. The Debtors no longer require the services under the Facilities Management Contract. Therefore, to avoid incurring undue administrative expenses on behalf of the Debtors’ estates that would otherwise arise from

the Facilities Management Contract, the Debtors seek authority to reject the Facilities Management Contract as of the Rejection Date.

C. The Medical Operations Support Contracts

14. The Debtors are party to certain vendor agreements set forth on **Schedule 1** to the Proposed Order to provide administrative support services in connection with their medical centers (the “**Medical Operations Support Contracts**”), including without limitation, research services, provider services, staffing services, and patient transport services. In connection with the ongoing evaluation and review of their portfolio of health and wellness centers, the Debtors have determined, in their business judgment, they no longer require the services under the Medical Operations Support Contracts. As the Medical Operations Support Contracts no longer confer any benefit to the Debtors or their estates, the Debtors seek authority to reject each of the Medical Operations Support Contracts as of the Rejection Date.

D. The Medical Equipment and Services Contracts

15. The Debtors, in the normal course of administering their health and wellness businesses, are party to a medical supply purchasing agreement as set forth on **Schedule 1** to the Proposed Order (the “**Medical Equipment and Services Contracts**”). The Debtors have determined, in their business judgment, that certain products and services provided under the Medical Equipment and Services Contract are no longer needed, or can be sourced from other vendors. To preserve and maximize the value of their estates, and avoid incurring expenses that are no longer integral to the Debtors’ business operations and chapter 11 efforts, the Debtors seek authority to reject the Medical Equipment and Services Contract as of the Rejection Date.

E. The HR Support Contracts

16. The Debtors are parties to certain agreements to provide employee recruiting and onboarding software services, as well as to administer a cloud-based employee stock plan platform, as set forth on **Schedule 1** to the Proposed Order (the “**HR Support Contracts**”), that were previously utilized to support the Debtors’ various human resources functions. The Debtors no longer require the services under the HR Support Contracts. As continued payment and performance under the HR Support Contracts is not in the best interests of the Debtors’ estates and would be an unnecessary waste of estate resources, the Debtors seek authority to reject the HR Support Contracts as of the Rejection Date.

F. The Legal Support Contracts

17. The Debtors are parties to certain legal support agreements with counterparties that provide legal services and related analysis in connection with the operations of their health and wellness businesses, as set forth on **Schedule 1** to the Proposed Order (the “**Legal Support Contracts**”). The Debtors have determined in their business judgment they no longer require use of these services. As such, in the interest of minimizing additional administrative expenses and preserving resources for the Debtors estates, the Debtors seek authority to reject the Legal Support Contracts as of the Rejection Date.

G. The Pharmacy Operations Contracts

18. The Debtors are party to a pharmacy automation solutions agreement set forth on **Schedule 1** to the Proposed Order (the “**Pharmacy Operations Contract**”). The Debtors, together with their advisors, have made the strategic decision to no longer pursue the development of a wholly-owned pharmacy distribution network. To that end, retaining the Pharmacy Operations Contract would be uneconomical and burdensome to the Debtors and their estates.

Accordingly, to avoid the accrual of unnecessary administrative expenses with no foreseeable benefit to the Debtors' estates, the Debtors seek authority to reject the Pharmacy Operations Contract as of the Rejection Date.

H. The Leases

19. Since the Petition Date, the Debtors have continued to assess their lease portfolio and rationalize their medical center footprint. On April 26, 2024, the Debtors filed an application requesting authority to retain Hilco Real Estate, LLC ("**Hilco**") pursuant to sections 327 and 328 of the Bankruptcy Code, effective as of April 8, 2024. The Debtors are seeking to retain Hilco to assist with the evaluation of the Debtors' lease portfolio and the economics of the Debtors' leases. By this Motion, the Debtors, in their reasonable business judgment, seek authority to reject the Leases, *nunc pro tunc* to the Rejection Date on **Schedule 2** to the Proposed Order.

20. After carefully considering a number of factors, including the revenue, occupancy costs, and capital and business planning variables surrounding each Lease, the Debtors concluded the Leases do not meet the requisite performance criteria to rationalize their continued operation. The Leases are vacant because the Debtors have ceased operations at those properties, and have no go-forward value to the Debtors. Given the rents and current market conditions associated with the Leases, the overall losses the Debtors have been incurring in connection therewith, and the lack of strategic value provided by the Leases to the Debtors' go-forward business plan, the Debtors have concluded, in consultation with their other advisors, that the Leases are unlikely to generate significant value for their estates.

21. One of the Leases listed on **Schedule 2** relates to the Debtors' pharmacy business (the "**Pharmacy Lease**"). Though the Debtors previously considered launching a wholly-owned and operated pharmaceutical distribution network, the Pharmacy Lease never

became operational.² After thoroughly evaluating the viability of resuming plans to pursue an integrated pharmacy distribution offering, including operating costs, current health care market dynamics, and capital planning variables surrounding the previously contemplated pharmacy distribution offering, the Debtors have decided not to pursue this initiative. Given the underutilization of the space, and the continued accrual of administrative expenses despite the fact that the Debtors are no longer planning to build out their own pharmaceutical distribution system, the Debtors have concluded, in consultation with their advisors, that the Pharmacy Lease is no longer necessary for the operation of their business.

22. As of the Rejection Date, the Debtors have already vacated the Premises (as defined below), including the Premises for the Pharmacy Lease, and no patients currently or will in the future be treated at these facilities. As such, the Debtors have determined, in the exercise of their business judgment, that it is in the best interests of their estates to seek authority to reject the Leases. Rejecting the Leases will allow the Debtors to avoid the accrual of unnecessary administrative expenses that would otherwise arise from such leases with no foreseeable benefits to their estates.

23. The Debtors also request authority to abandon certain fixtures and equipment remaining on the premises subject to the Leases (the “**Premises**”), that the Debtors have determined, in the exercise of their business judgment, will be exceedingly difficult or expensive to remove or store (the “**Remaining Property**”).³ The Debtors estimate that the Remaining Property is of *de minimis* value; therefore, the Debtors will not realize any economic benefit by

² Given the Debtors never commenced their integrated pharmacy distribution operations, there are no patient records, pharmaceuticals, medications, or other medical waste at the Pharmacy Lease, or otherwise stored within equipment located at the Pharmacy Lease.

³ For the avoidance of doubt, the Debtors are not seeking authority to abandon any patient records.

retaining the Remaining Property.⁴ Accordingly, the Debtors request authority to abandon any Remaining Property at the Premises.

Relief Requested Should Be Granted

A. Rejection of the Contracts and Leases Reflects the Debtors' Sound Business Judgment.

24. Section 365(a) of the Bankruptcy Code provides, in pertinent part, that a debtor in possession “subject to the court’s approval, may assume or reject any executory contract or unexpired lease of the debtor.” 11 U.S.C. § 365(a). Courts “may use § 365 to free a [debtor] from burdensome duties that hinder its reorganization.” *See In re Exide Techs.*, 607 F.3d 957, 967 (3d Cir. 2010); *see also NLRB v. Bildisco & Bildisco*, 465 U.S. 513, 528 (1984) (“[T]he authority to reject an executory contract is vital to the basic purpose to a Chapter 11 reorganization, because rejection can release the debtor’s estate from burdensome obligations that can impede a successful reorganization.”).

25. The standard applied by courts to determine whether the assumption or rejection of an executory contract should be authorized is the “business judgment” test, which requires a debtor to have determined that the requested assumption or rejection would be beneficial to its estate. *See In re Bildisco*, 682 F. 2d 72, 79 (3d Cir. 1982), *aff’d* 465 U.S. 513 (1984) (“[t]he usual test for rejection of an executory contract is simply whether rejection would benefit the estate, the ‘business judgment’ test.” In applying the business judgment standard, bankruptcy courts afford great deference to a debtor’s decision to assume or reject executory contracts. *See, e.g., Sharon Steel Corp. v. Nat’l Fuel Gas Distrib. Corp.*, 872 F. 2d 36, 39-40 (3d Cir. 1989)

⁴ With respect to the Pharmacy Lease, the Debtors are in discussions with the Landlord regarding the removal of certain *de minimis* pharmacy equipment.

(affirming the rejection of a service agreement as a sound exercise of the debtor's business judgment when the bankruptcy court found that such rejection would benefit the debtor's estate; *see also In re HQ Global Holdings, Inc.*, 290 B.R. 507, 513 (Bankr. D. Del. 2003) (stating that a debtor's decision to reject an executory contract is governed by the business judgment standard and can only be overturned if the decision was the "product of bad faith, whim, or caprice").

26. In addition, the Court has the authority pursuant to its equitable powers under section 105(a) of the Bankruptcy Code to authorize the relief requested herein because such relief is necessary for the Debtors to carry out their fiduciary duties under section 1107(a) of the Bankruptcy Code. Section 105(a) of the Bankruptcy Code empowers bankruptcy courts to "issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title." 11 U.S.C. § 105(a). Section 1107(a) of the Bankruptcy Code "contains an implied duty of the debtor-in-possession" to act as a fiduciary to "protect and preserve the estate, including an operating business' going-concern value," on behalf of a debtor's creditors and other parties in interest. *In re CEI Roofing, Inc.*, 315 B.R. 50, 59 (Bankr. N.D. Tex. 2004) (quoting *In re CoServ, L.L.C.*, 273 B.R. 487, 497 (Bankr. N.D. Tex. 2002)); *see also In re Cybergenics Corp.*, 226 F.3d 237, 243 (3d Cir. 2000) (citing *In re Marvel Ent. Group, Inc.*, 140 F.3d 463, 474 (3d Cir. 1998) ("A paramount duty of a trustee or debtor in possession in a bankruptcy case is to act on behalf of the bankruptcy estate, that is, for the benefit of the creditors.")); *Unofficial Comm. of Equity Holders v. McManigle (In re Penick Pharm., Inc.)*, 227 B.R. 229, 232–33 (Bankr. S.D.N.Y. 1998).

27. Rejection of the Contracts and Leases is well within the Debtors' business judgment and in the best interests of their estates. The Debtors have examined their need for the Contracts in light of their scaled down operations. The Debtors no longer require the IT Contracts, Facilities Management Contracts, Medical Operations Support Contracts, Medical Equipment and

Services Contracts, HR Support Contracts, Legal Support Contracts, and Pharmacy Operations Contracts, and rejecting such Contracts will prevent the Debtors from incurring additional administrative expenses from coming due under these Contracts. As such, the Debtors' decision to reject the Contracts is a sound exercise of the Debtors' business judgment.

28. With respect to the Leases, those locations either never became operational or the Debtors have terminated all operations at the Premises. As part of a broader analysis of the Debtor's lease portfolio, the Debtors no longer intend to occupy the Premises or offer health and wellness services in such locations, and have determined that the Leases are financially burdensome and unnecessary to the administration of the Debtors' estates. As a result, the Debtors submit there is no basis to retain the Leases and that rejecting the Leases would provide a benefit to the Debtors and their estates by removing any ongoing costs or obligations in connection with the Leases.

29. As a result, the Debtors submit there is no basis to retain the Leases, and that rejecting the Leases would provide a benefit to the Debtors and their estates by removing any ongoing costs or obligations in connection with the Leases.

B. Rejection of the Contracts and Leases as of the Rejection Date is Appropriate

30. To avoid paying any unnecessary expenses related to the Contracts and Leases, the Debtors respectfully request to reject the Contracts and Leases effective as of the Rejection Date. A court may permit such retroactive rejection under sections 105(a) and 365(a) of the Bankruptcy Code to avoid unduly exposing a debtor's estate to unwarranted postpetition administrative or other expenses that would otherwise arise from such contracts or leases. *See In re Rupari Holding Corp.*, 2017 Bankr. Lexis 4095, at *13 (Bankr. D. Del. Nov. 28, 2017) (courts "have held that Bankruptcy Courts may exercise their equitable powers in granting such a

retroactive order when doing so promotes the purposes of Section 365(a)"); *In re Chi-Chi's, Inc.*, 305 B.R. 396, 399 (Bankr. D. Del. 2004) (finding that "the court's power to grant retroactive relief is derived from the bankruptcy court's equitable powers so long as it promotes the purposes of §365(a)" and granting retroactive relief to the date on which the debtors surrendered the premises to their landlords); *In re DBSI, Inc.*, 409 B.R. 720, 734 n.4 (Bankr. D. Del. 2009) (noting that "[u]nder appropriate circumstances, [a] Court may enter a lease rejection order with an effective date earlier than the date the order is entered."); *In re Fleming Cos., Inc.*, 304 B.R. 85, 96 (Bankr. D. Del. 2003) (rejection *nunc pro tunc* permitted to the date of the motion or the date the premises surrendered).

31. When principles of equity so dictate, courts may permit *nunc pro tunc* rejection to the date on which the counterparty was given definitive notice of the debtor's intent to reject. *In re Fleming Cos. Inc.*, 304 B.R. at 96 ("[T]o grant *nunc pro tunc* rejection, the Debtors must have stated an unequivocal intent to reject the leases."). Indeed, Courts in this jurisdiction have previously considered and allowed retroactive rejection. *See, e.g., In re Lucky's Market Parent Company, LLC*, No. 20-10166 (JTD) (Mar. 12, 2020) (authorizing rejection of executory contracts *nunc pro tunc* to the date of filing of the rejection motion); *In re Art Van Furniture, LLC*, No. 20-10553 (CSS) (Bankr. D. Del. Apr. 3, 2020) (authorizing rejection of executory contracts *nunc pro tunc* to the petition date upon motion filed three days after the petition date); *In re Southland Royalty Company LLC*, Case No. 20-10158 (KBO) (Bankr. D. Del. Apr. 17, 2020) (authorizing retroactive rejection of contracts) (Docket No. 343); *In re Fairway Energy*, Case No. 18-12684 (LSS) (Bankr. D. Del. June 25, 2019) (same) (Docket No. 457); *In re Beavex Holding Corp.*, Case No. 19-10316 (Bankr. D. Del. May 10, 2019) (same) (Docket No. 283); *In re F & W Media, Inc.*, Case No. 19-10479 (KG) (Bankr. D. Del. Apr. 3, 2019) (same) (Docket No. 115); *In*

re Open Road Films, LLC, Case No. 18-12012 (Bankr. D. Del. Jan. 29, 2019) (same) (Docket No. 542); *In re Bon-Ton Stores, Inc.*, Case No. 18- 10248 (MFW) (Bankr. D. Del. July 25, 2018) (same).

32. Here, the Debtors submit that the Court should authorize the rejection of the Contracts and Leases *nunc pro tunc* to the Rejection Date. The Debtors are no longer using the Contracts, and there is no benefit to the Debtors' estates from the Leases because the Debtors no longer occupy the Premises and do not need the leasehold interests created by the Leases to conduct their businesses. Requiring the Debtors to continue to perform under the Contracts and Leases after the Rejection Date could impose onerous obligations on the Debtors and their estates.

33. Further, the Debtors believe that the filing and service of this Motion establishes an unequivocal relinquishment, and reiterates the Debtors' unequivocal intent to abandon certain contract and leasehold interests. Without a retroactive date of rejection, the Debtors may incur unnecessary administrative charges for Contracts and Leases that are not necessary to their ongoing business operations.

34. Moreover, neither the contract counterparties, nor the lessors under the Contracts and Leases will be unduly prejudiced if the Contracts and Leases are rejected *nunc pro tunc* to the Rejection Date because, on the date hereof, the Debtors have served this Motion on such parties, by overnight delivery and/or electronic mail, thereby advising such counterparties and lessors that the Debtors intend to reject the Contracts and Leases effective as of the Rejection Date. Furthermore, the Debtors have surrendered the Premises to the landlords (the "**Landlords**"), on or before the date hereof.

35. In light of the foregoing facts and circumstances, the Debtors respectfully submit that their rejection of the Contracts and Leases under section 365(a) of the Bankruptcy

Code, effective as of the Rejection Date, is a sound exercise of their business judgment and is necessary, prudent, and in the best interests of the Debtors, their estates, and their creditors.

C. Authorizing the Debtors to Abandon Any Remaining Property at the Premises as of the Rejection Date is Appropriate.

36. Although the Debtors have not operated at the Premises since on or about the Petition Date, and they do not believe that there is any Remaining Property remaining thereon, in the event that any Remaining Property does remain on the Premises as of the Rejection Date, the Debtors request the Court's approval of the Debtors' abandonment of such Remaining Property pursuant to section 554(a) of the Bankruptcy Code, effective as of the Rejection Date.

37. Section 554(a) of the Bankruptcy Code provides that "[a]fter notice and a hearing, the [debtor] may abandon any property of the estate that is burdensome to the estate or that is of inconsequential value and benefit to the estate." 11 U.S.C. § 554(a). The right to abandon is virtually unfettered, unless abandonment of the property will contravene laws designed to protect public health and safety and the property poses an imminent threat to the public's welfare. *See In re Midlantic Nat'l Bank*, 474 U.S. 494, 501 (1986). Neither of these limitations is relevant in this case. Courts in this District have previously approved similar relief in other chapter 11 cases involving abandonment of *de minimis* assets. *See In re Center City Healthcare, LLC*, No. 19-11466 (KG) (Bankr. D. Del. Apr. 3, 2020) (authorizing debtors to abandon office and medical furniture and equipment); *In re Juno USA, LP*, No. 19-12484 (MFW) (Bankr. D. Del. Dec. 17, 2019) (authorizing debtors to abandon furniture, equipment and other personal property related to rejection of office leases); *In re HRI Holding Corp.*, No. 19-12415 (MFW) (Bankr. D. Del. Dec. 5, 2019) (authorizing debtors to abandon furniture, fixtures and equipment remaining at premises of rejected restaurant leases); *In re FTD Companies, Inc.*, No. 19-11240 (LSS) (Bankr. D. Del.

Sept. 13, 2019) (authorizing debtors to abandon a commercial cooler with a book value of \$1.1 million and miscellaneous equipment and assets with a book value of approximately \$70,000); *In re Emerge Energy Services LP*, No. 19-11563 (KBO) (Bankr. D. Del. Aug. 14, 2019) (authorizing debtors to abandon inventory and personal property, to include silica sand, located on rail cars and terminal facilities subject to rejected leases).

38. The Debtors submit that any Remaining Property left at the Premises is of inconsequential value to the Debtors' estates, and the cost to the Debtors of removing or storing the Remaining Property will exceed any realistic economic benefit that might be realized by retaining such property. Accordingly, the Debtors have determined, in the exercise of their sound business judgment that abandonment of any Remaining Property, effective as of the Rejection Date, is necessary, prudent, and in the best interests of the Debtors, their estates, and creditors.

Request for Bankruptcy Rule 6004(a) and (h) Waivers

39. To implement the foregoing successfully, the Debtors seek waivers of the notice requirements under Bankruptcy Rule 6004(a) and the 14-day stay of an order authorizing the use, sale, or lease of property under Bankruptcy Rule 6004(h). As explained above and in the Gring Declaration, the relief requested herein is necessary to avoid immediate and irreparable harm to the Debtors. Accordingly, ample cause exists to justify the waiver of the notice requirements under Bankruptcy Rule 6004(a) and the 14-day stay imposed by Bankruptcy Rule 6004(h), to the extent such notice requirements and such stay apply.

Reservation of Rights

40. Nothing contained herein is intended to be or shall be construed as (a) an admission as to the validity of any claim against the Debtors or any liens satisfied pursuant to this

Motion, (b) an agreement or obligation to pay any claims, (c) a waiver of any claims or causes of action that may exist against any creditor or interest holder, (d) a waiver of the Debtors' or any appropriate party in interest's rights to dispute any claim, or (e) an approval, assumption, or adoption of any agreement, contract, program, policy, or lease under section 365 of the Bankruptcy Code. Likewise, if the Court grants the relief sought herein, any payment made pursuant to the Court's order is not intended to be and should not be construed as an admission to the validity of any claim or a waiver of the Debtors' rights to dispute such claim subsequently.

Notice

41. Notice of this Motion will be provided to the following parties (each as defined in the First Day Declarations): (a) the Office of the United States Trustee for the District of Delaware (Attn: Benjamin A. Hackman, Esq. (Benjamin.A.Hackman@usdoj.gov) and Jon Lipshie, Esq. (Jon.Lipshie@usdoj.gov)); (b) Paul Hastings LLP, 200 Park Avenue, New York, NY 10166 (Attn: Kris Hansen (krishansen@paulhastings.com) and Erez Gilad (erezgilad@paulhastings.com)) and Cole Schotz P.C., 500 Delaware Avenue, Suite 1410, Wilmington, DE 19801 (Attn: Justin R. Alberto (JAlberto@coleschotz.com) and Andrew J. Roth-Moore (ARoth-Moore@coleschotz.com)), as counsel to the Creditors' Committee; (c) the Internal Revenue Service; (d) the U.S. Securities and Exchange Commission; (e) the United States Attorney's Office for the District of Delaware; (f) Gibson, Dunn & Crutcher LLP, 200 Park Ave, New York, NY 10166 (Attn: Scott J. Greenberg, Esq. (SGreenberg@gibsondunn.com), Michael J. Cohen, Esq. (MCohen@gibsondunn.com) and Christina M. Brown, Esq. (christina.brown@gibsondunn.com)) and Pachulski, Stang, Ziehl & Jones LLP, 919 North Market Street #1700, Wilmington, Delaware 19801 (Attn: Laura Davis Jones, Esq. (ljones@pszjlaw.com) and James O'Neill, Esq. (joneill@pszjlaw.com)), as counsel to the Ad Hoc First Lien Group;

(g) ArentFox Schiff LLP, 1301 Avenue of the Americas, 42nd Floor New York, NY 10019 (Attn: Jeffrey R. Gleit, Esq. (jeffrey.gleit@afslaw.com)), as counsel to the DIP Agent; (h) Freshfields Bruckhaus Deringer US LLP, 601 Lexington Avenue, New York, NY 10022 (Attn: Mark F. Liscio, Esq. (mark.liscio@freshfields.com) and Scott D Talmadge, Esq. (scott.talmadge@freshfields.com)), as counsel to the Agent under the CS Credit Agreement; (i) White & Case LLP, 1221 Avenue of the Americas, New York, New York 10020-1095, as counsel to the Side-Car Prepetition Administrative Agent; (j) U.S. Bank National Association, West Side Flats 60 Livingston Ave. EP-MN-WS3C Saint Paul, MN 55107 (Attn: Global Corporate Trust Services), the Indenture Trustee under the Senior Note Indenture; (k) the non-Debtor counterparties to the Contracts and Leases; (l) the state attorneys general for states in which the Debtors conduct business; and (m) any party that has requested notice pursuant to Bankruptcy Rule 2002 (collectively, the “**Notice Parties**”).

42. The Debtors respectfully submit that no further notice is required. No previous request for the relief sought herein has been made by the Debtors to this or any other Court.

WHEREFORE the Debtors respectfully request entry of the Proposed Order granting the relief requested herein and such other and further relief as the Court may deem just and appropriate.

Dated: April 30, 2024
Wilmington, Delaware

/s/ Amanda R. Steele

RICHARDS, LAYTON & FINGER, P.A.

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-and-

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

	X	
	:	Chapter 11
In re	:	
	:	Case No. 24–10164 (KBO)
CANO HEALTH, INC., et al.,	:	
	:	(Jointly Administered)
Debtors.¹	:	
	:	Obj. Deadline: May 14, 2024 at 4:00 p.m. (ET)
	:	Hearing Date: June 4, 2024 at 1:00 p.m. (ET)
	:	
	X	

NOTICE OF MOTION AND HEARING

PLEASE TAKE NOTICE that, on April 30, 2024, Cano Health, Inc. and certain of its subsidiaries, as debtors and debtors in possession (collectively, the “**Debtors**”) in the above-captioned chapter 11 cases, filed the *Third Omnibus Motion of Debtors Pursuant to 11 U.S.C. §§ 105(a), 365(a), and 554(a) and Fed. R. Bankr. P. 6006 and 6007 (I) Authorizing the Debtors to (A) Reject Certain Executory Contracts and Unexpired Leases of Nonresidential Real Property, and (B) Abandon De Minimis Property in Connection Therewith, and (II) Granting Related Relief* (the “**Motion**”) with the United States Bankruptcy Court for the District of Delaware (the “**Court**”).

PLEASE TAKE FURTHER NOTICE that, any responses or objections to the Motion must be in writing and filed with the Clerk of the Court, 824 North Market Street, 3rd Floor, Wilmington, Delaware 19801 on or before **May 14, 2024 at 4:00 p.m. (prevailing Eastern Time)**.

PLEASE TAKE FURTHER NOTICE that, if any objections to the Motion are received, the Motion and such objections shall be considered at a hearing before The Honorable Karen B. Owens, United States Bankruptcy Judge for the District of Delaware, at the Court, 824

¹ The last four digits of Cano Health, Inc.’s tax identification number are 4224. A complete list of the Debtors in the chapter 11 cases may be obtained on the website of the Debtors’ proposed claims and noticing agent at <https://www.kccllc.net/CanoHealth>. The Debtors’ mailing address is 9725 NW 117th Avenue, Miami, Florida 33178.

North Market Street, 6th Floor, Courtroom 3, Wilmington, Delaware 19801 on **June 4, 2024 at 1:00 p.m. (prevailing Eastern Time).**

PLEASE TAKE FURTHER NOTICE THAT, IF NO OBJECTIONS TO THE MOTION ARE TIMELY FILED IN ACCORDANCE WITH THIS NOTICE, THE COURT MAY GRANT THE RELIEF REQUESTED IN THE MOTION WITHOUT FURTHER NOTICE OR HEARING.

[Remainder of page intentionally left blank.]

Dated: April 30, 2024
Wilmington, Delaware

/s/ Amanda R. Steele

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and the Debtors in Possession*

Exhibit A

Proposed Order

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

	X	
	:	
In re	:	Chapter 11
	:	
CANO HEALTH, INC., et al.,	:	Case No. 24– 10164 (KBO)
	:	
Debtors.¹	:	(Jointly Administered)
	:	
	X	

**ORDER PURSUANT TO 11 U.S.C. §§ 105(a), 365(a), AND 554(a)
AND FED. R. BANKR. P. 6006 AND 6007 (I) AUTHORIZING
THE DEBTORS TO (A) REJECT CERTAIN EXECUTORY
CONTRACTS AND UNEXPIRED LEASES OF NONRESIDENTIAL
REAL PROPERTY, AND (B) ABANDON *DE MINIMIS* PROPERTY IN
CONNECTION THEREWITH, AND (II) GRANTING RELATED RELIEF**

Upon the motion, dated April 30, 2024 [Docket No. 700] (the “**Motion**”)² of Cano Health, Inc. and certain of its subsidiaries, as debtors and debtors in possession (collectively, the “**Debtors**”) in the above-captioned chapter 11 cases, pursuant to sections 105(a), 365(a), and 554(a) of title 11 of the United States Code (the “**Bankruptcy Code**”) and Rules 6006 and 6007 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), for entry of an order (i) authorizing the Debtors to (a) reject the Contracts and Leases, including any amendments, supplements or modifications thereto, each as set forth on **Schedule 1** and **Schedule 2**, respectively, hereto, in each case effective as of the Rejection Date, and (b) abandon any Remaining Property, and (ii) granting related relief, all as more fully set forth in the Motion; and

¹ The last four digits of Cano Health, Inc.’s tax identification number are 4224. A complete list of the Debtors in the chapter 11 cases may be obtained on the website of the Debtors’ claims and noticing agent at <https://www.kccllc.net/CanoHealth>. The Debtors’ mailing address is 9725 NW 117th Avenue, Miami, Florida 33178.

² Capitalized terms used but not otherwise defined herein have the respective meanings ascribed to such terms in the Motion.

the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157(a)–(b) and §1334, and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware, dated February 29, 2012; and consideration of the Motion and the requested relief being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before the Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been provided to the Notice Parties; and upon the Gring Declaration, and such notice having been adequate and appropriate under the circumstances, and it appearing that no other or further notice need be provided; and the Court upon any hearing held on the Motion; and all objections, if any, to the Motion having been withdrawn, resolved, or overruled; and the Court having determined the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and it appearing the relief requested in the Motion is in the best interests of the Debtors, their estates, creditors, and all parties in interest; and upon all of the proceedings had before the Court; and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The Motion is granted to the extent set forth herein.
2. Pursuant to sections 105(a), and 365(a) of the Bankruptcy Code and Bankruptcy Rule 6006, the Contracts and Leases, including any amendments, supplements or modifications thereto, each as set forth on **Schedule 1** and **Schedule 2** hereto, respectively, are hereby rejected by the Debtors effective as of the Rejection Date.
3. Pursuant to sections 105(a) and 554(a) of the Bankruptcy Code and Bankruptcy Rule 6007, the interests of the Debtors and their estates in the Remaining Property located at the Leases are deemed abandoned by the Debtors and their estates as of the Rejection

Date; provided, however, nothing herein shall authorize the Debtors or any other party to abandon or dispose of any patient records. The Landlords may use or dispose of the Remaining Property in their sole and absolute discretion without notice or liability to the Debtors or their estates, subject to the liens or interests of any third parties in the Remaining Property under applicable law; provided that the Debtors shall provide the Landlords as soon as commercially reasonable, in any event no later than three (3) business days following entry of this Order, a list of all third parties known by the Debtors, to the best of their knowledge, to have asserted a lien or interest in any Remaining Property. The rights, claims, and remedies, if any, of all persons other than the Debtors and their estates with respect to the Remaining Property under applicable law are hereby preserved; provided, however, the DIP Secured Parties and the Prepetition Secured Parties consent to the release of their interests (if any) in, and liens on (if any), the Remaining Property, and any such interests and liens are hereby released.

4. Nothing herein shall prejudice the rights of the Debtors to argue that the Contracts and Leases were terminated prior to the Rejection Date; that any claim for damages arising from the Contracts and Leases is limited to the remedies available under any applicable termination provision of such Contracts and Leases; or that any such claim is an obligation of a third party and not that of the Debtors or their estates.

5. Nothing in the Motion or this Order shall be deemed or construed as an approval of an assumption of any lease, sublease, or contract pursuant to section 365 of the Bankruptcy Code.

6. Notwithstanding entry of this Order, nothing herein shall create, nor is intended to create, any rights in favor of, or enhance the status of, any claim held by any party.

7. Subject to the provisions of section 366(c)(4) of the Bankruptcy Code, consistent with the limitations of section 362 of the Bankruptcy Code, and any other applicable law, counterparties of the Leases are prohibited from setting off or otherwise utilizing any amounts deposited by the Debtors with any of the counterparties to the Leases as a security deposit or pursuant to another similar arrangement, or owed to the Debtors by any of the counterparties under the Leases or other agreements between the same parties, without the Debtors' consent or further order of this Court.

8. Any proofs of claim for damages in connection with the rejection of the Contracts and Leases shall be filed on or before the date that is thirty (30) days after entry of this Order.

9. Nothing contained in the Motion or this Order, nor any payment made pursuant to the authority granted by this Order, is intended to be or shall be construed as (a) an implication or admission as to the validity of any claim against the Debtors, (b) a waiver of the Debtors' or any appropriate party in interest's rights to dispute the amount of, basis for, or validity of any claim against the Debtors, (c) an agreement or obligation to pay any claims, (d) a waiver of any claims or causes of action which may exist against any creditor or interest holder, (e) a waiver of the obligation of any party in interest to file a proof of claim, (f) an approval, assumption, or adoption, of any agreement, contract, lease, program, or policy between the Debtors and any third party under section 365 of the Bankruptcy Code, or (g) otherwise affecting the Debtors' rights under section 365 of the Bankruptcy Code to assume or reject any executory contract or unexpired lease.

10. Under the circumstances of these chapter 11 cases, notice of the Motion is adequate under Bankruptcy Rule 6004(a).

11. Notwithstanding Bankruptcy Rule 6004(h), this Order shall be immediately effective and enforceable upon its entry.

12. The requirements in Bankruptcy Rules 6006 and 6007 are satisfied.

13. The Debtors are authorized to take all actions necessary or appropriate to effectuate the relief granted in this Order.

14. The Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, or enforcement of this Order.

Schedule 1**Schedule of Executory Contracts to be Rejected**

#	Counterparty	Counterparty Address	Description of Agreement	Debtor Counterparty	Rejection Date
1.	CHANGE HEALTHCARE	PO BOX 572490, MURRAY, UT 84157	Change Healthcare EDI Services Agreement dated April 18, 2017	Cano Health, LLC	4/30/2024
2.	CORAL REEF MEDICAL GROUP, LLC	8000 SW 117th Ave, Ste 206, MIAMI, FL 33183-4809	Network Provider Agreement	DGM MSO, LLC	4/30/2024
3.	ETrade Financial Corporate Services, Inc.	3 EDISON DRIVE, ALPHARETTA, GA 30005	Equity Edge Online and Employee Stock Plan Services Agreement	Cano Health, LLC	4/30/2024
4.	Husch Blackwell	PO BOX 790379, ST LOUIS, MO 63179	Agreement for Legal Services	Cano Health, LLC	4/30/2024
5.	iCIMS, Inc.	101 CRAWFORDS CORNER ROAD, SUITE 3-100, HOLMDEL, NJ 07733	Subscription Agreement	Cano Health, LLC	4/30/2024
6.	Innovation Associates, Inc.	711 INNOVATION WAY, JOHNSON CITY, NY 13790	Business Consulting Agreement & Master Purchase Agreement	Cano Health, LLC	4/30/2024
7.	MDFlow EHR, LLC	7715 NW 48TH ST, MIAMI, FL 33166	Business Associate Agreement, Software as a Service Agreement, Addendum to SaaS Agreement, First Amendment to the Software as a Service (SaaS) Agreement	Cano Health, LLC	4/30/2024
8.	Medical Care Transportation, Inc.	2766 NW 62 ST, MIAMI, FL 33147	Non-Emergency Transportation Agreement	Cano Health, LLC	4/30/2024
9.	NextPhase Research, LLC	6355 N.W. 36TH STREET, SUITE 508, VIRGINIA GARDENS FL 33166	General Service Agreement	Cano Health, LLC	4/30/2024
10.	ROBERT HALF MANAGEMENT RESOURCES	6505 BLUE LAGOON DRIVE, SUITE 440, MIAMI, FL 33126	Customer Agreement for Placement Services	Cano Health, LLC	4/30/2024
11.	Salud Wellness Products, Inc., LLC	7101 SW 78TH CT, MIAMI, FL 33143	Purchase and Sale Agreement	Cano Health, LLC	4/30/2024

#	Counterparty	Counterparty Address	Description of Agreement	Debtor Counterparty	Rejection Date
12.	STERICYCLE INC 8302067	PO BOX 6582, CAROL STREAM, IL 60197	Service Agreement	Cano Health, LLC	4/30/2024
13.	STIRLING GLOBAL SOLUTIONS	1391 NW ST LUCIE WEST BLVD, PORT ST LUCIE, FL 34986	Letter of Agreement	Cano Health, LLC	4/30/2024
14.	Uptodate	230 THIRD AVE, WALTHAM, MA 02451	Subscription and License Agreement	Cano Health, LLC	4/30/2024
15.	Gus Armenakis, MD, PA	7421 N University Drive #306, Tamarac, FL 33321	Network Provider Agreement	DGM MSO, LLC	4/30/2024

Schedule 2**Schedule of Leases to be Rejected**

#	Lease ID	Counterparty	Debtor/Lessee	Property Address	Rejection Date
1.	RE0253	107 COMMERCIAL PROPERTY LLC	Cano Health, LLC	3301 NW 107th Ave, Miami, Florida	4/30/2024
2.	RE0010	CFLP HEADQUARTERS,LLC	Cano Health, LLC	3825-3857 W 16th Ave, Hialeah, Florida	4/30/2024
3.	RE0011	CFLP HEADQUARTERS,LLC	Cano Health, LLC	3857 W. 16th Avenue, STE 6, Hialeah, Florida	4/30/2024
4.	RE0012	CFLP HEADQUARTERS,LLC	Cano Health, LLC	3857 W. 16th Avenue, STE 3, Hialeah, Florida	4/30/2024
5.	RE0013	CFLP HEADQUARTERS,LLC	Cano Health, LLC	3857 W. 16th Avenue, STE 1, Hialeah, Florida	4/30/2024
6.	RE0014	CFLP HEADQUARTERS,LLC	Cano Health, LLC	3857 W. 16th Avenue, STE 2, Hialeah, Florida	4/30/2024
7.	RE0090	LSG1 EL PARAISO LLC	Cano Health, LLC	1700 W 68 ST Hialeah , Hialeah, Florida	4/30/2024
8.	RE0181	PARK CENTRE PARTNERS LLC	Cano Health, LLC	1000 Park Centre Blvd, Miami, Florida	4/30/2024
9.	RE0149	LSG1 EL PARAISO LLC	Cano Health, LLC	1800 W 68th St, Hialeah, Florida	4/30/2024